

**28 September 2012**

**SIRIUS PETROLEUM PLC**  
(“Sirius” or the “Company”)

**Interim Results for the six month period ended 30 June 2012**

Sirius (AIM:SRSP), the oil and gas exploration and development company announces its interim results for the six months ended 30 June 2012.

**Summary**

- Assessment of a range of potential oil & gas asset acquisitions was undertaken during the period, to strengthen Sirius’ portfolio of assets, alongside the Ororo Field in OML 95.
- Management team in final stages of reviewing a number of funding opportunities to support the development of the Ororo Field and acquisitions, by way of farm-in, of interests in further marginal fields and oil blocks.
- The results represent the costs of developing the Company’s strategy and reviewing potential oil and gas blocks and individual marginal field opportunities:
  - Net expenditure incurred in the half year amounted to \$2,564,000 (six months to 30 June 2011: \$5,650,000, year to 31 December 2011: \$9,268,000) reflecting a rigorous control over central costs and a dramatic reduction in share based payment charges equating to a loss per share of 0.32c (30 June 2011: 0.89c, 31 December 2011 1.35c).

Jack Pryde, Sirius’ Chairman, commenting, said:

“We have made significant progress with our review of a broader range of potential assets, both blocks and marginal fields, which have become available for potential farm-in by the Company. We have also attracted a range of options with which to fund the first potential farm-in opportunity and development of the operating assets. We are mindful of the patience which shareholders have shown during this extended period as we conduct detailed analysis of each potential asset. I look forward to announcing the fruits of that extended process in due course.”

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## **Chairman's Statement**

I am pleased to report on the progress of Sirius covering the six month period to 30 June 2012. During this period Sirius has conducted a detailed assessment of further potential oil and gas asset farm-in opportunities and has reviewed a number of potential funding opportunities to finance any of these opportunities and the development of the Ororo Field.

### **Oil field projects**

Sirius entered into a pre-farm-in agreement on one Nigerian Oil Block and a confidentiality and exclusivity agreement with regard to a second Nigerian Oil Block. We are undertaking the work necessary to assess the technical data on the fields and determine the economics and optimum financing of each project. We will make an announcement as appropriate once we have completed this process and determined whether to enter into agreements to develop these assets. In addition, work continues on the evaluation of the Ororo Field to complete the optimum field development and recovery plan.

### **Trading activities**

With regard to petroleum trading activities, the Company decided to suspend its trading activities when the Nigerian government announced a review of the Premium Motor Spirit subsidy programme. The Company continues to review trading opportunities and expects to recommence activities in the near future and we look forward to developing this business activity into a significant future revenue stream.

### **Results**

These results represent the costs of developing our strategy and reviewing interests in both potential oil and gas blocks and individual marginal field opportunities. Total comprehensive loss for the half year amounted to \$2,564,000 (six months to 30 June 2011: \$5,653,000, year to 31 December 2011: \$9,301,000) reflecting a rigorous control over central costs and a dramatic reduction in share based payment charges giving a loss per share of 0.32c (30 June 2011: 0.89c, 31 December 2011 1.35c).

During the period the Company issued a total of 60,000,000 new ordinary shares of 0.25p each, in respect of 60,000,000 warrants exercised at par raising \$235,575.

Since the end of the period, Sirius has issued a further 2,678,571 new ordinary shares of 0.25p each, in settlement of outstanding professional and other fees, and now has 816,904,901 shares in issue. Sirius does not hold any shares in treasury and hence the total number of voting rights in the Company is 816,904,901 and this figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the Financial Service Authority's Disclosure and Transparency Rules.

