

30 September 2013

Sirius Petroleum plc
("Sirius" or the "Company")

Half Year Report
for the six month period ended 30 June 2013

Sirius (AIM: SRSP), the oil and gas exploration and development company announces its interim results for the six month period ended 30 June 2013.

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Half Year Statement

Results

I am pleased to present the interim results for the six month period ended 30 June 2013. These results reflect the costs incurred during the period to develop our strategy and review potential oil and gas blocks and individual marginal field opportunities. The operating loss in the half year amounted to \$1,245,000 (six months to 30 June 2012: \$2,579,000, year to 31 December 2012: \$3,062,000) reflecting a rigorous control over central costs and a dramatic reduction in share based payment charges giving a loss per share of 0.41c (30 June 2012: 0.32c, 31 December 2012 0.47c). The group has incurred finance costs of \$2.088 million (30 June 2012: \$1,000, 31 December 2012: \$785,000) reflecting the interest and charges on short term working capital funding.

Offtake Agreement and Assets Development Facility

On 3 May 2013 Sirius announced that it had entered into an Exclusivity Off-take Agreement with Glencore Energy UK Limited which includes the intention to provide a conditional pre-financing facility of up to \$65 million, the repayment of which will be netted against the initial sales of crude oil production, for the development of the Group's near term production assets located off-shore Nigeria.

Under the terms of the agreement, Sirius has the right to deliver up to 60,000 barrels of crude oil per day (bopd) to Glencore and Glencore has exclusivity to market the crude oil on behalf of the Company for a period of 3 years.

Subsequently, the Company has attracted additional options with which to fund the development of its first farm-in and to acquire additional assets and is at an advanced stage in this process.

Financing

During the period the Company issued a total of 857,143 new ordinary shares of 0.25p each, in settlement of fees at 3.5p.

On 25 September 2013 Sirius announced that it had arranged a placing of new ordinary shares to raise £1.8 million for the settlement of fees and to raise additional cash. Accordingly, 123,324,858 new

ordinary shares are to be issued. The Company expects the new shares will be admitted to trading on AIM on 1 October 2013. The new funds will provide the Company with additional working capital whilst it finalises the terms of the financing required to develop the Company's portfolio of oil and gas assets held directly and under exclusive options.

Board Changes

The new Board appointments announced on 25 September of Bobo Kuti to Chief Executive, Stephen Fletcher who joined the Board as Finance Director and Ajay Kejriwal as Non-Executive Director bring with them considerable additional expertise to the executive management team. The Board is well positioned for the next stage of the Company's strategy and its ultimate and long awaited transition from an investment company to a fully fledged owner and developer of oil and gas assets.

Outlook

I am pleased that, due to the underlying quality of our project assets, Sirius has attracted a range of options with which to fund the development of our first farm-in and to acquire additional assets. The recent new funds raised by the Company provide us with working capital ahead of securing our main funding facility which is now at an advanced stage. The Board is confident that the Company is on course to successfully deliver the strategy to build a substantial portfolio of oil and gas assets.

Jack Pryde, Chairman

30 September 2013

SIRIUS PETROLEUM PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2013

	<i>Note</i>	Unaudited Period ended 30 June 2013 US\$'000	Unaudited Period ended 30 June 2012 US\$'000	Audited Year ended 31 December 2012 US\$'000
Other income		38	50	88
Share based payment charge		(7)	(1,343)	121
Other administrative expenses		(1,276)	(1,286)	(3,271)
Total administrative expenses		(1,283)	(2,629)	(3,150)
Loss from operations		(1,245)	(2,579)	(3,062)
Finance income		-	20	27
Finance costs		(2,088)	(1)	(785)
Loss before taxation		(3,333)	(2,560)	(3,820)
Taxation		(5)	(6)	-
Loss after taxation and loss attributable to the equity holders of the Company		(3,338)	(2,566)	(3,820)
Other comprehensive income				
Exchange differences on translating foreign operations		77	2	(47)
Total comprehensive loss for the period		(3,261)	(2,564)	(3,867)
Loss per share				
Total basic and diluted (cents per share)	2	(0.41)	(0.32)	(0.47)

