



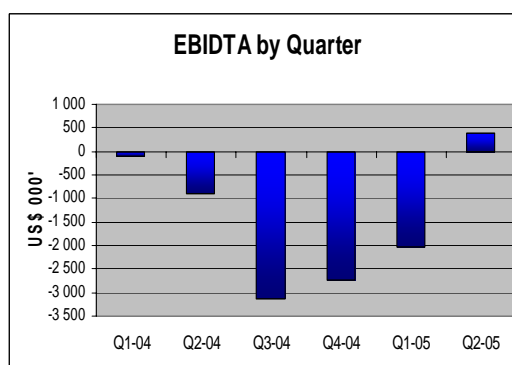
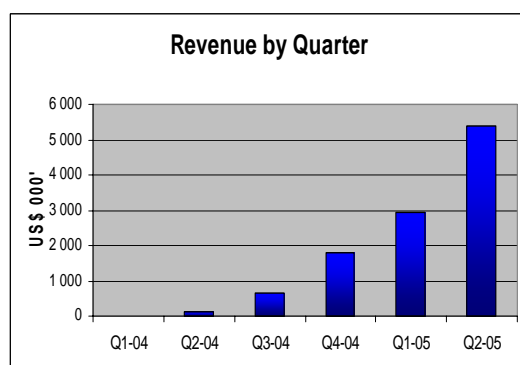
RESERVOIR EXPLORATION TECHNOLOGY AS (RXT) REPORT PER 2ND QUARTER 2005 (UNAUDITED)

August 15, 2005

Reservoir Exploration Technology (RXT) is a marine geophysical company specialising in multicomponent sea-floor acquisition of seismic data. The company was formed originally as Terra Seismic Services in April 2002 in Norway, and funded by the private equity funds 3i and Lime Rock Partners with \$18.8 million of committed capital in April 2004. A US branch was established in 2004, and the first operation started in the Gulf of Mexico in June 2004. In July 2005, RXT received a secondary capital commitment of \$35 million in a private placement. Additional information is available at www.rxt.com.

Highlights

- Successful completion of acquisition of “full wave” ocean bottom seismic over several offshore fields in the Gulf of Mexico for a US-based supermajor oil and gas company, using the first commercial version of VectorSeis Ocean™ (VSO) System from Input-Output (I/O).
- Major improvements in efficiency since startup.
- VectorSeis Ocean data quality reported as “outstanding”.
- Private placement of US\$ 35 million in July 2005.
- Ordered second VSO system, and signed multi-year exclusive agreement with I/O for purchase of additional VSO systems.
- RXT share listed on the Norwegian OTC market.
- Major improvements in quarterly revenues and EBIDTA



Operations

Revenues in Q2 2005 were \$5.4 million, compared to \$0.1 million in Q2 2004. Since the deployment of the crew in Q3 2004, RXT has been acquiring OBC data over several offshore fields in the Gulf of Mexico for a US-based supermajor oil and gas company. These programs completed in July 2005. The crew has been fully utilized during the quarter.

EBIDTA for the quarter was \$0.4 million, an improvement of \$1.3 million from Q2 2004. Operating profit (EBIT) in Q2 2005 was \$-0.7 million, compared to \$-0.9 million in Q2 2004.

Financial items

Net financial expense for Q2 2005 was \$0.6M compared to \$0.5M for Q2 2004.

Tax

The company has significant tax losses to be carried forward, both in US and in Norway. Tax benefit of these losses has not been recorded in the financial statements.

Net Profit

Net Profit for Q2 2005 was \$-1.3 million compared to \$-4.0 million from Q1 2005 and \$-1.4 million from Q2 2004.

Balance Sheet

Total assets amounted to \$20.6 million at the end of the period.

Cash and cash equivalents balance was \$0.2 million at 30 June 2005.

Total liabilities at the end of the quarter were \$37.9 million, of which \$26.8 million is interest bearing.

Related to the share issue in 2004, a former financial adviser raised legal proceedings against the company. The plaintiff claims that the company owes them an additional success fee. The company disputes the claim. A court hearing was held in Asker og Bærum Tingrett 13 and 14 June. In the verdict, the court found that the banker is entitled to a success fee. RXT has appealed the verdict. An accrual of \$943,000 has been made in under "other current liabilities" in the balance sheet per end June 2005. The accrual includes interest and legal fees.

Reservoir Exploration Technology AS Group
Income Statements
Unaudited

In US\$ 000'	Quarter ended Jun 30,		Six months ended Jun 30,		Year ended Dec 31
	2005	2004 *)	2005	2004 *)	2004 *)
REVENUE:					
Sales revenue	5 403	107	8 326	107	2 568
Total revenue	5 403	107	8 326	107	2 568
OPERATING EXPENSES:					
Cost of sales	4 382	609	8 584	609	7 730
Selling, general and administrative cost	628	385	1 382	493	1 717
Operating exp. before depreciation	5 010	994	9 966	1 102	9 447
EBIDTA	392	(888)	(1 640)	(995)	(6 879)
Depreciation	1 111	0	2 222	0	1 175
OPERATING PROFIT / EBIT	(719)	(888)	(3 862)	(995)	(8 054)
FINANCIAL INCOME AND EXPENSES:					
Financial income	144	0	144	0	(149)
Financial expenses	(700)	(521)	(1 536)	(522)	(2 069)
Net financial items	(556)	(521)	(1 392)	(522)	(2 218)
NET RESULT BEFORE TAX	(1 275)	(1 409)	(5 254)	(1 518)	(10 272)
Income tax expense	0	0	0	0	0
NET PROFIT (LOSS)	(1 275)	(1 409)	(5 254)	(1 518)	(10 272)
Earnings per share (US\$)	(3,82)	(5,28)	(15,76)	(8,26)	(39,63)
Diluted earnings per share (US\$)**)	(3,82)	na	(15,76)	na	na
Average # of shares outstanding	333 334	266 667	333 334	183 794	259 179
Diluted average # of shares outstanding**)	333 334	na	333 334	na	na