**Jack Pryde**

Chairman

28 September 2012

**SIRIUS PETROLEUM PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2012**

|   | <i>Note</i> | <b>Unaudited<br/>Period ended<br/>30 June 2012</b> | Unaudited<br>Period ended<br>30 June 2011<br>(restated) | Audited Year<br>ended 31 Dec<br>2011 |
|---|-------------|--|---|--------------------------------------|
|   |             | US\$'000   | US\$'000  | US\$'000                             |
| Revenue   |             | -  | 100   | 142                                  |
| Direct costs  |             | -  | -   | (12)                                 |
| Gross profit  |             | -  | 100   | 130                                  |
| Other income  |             | 50   | -   | 66                                   |
| Share based payment charge  |             | (1,343)  | (1,589)   | (3,267)                              |
| Other administrative expenses   |             | (1,286)  | (4,185)   | (6,268)                              |
| Total administrative expenses   |             | (2,579)  | (5,774)   | (9,469)                              |
| <b>Loss from operations</b>   |             | (2,579)  | (5,674)   | (9,339)                              |
| Finance income  |             | 20   | 22  | 64                                   |
| Finance costs   |             | (1)  | (1)   | (26)                                 |
| <b>Loss before taxation</b>   |             | (2,560)  | (5,653)   | (9,301)                              |
| Taxation  |             | (6)  | -   | -                                    |
| <b>Loss after taxation and loss<br/>attributable to the equity holders<br/>of the Company</b> |             | (2,566)  | (5,653)   | (9,301)                              |
| <b>Other comprehensive income</b>   |             |  |   |                                      |
| Exchange differences on translating<br>foreign operations                                     |             | 2  | 3   | 33                                   |
| <b>Total comprehensive loss for the<br/>period</b>  |             | (2,564)  | (5,650)   | (9,268)                              |
| <b>Loss per share</b>   |             |  |   |                                      |
| Total basic and diluted (cents per<br>share)  | 2           | (0.32)   | (0.89)  | (1.35)                               |

**SIRIUS PETROLEUM PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2012**

|   | Share capital | Share premium account | Share-based payment reserve | Exchange reserve | Retained earnings | Total equity |
|---|---------------|-----------------------|-----------------------------|------------------|-------------------|--------------|
|   | US\$'000      | US\$'000              | US\$'000                    | US\$'000         | US\$'000          | US\$'000     |
| <b>Balance at 1 January 2011</b>          | 2,384         | 5,407                 | 548                         | (2)              | (9,714)           | (1,377)      |
| Issue of share capital                    | 901           | 8,802                 | -                           | -                | -                 | 9,703        |
| Share issue costs                         | -             | (308)                 | -                           | -                | -                 | (308)        |
| Share based payments                      | -             | (4,650)               | 6,239                       | -                | -                 | 1,589        |
| <b>Transactions with owners</b>           | 901           | 3,844                 | 6,239                       | -                | -                 | 10,984       |
| Loss for the period                       | -             | -                     | -                           | -                | (5,653)           | (5,653)      |
| Other comprehensive income for the period | -             | -                     | -                           | 3                | -                 | 3            |
| Exercise of warrants                      | -             | -                     | (1,551)                     | -                | 1,551             | -            |
| <b>Balance at 30 June 2011 (restated)</b> | 3,285         | 9,251                 | 5,236                       | 1                | (13,816)          | 3,957        |
| Issue of share capital                    | 49            | 724                   | -                           | -                | -                 | 773          |
| Share issue costs                         | -             | (20)                  | -                           | -                | -                 | (20)         |
| Share based payments                      | -             | -                     | 1,678                       | -                | -                 | 1,678        |
| <b>Transactions with owners</b>           | 49            | 704                   | 1,678                       | -                | -                 | 2,431        |
| Loss for the period                       | -             | -                     | -                           | -                | (3,648)           | (3,648)      |
| Other comprehensive income for the period | -             | -                     | -                           | 30               | -                 | 30           |
| <b>Balance at 31 December 2011</b>        | 3,334         | 9,955                 | 6,914                       | 31               | (17,464)          | 2,770        |
| Issue of share capital                    | 235           | -                     | (4,610)                     | -                | 4,610             | 235          |
| Share based payments                      | -             | -                     | 1,343                       | -                | -                 | 1,343        |
| <b>Transactions with owners</b>           | 235           | -                     | (3,267)                     | -                | 4,610             | 1,578        |
| Loss for the period                       | -             | -                     | -                           | -                | (2,566)           | (2,566)      |
| Other comprehensive income for the period | -             | -                     | -                           | 2                | -                 | 2            |
| <b>Balance at 30 June 2012</b>            | 3,569         | 9,955                 | 3,647                       | 33               | (15,420)          | 1,784        |