SIRIUS PETROLEUM PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2013

	Share capital	Share premium account	Share-based payment reserve	Other reserves	Exchange reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2012	3,334	9,955	6,914	-	31	(17,464)	2,770
Exercise of warrants	235	-	-	-	-	-	235
Share based payments	-	-	1,343	-	-	-	1,343
Transactions with owners	235	-	1,343	-	-	-	1,578
Loss for the period	-	-	-	-	-	(2,566)	(2,566)
Other comprehensive income for the period	-	-	-	-	2	-	2
Balance at 30 June 2012	3,569	9,955	8,257	-	33	(20,030)	1,784
Issue of share capital	11	110	-	-	-	-	121
Issue of loan fees equity instruments	-	-	-	492	-	-	492
Settlement of loan fees equity instruments	-	-	-	(220)	-	(106)	(326)
Share based payments	-	-	(1,464)	-	-	-	(1,464)
Transactions with owners	11	110	(1,464)	272	-	(106)	(1,177)
Loss for the period	-	-	-	-	-	(1,254)	(1,254)
Other comprehensive income for the period	-	-	-	-	(49)	-	(49)
Balance at 31 December 2012	3,580	10,065	6,793	272	(16)	(21,390)	(696)
Issue of share capital	3	42	-	-	-	-	45
Issue of loan fees equity instruments	-	-	-	1,403	-	-	1,403
Share based payments	-	-	7	-	-	-	7
Transactions with owners	3	42	7	1,403	-	-	1,455
Loss for the period	-	-	-	-	-	(3,338)	(3,338)
Other comprehensive income for the period	-	-	-	-	77	-	77
Balance at 30 June 2013	3,583	10,107	6,800	1,675	61	(24,728)	(2,502)

SIRIUS PETROLEUM PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

		30 June 2013	30 June 2012	31 December 2012
Assets	Notes	US\$'000	US\$'000	US\$'000
Non-current				
Intangible exploration and evaluation assets	3	1,913	1,000	1,642
Property, plant and equipment		4	6	4
		<u>1,917</u>	<u>1,006</u>	<u>1,646</u>
Current				
Cash and cash equivalents		57	92	10
Loan receivable		-	461	-
Trade and other receivables	4	24	967	45
		<u>81</u>	<u>1,520</u>	<u>55</u>
Total current assets		81	1,520	55
Total assets		1,998	2,526	1,701
Liabilities				
Current				
Trade and other payables	5	3,150	742	2,022
Loans payable		1,350	-	375
		<u>4,500</u>	<u>742</u>	<u>2,397</u>
Total liabilities		4,500	742	2,397
Equity				
Issued share capital	6	3,583	3,569	3,580
Share premium		10,107	9,955	10,065
Share based payment reserve		6,800	3,647	6,793
Other reserves		1,675	-	272
Exchange reserve		61	33	(16)
Retained earnings		(24,728)	(15,420)	(21,390)
		<u>(24,728)</u>	<u>(15,420)</u>	<u>(21,390)</u>
Equity attributable to owners of the company		(2,502)	1,784	(696)
Total equity and liabilities		1,998	2,526	1,701

SIRIUS PETROLEUM PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2013

	Unaudited Period ended 30 June 2013	Unaudited Period ended 30 June 2012 (restated)	Audited Year ended 31 December 2012
	US\$'000	US\$'000	US\$'000
Operating activities			
Loss after tax	(3,338)	(2,566)	(3,820)
Depreciation	2	2	5
Finance income	-	(20)	(27)
Finance cost	2,088	1	467
Increase/(decrease) in trade and other receivables	26	(266)	329
Equity settled share-based payments	7	1,343	(121)
Expenses settled in shares	45	-	448
Increase/(decrease) in trade and other payables	1,208	210	1,441
Net cash inflow/(outflow)from operating activities	38	(1,296)	(1,278)
Investing activities			
Purchase of property, plant and equipment	-	-	(1)
Investment in intangibles	(271)	-	(642)
Loan repayments received	-	1,085	1,219
Finance income	-	20	27
Net cash (outflow)/inflow from investing activities	(271)	1,105	603
Financing activities			
Proceeds from issue of share capital	-	-	-
Share issue costs	-	-	-
Warrants exercised	-	235	235
Finance cost	(975)	(1)	(3)
Loans repaid	-	-	-
Loans received	1,255	-	404
Net cash inflow from financing activities	280	234	636
Net change in cash and cash equivalents	47	43	(39)
Cash and cash equivalents at beginning of period	10	49	49
Cash and cash equivalents at end of period	57	92	10

SIRIUS PETROLEUM PLC

NOTES TO THE INTERIM REPORT

FOR THE PERIOD ENDED 30 JUNE 2013

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 2012 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 Group has a number of significant opportunities available to it. The Glencore Off-Take Agreement was signed on 30 April 2013 and includes detail on the intention to provide up to a \$65 million pre-payment facility. In return Glencore has the right to up to 60,000 barrels of crude oil per day for a period of 3 years from the loading of the first cargo or the date on which the pre-payment facility is discharged in full at prices based on Brent net FOB. The directors are currently in discussions with Glencore regarding this pre-financing facility of \$65 million and with other funding providers in relation to other asset exploitation projects and expects to conclude negotiations and make an initial drawdown of funding in the near future. However, at the date of this report there is no certainty that negotiations with funding partners will be concluded in the short term and therefore these activities have been excluded from the projections prepared by the directors as part of their assessment of going concern. The projections take into account the impact of the recently announced share issues described in the Chairman's statement providing an additional £1.8 million (approximately \$2.88 million) of funding.