*) Convenience translation from NOK to US\$

***) Includes the value of the option program for management, a total of 33 334 options.

Reservoir Exploration Technology AS Group
Balance Sheets
Unaudited

In US\$ 000'	June 30,		December 31,
	2005	2004 *)	2004 *)
ASSETS			
Tangible fixed assets:			
Seismic equipment and inventory	20 613	10 555	22 657
Total tangible fixed assets	20 613	10 555	22 657
Current assets:			
Accounts receivable	680	130	92
Other current assets	896	101	194
Total receivables	1 575	231	286
Cash and cash equivalents	162	7 799	62
Total current assets	1 737	8 030	348
TOTAL ASSETS	22 350	18 585	23 004
EQUITY AND LIABILITIES			
Shareholders' equity:			
Paid in capital:			
Share capital	48	48	48
Share premium reserve	0	0	0
Accumulated profits			
Retained earnings/(loss)	-15 562	-592	-9 346
Total equity	-15 514	-544	-9 298
Long-term liabilities:			
Other long term liabilities	26 755	16 637	25 355
Total long term liabilities	26 755	16 637	25 355
Current liabilities:			
Accounts payable	4 771	2 276	4 085
Other current liabilities	6 338	217	2 862
Total current liabilities	11 109	2 493	6 947
Total liabilities	37 865	19 129	32 302
TOTAL EQUITY AND LIABILITIES	22 350	18 585	23 004

*) Convenience translation from NOK to US\$

Reservoir Exploration Technology AS Group
Cash flow statements
Unaudited

In US\$ 000'	Quarter ended Jun 30,		Six months ended Jun 30,		Year ended Dec 31
	2005	2004*)	2005	2004 *)	2004 *)
Cash flow from operating activities:					
Net result before income taxes	(1 275)	(1 409)	(5 254)	(1 518)	(10 272)
Depreciation	1 111	0	2 222	0	1 175
Changes in current assets/ liabilities	(450)	713	1 922	2 574	6 882
Net CF from operating activities	(614)	(696)	(1 110)	1 056	(2 215)
Cash flow from Investing activities:					
Purchase of seismic equipment	0	(7 446)	(190)	(10 555)	(23 832)
Net CF from investing activities	0	(7 446)	(190)	(10 555)	(23 832)
Cash flow from financing activities:					
Proceeds from new equity raised	0	1 231	0	1 231	1 231
Proceeds from debt raised	700	15 342	1 400	16 637	25 602
Payment of liabilities	0	(632)	0	(632)	(724)
Net CF from financing activities	700	15 941	1 400	17 236	26 109
Cash balance:					
Net change in cash	86	7 799	100	7 737	62
Cash beginning of period	75	0	62	62	0
Cash end of period	162	7 799	162	7 799	62

*) Convenience translation from NOK to US\$

Equity Reconciliation per June 30th, 2005
Unaudited

In US\$ 000'	Jun 30, 2005
Opening balance 1 January 2005	(9 298)
Net result	(5 254)
Accrual for shares issue cost 2004	(943)
Share issue cost 2005	(19)
Equity per June 30, 2005	(15 514)

PROFORMA ACCOUNTS PER JULY 2005 (UNAUDITED)

The Company carried out a private placement in July 2005 of 956,284 shares at NOK 241.50 per share. Net proceeds from the placement were NOK 218 million (\$33 million).

Debt to 3i and Lime Rock Partners (LR) as per end June 2005 amounted to \$17.3 million. \$10 million of the proceeds from the placement was used to repay a part of this debt. The remaining debt was converted to equity at same terms as the private placement (NOK 241.50 per share). According to the loan terms in the shareholders agreement with 3i and LR, total debt if repaid/ realized in 2005 amount to \$23.8 million. Consequently, \$6.5 million was recorded as interest expenses in July 2005. Total debt converted was \$13.8 million at NOK 241.50 per share. 294.222 shares were issued.

Total outstanding shares in the company after the private placement and debt conversion is 1,666,670.

The Company also resolved some outstanding issues with one of its suppliers in July. The agreement includes, among other items, a sale of certain proprietary rights which RXT has incorporated or embodied since start up. Total value of this agreement amounts to \$4.6 million, which has been recorded as a reduction in operating expenses in July 2005.

The unaudited, consolidated financial statements for the second quarter 2005 are prepared in accordance with generally accepted accounting principles in Norway ("Norwegian GAAP"), and are based on the same accounting principles as the 2004 annual report.

A concern was established in Q2 2005, when the Company incorporated the subsidiary Reservoir Exploration Technology Inc. in the US.

The Company has started a process for implementation of IFRS.

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