SIRIUS PETROLEUM PLC  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012

|   |       | 30 June 2012    | 30 June 2011<br>(restated) | 31 December<br>2011 |
|---|-------|-----------------|----------------------------|---------------------|
| Assets  | Notes | US\$'000        | US\$'000                   | US\$'000            |
| <b>Non-current</b>                                  |       |                 |                            |                     |
| Intangible exploration and evaluation assets        | 3     | 1,000           | -                          | 1,000               |
| Property, plant and equipment                       |       | 6               | 27                         | 8                   |
|   |       | <u>1,006</u>    | <u>27</u>                  | <u>1,008</u>        |
| <b>Current</b>                                      |       |                 |                            |                     |
| Cash and cash equivalents                           |       | 92              | 677                        | 49                  |
| Loan receivable                                     |       | 461             | 3,289                      | 1,546               |
| Trade and other receivables                         | 4     | 967             | 196                        | 701                 |
|   |       | <u>1,520</u>    | <u>4,162</u>               | <u>2,296</u>        |
| <b>Total current assets</b>                         |       | <b>1,520</b>    | 4,162                      | 2,296               |
| <b>Total assets</b>                                 |       | <b>2,526</b>    | 4,189                      | 3,304               |
| <b>Liabilities</b>                                  |       |                 |                            |                     |
| <b>Current</b>                                      |       |                 |                            |                     |
| Trade and other payables                            |       | 742             | 232                        | 534                 |
|   |       | <u>742</u>      | <u>232</u>                 | <u>534</u>          |
| <b>Total liabilities</b>                            |       | <b>742</b>      | 232                        | 534                 |
| <b>Equity</b>                                       |       |                 |                            |                     |
| Issued share capital                                | 5     | 3,569           | 3,285                      | 3,334               |
| Share premium                                       |       | 9,955           | 9,251                      | 9,955               |
| Share based payment reserve                         |       | 3,647           | 5,236                      | 6,914               |
| Exchange reserve                                    |       | 33              | 1                          | 31                  |
| Retained earnings                                   |       | (15,420)        | (13,816)                   | (17,464)            |
|   |       | <u>(15,420)</u> | <u>(13,816)</u>            | <u>(17,464)</u>     |
| <b>Equity attributable to owners of the company</b> |       | <b>1,784</b>    | 3,957                      | 2,770               |
|   |       | <u>1,784</u>    | <u>3,957</u>               | <u>2,770</u>        |
| <b>Total equity and liabilities</b>                 |       | <b>2,526</b>    | 4,189                      | 3,304               |
|   |       | <u>2,526</u>    | <u>4,189</u>               | <u>3,304</u>        |

SIRIUS PETROLEUM PLC  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2012

|  | Unaudited<br>Period<br>ended<br>30 June<br>2012 | Unaudited<br>Period<br>ended<br>30 June<br>2011<br>(restated) | Audited<br>Year ended<br>31<br>December<br>2011 |
|--|---|---|---|
|  | US\$'000  | US\$'000  | US\$'000  |
| <b>Operating activities</b>                                |   |   |   |
| Loss after tax   | (2,566)   | (5,653)   | (9,301)   |
| Depreciation   | 2   | 8   | 31  |
| Finance income   | (20)  | (22)  | (64)  |
| Finance cost   | 1   | 1   | 26  |
| Increase in trade and other receivables                    | (266)   | (154)   | (659)   |
| Equity settled share-based payments                        | 1,343   | 1,589   | 3,267   |
| Expenses settled in shares                                 | -   | 3,757   | 3,757   |
| Increase/(decrease) in trade and other payables            | 208   | (1,072)   | (770)   |
| Foreign exchange   | 2   | 3   | 33  |
| <b>Net cash outflow from operating activities</b>          | <u>(1,296)</u>                                  | <u>(1,543)</u>  | <u>(3,680)</u>                                  |
| <b>Investing activities</b>                                |   |   |   |
| Purchase of property, plant and equipment                  | -   | (27)  | (31)  |
| Investment in intangibles                                  | -   | -   | (1,000)   |
| Finance income   | 20  | 22  | 64  |
| <b>Net cash inflow/(outflow) from investing activities</b> | <u>20</u>                                       | <u>(5)</u>  | <u>(967)</u>                                    |
| <b>Financing activities</b>                                |   |   |   |
| Proceeds from issue of share capital                       | -   | 5,546   | 6,319   |
| Share issue costs  | -   | (308)   | (328)   |
| Loans converted into shares                                | -   | 318   | -   |
| Warrants exercised   | 235   | 82  | 82  |
| Finance cost   | (1)   | (1)   | (26)  |
| Loan repayments settled/(made) to third parties            | 1,085   | (3,289)   | (1,546)   |
| Loans repaid   | -   | (131)   | (1,182)   |
| Loans received   | -   | -   | 1,369   |
| <b>Net cash inflow from financing activities</b>           | <u>1,319</u>                                    | <u>2,217</u>  | <u>4,688</u>                                    |
| <b>Net change in cash and cash equivalents</b>             | 43  | 669   | 41  |
| <b>Cash and cash equivalents at beginning of period</b>    | <u>49</u>                                       | <u>8</u>  | <u>8</u>  |
| <b>Cash and cash equivalents at end of period</b>          | <u>92</u>                                       | <u>677</u>  | <u>49</u>                                       |

# **SIRIUS PETROLEUM PLC**

## **NOTES TO THE INTERIM REPORT**

### **FOR THE PERIOD ENDED 30 JUNE 2012**

#### **1. BASIS OF PREPARATION**

The interim financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The financial information set out in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2011 have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unmodified, although readers should note an emphasis of matters was raised by the auditors.