The directors have instead prepared steady state cash flow projections through to 30 September 2014. These 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 and the clearance of all payables outstanding at the date of this report. The payment of accrued directors' remuneration and directors' remuneration payable in respect of the current year has been excluded as the directors have agreed to defer payment until such time as project funds are available. The projections also do not assume any oil extraction or income from oil trading nor do they assume any acquisitions take place or that any additional assessment of the prospective resources is undertaken over and above that authorised as at the date of this report.

On 30 April 2013 the Company signed a convertible loan facility with Calvet International Limited which provides up to £1.5 million (\$2.4 million) of funding for general working capital. On the basis that this facility is drawn in full, the cash flow projections indicate that the Group has sufficient headroom to meet its working capital requirements.

On the basis of the assumptions above and following a detailed review by the directors of the Group's cash flow forecast, the directors believe that the Group has sufficient cash resources to meet its liabilities as they fall due for a period of at least 12 months from the date that the financial statements are signed. Consequently, the financial statements have been prepared on a going concern basis.

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.

	Unaudited six months ended 30 June 2013	Unaudited six months ended 30 June 2012	Audited year ended 31 December 2012
Loss on ordinary activities after tax (\$'000)	<u>(3,338)</u>	<u>(2,566)</u>	<u>(3,820)</u>
Weighted average number of shares for calculating basic loss per share	<u>817,226,922</u>	<u>798,402,154</u>	<u>807,155,194</u>
Basic and diluted loss per share (US cents)	<u>(0.41)</u>	<u>(0.32)</u>	<u>(0.47)</u>

3. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

Cost of oil and gas exploration – pending determination

	\$'000
Cost	
At 1 January 2012 and 30 June 2013	1,000
Additions	317
Transferred from prepayments	325
At 31 December 2012	1,642
Additions	271
At 31 December 2012	<u>1,913</u>
Amortisation and impairment	
At 1 January 2012, 30 June 2012, 31 December 2012 and 30 June 2013	<u>-</u>
Net book value at 30 June 2013	<u>1,913</u>

Net book value at 30 June 2012	1,000
Net book value at 31 December 2012	<u>1,642</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 certain preliminary works and operational costs, all of which (together with interest at 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 the fund raising activities described in the Going Concern section above.

4. TRADE AND OTHER RECEIVABLES

	Unaudited	Unaudited	Audited
	30 June 2013	30 June 2012	31 December 2012
	US\$'000	US\$'000	US\$'000
Trade receivables	6	9	4
Other receivables	11	746	11
Prepayments and accrued income	7	212	30
Total	<u>24</u>	<u>967</u>	<u>45</u>

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.

5. TRADE AND OTHER PAYABLES

	Unaudited	Unaudited	Audited
	30 June 2013	30 June 2012	31 December 2012
	US\$'000	US\$'000	US\$'000
Trade payables	665	350	599
Other payables	1,245	215	394
Accruals	1,240	177	1,029
Total	<u>3,150</u>	<u>742</u>	<u>2,022</u>

Of the above, \$66,000 of the Trade payables (30 June 2012: \$29,000, 31 December 2012: \$60,000), \$975,000 of the Other payables (30 June 2012: \$nil, 31 December 2012: \$nil) and \$27,000 of the

Accruals (30 June 2012: \$nil, 31 December 2012: \$10,000) is due to be settled through the issue of new share capital.

The fair value of trade and other payables has not been disclosed as, due to their short duration, Management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

6. SHARE CAPITAL

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

	Price £	Number	Nominal amount (USD \$'000)	Share premium (USD \$'000)
As at 31 December 2011		754,226,330	3,334	9,955
Exercise of EMMEF warrant	0.0025	60,000,000	235	-
At 30 June 2012		814,226,330	3,569	9,955
Shares issued for fees due	0.04	2,678,571	11	110
At 31 December 2012		816,904,901	3,580	10,065
Shares issued for fees due	0.035	857,143	3	42
At 30 June 2013		817,762,044	3,583	10,107

7. POST BALANCE SHEET EVENTS

On 25 September 2013 Sirius announced that it had arranged a placing of new ordinary shares to raise £1.8 million for the settlement of fees and to raise additional cash. Accordingly, 123,324,858 new ordinary shares are to be issued. The Company expects the new shares will be admitted to trading on AIM on 1 October 2013, following which the Company will have 947,124,985 shares in issue. Sirius does not hold any shares in treasury and hence the total number of voting rights in the Company will be 947,124,985 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. The new funds will provide the Company with additional working capital whilst it finalises the terms of the financing required to develop the Company's portfolio of oil and gas assets held directly and under exclusive options.