#### **Going concern**

The directors have prepared cashflow projections through to 30 September 2013. The projections only take account of the on-going management costs of the Group, the costs of investigating the various acquisition opportunities available to the Group as detailed in the Chairman's statement in pages 1 and 2 and the clearance of all payables outstanding at the date of this report. The projections do not assume any income from oil trading nor do they assume any acquisitions take place or that any assessment of the prospective resources is undertaken. The acquisitions or assessment of the prospective resources will be undertaken in conjunction with an appropriate funding exercise.

On 27 June 2012 the Company signed a private placement term sheet to raise funds for the Group to settle its on-going management costs, the costs of investigating acquisition opportunities and the clearance of all outstanding payables. In parallel with this process, the Board is reviewing a number of alternative potential funding arrangements on terms substantially better than those within the funding agreement and expects to conclude definitive arrangements in the near future.

The directors are confident that a formal funding agreement will be signed this calendar year but recognise there is a risk that negotiated terms may be varied or an agreement may not be signed.

On the basis of the minimum funding under the term sheet signed in June 2012, the cash flow projections indicate a minimum cash balance of \$200,000 being available as at 30 September 2013.

On this basis the interim statement has been prepared on a going concern basis. The interim statement does not include any adjustments that would result if the assumptions detailed above are not met.

#### **Segmental reporting**

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

The chief operating decision maker reviews financial information for and makes decisions about the Group's performance as a whole, as the Group has not generated revenue during the period.

Subject to further acquisitions and the future development of the business in Nigeria the Group expects to further review its segmental information during the forthcoming financial year.

## 2. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. The impact of the options and warrants on the loss per share is anti-dilutive.

|  | <b>Unaudited<br/>six months<br/>ended<br/>30 June 2012</b> | Unaudited<br>six months<br>ended<br>30 June 2011 | Audited<br>year ended<br>31 December<br>2011 |
|--|--|--|--|
| Loss on ordinary activities after tax (\$'000)                         | <u>(2,566)</u>   | <u>(5,653)</u>                                   | <u>(9,301)</u>                               |
| Weighted average number of shares for calculating basic loss per share | <u>798,402,154</u>   | <u>632,253,487</u>                               | <u>690,830,208</u>                           |
| <b>Basic and diluted loss per share (US cents)</b>                     | <b><u>(0.32)</u></b>                                       | <b><u>(0.89)</u></b>                             | <b><u>(1.35)</u></b>                         |

## 3. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

### Cost of oil and gas exploration – pending determination

|  | <b>Licence costs<br/>\$000</b> |
|--|--------------------------------|
| Cost and net book value at 30 June 2012 and 31 December 2011 (30 June 2011: \$nil) | <u><b>1,000</b></u>            |

Sirius Exploration Nigeria Limited, a wholly owned subsidiary company, has entered into an agreement with Guarantee Petroleum Company Limited and Owena Oil and Gas Limited which gives it the right to acquire a 40% interest in the Ororo Oil Field.

The consideration for the 40% interest in the field was \$1,000,000 paid on the date of the agreement and a further \$500,000 due if the operation is determined to be viable.

The Group has committed to fund the preparation of the Competent Persons Report and some additional preliminary work, including an environmental impact assessment, planning appropriate community projects, undertaking an on site survey to finalise the subsequent drilling programme and will also cover certain operational costs. Under the agreement the Group will cover all costs of this phase of the project. Costs plus interest of LIBOR+3% will be recoverable on the production of oil before the profit interest split is applied.

The directors have reviewed the investment for impairment. A viability report has been received, which shows the field is economically viable. The Group has committed to investing further amounts into the Ororo Oil Field, as part of its strategic development plans for the Group. The costs of the capital and operating costs will be covered by a fund raising that the Group intends to undertake.



#### 4. TRADE AND OTHER RECEIVABLES

|                                | <b>Unaudited</b>    | Unaudited    | Audited          |
|--------------------------------|---------------------|--------------|------------------|
|                                | <b>30 June 2012</b> | 30 June 2011 | 31 December 2011 |
|                                | <b>US\$'000</b>     | US\$'000     | US\$'000         |
| Trade receivables              | <b>9</b>            | 10           | 5                |
| Other receivables              | <b>746</b>          | 18           | 408              |
| Prepayments and accrued income | <b>212</b>          | 168          | 288              |
| Total                          | <b>967</b>          | 196          | 701              |

Trade and other receivables are usually due within 30 - 60 days and do not bear any effective interest rate. The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

In addition to the above a loan of \$3,204,000 to EMMEF which is a related party by virtue of it's shareholding, made in April 2011 for an initial period of 120 days, attracts interest of 3% per annum, which has been accruing. The balance outstanding on this loan as at 30 June 2012 was \$461,000 (30 June 2011: \$3,204,000, 31 December 2011: \$1,546,000). On 28 February 2011 EMMEF were issued 60,000,000 warrants at par which were exercised on 17 February 2012, and 70,000,000 warrants at 10p which remain outstanding.

#### 5. SHARE CAPITAL

|   | <b>Unaudited</b>    | Unaudited    | Audited          |
|---|---------------------|--------------|------------------|
|   | <b>30 June 2012</b> | 30 June 2011 | 31 December 2011 |
|   | <b>US\$'000</b>     | US\$'000     | US\$'000         |
| Authorised  |                     |              |                  |
| Allotted, issued and fully paid   |                     |              |                  |
| 814,226,330 ordinary shares of 0.25p (30 June 2011: 741,726,330, 31 December 2011: 754,226,330) | <b>3,569</b>        | <b>3,285</b> | <b>3,334</b>     |

The movement in ordinary shares and share premium in the period was as follows:

|  | Price<br>£ | Number             | Nominal<br>amount (USD<br>\$'000) | Share premium<br>(USD \$'000) |
|--|------------|--------------------|-----------------------------------|-------------------------------|
| As at 31 December 2010                             |            | 520,827,720        | 2,384                             | 5,407                         |
| Share placing                                      | 0.05       | 83,898,610         | 342                               | 6,501                         |
| Issue of shares in<br>settlement of fees           | 0.0242     | 65,000,000         | 265                               | 2,301                         |
| Settlement of agreement<br>with Sirius Oil and gas | 0.0025     | 52,000,000         | 212                               | -                             |
| Placing costs                                      |            | -                  | -                                 | (308)                         |
| Share based payments                               | -          | -                  | -                                 | (4,650)                       |
| Exercise of Strand Hanson<br>Limited warrant       | 0.0025     | 10,000,000         | 41                                | -                             |
| Exercise of Corvus warrant                         | 0.0025     | 10,000,000         | 41                                | -                             |
| <b>At 30 June 2011</b>                             |            | <b>741,726,330</b> | <b>3,285</b>                      | <b>9,251</b>                  |
| Share placing                                      | 0.04       | 12,500,000         | 49                                | 724                           |
| Placing costs                                      |            | -                  | -                                 | (20)                          |
| <b>At 31 December 2011</b>                         |            | <b>754,226,330</b> | <b>3,334</b>                      | <b>9,955</b>                  |
| Exercise of EMMEF warrant                          | 0.0025     | 60,000,000         | 235                               | -                             |
| <b>At 30 June 2012</b>                             |            | <b>814,226,330</b> | <b>3,569</b>                      | <b>9,955</b>                  |

## 6. CONTINGENT LIABILITIES

At 30 June 2012 there is a contingent liability of \$246,749 (30 June 2011: \$253,116 and 31 December 2011: \$244,205) relating to a fee payable to Taglient Oil. This fee is payable only on completion of a transaction that constitutes a reverse takeover under the AIM Rules of Companies. As a reverse takeover had not occurred by 30 June 2012 no amount has been recognised in the financial statements in respect of this agreement. The Board consider that this fee is only likely to become payable on signing an agreement to acquire a material asset and completion of the related fund raising.

## 7. PRIOR YEAR RE-STATEMENT

In the six month period ended 30 June 2011 the Group issued 150,000,000 warrants in relation to services received, of these 20,000,000 were exercised at par and 130,000,000 were in respect of finding subscribers for shares. The fair value charge recognised in the year ended 31 December 2011 of \$4,650,000 has been restated to be charged against share premium in these interim financial statements, in line with the treatment adopted in the audited financial statements for the year ended 31 December 2011. In the previous interim financial statements published this had been charged to the statement of comprehensive income in error.