



Mediterranean Oil & Gas Plc (AIM : MOG)

Interim Group Results for the six-months ending 31st December 2005

The Directors of Mediterranean Oil & Gas Plc are pleased to present the Company's unaudited accounts for the six months ending 31st December 2005.

Highlights within the reported period

- 16 November 2005 - AIM Admission raising £11.7 m gross of expenses
- Torrente Salsola 3 workover perforated 3 new gas bearing levels

Post Period Highlights

- 6 January 2006 - Acquisition of 11.154% interest in St Laurent Petroleum Licence which covers the Grenade Oil field in south-west France
- 6 February 2006 – Masseria Gaudella exploration permit granted in southern Italy
- 29 March 2006 – Entered into agreement to acquire 25% interest in Medjerda Block Petroleum Licence in northern Tunisia
- Torrente Salsola 3 production tests, Torrente Baganza 5 frac job and Santa Caterina 2 side track operations to start week commencing 3 April 2006

Chairman David Lenigas stated, "The Company has significantly improved its financial position through the fundraising and its operational position by taking on new projects. It has been a very busy time for the Company and we hope that this will continue for the remainder of the financial year and beyond."

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Mediterranean Oil & Gas Plc

Unaudited Interim Result for the six months to 31 December 2005

Chairman's Report

I am pleased to announce the Company's first unaudited interim financial statement. Mediterranean Oil & Gas Plc (the "Company") completed its acquisition of its Italian business and operations in May 2005. The interim report for the period 1 July 2005 to December 2005 represents the first financial report for the Group since the combination of the Italian business and the Maltese exploration assets under a public company structure and the introduction of new management headed by our Managing Director, Giovanni Catalano.

The highlight of the period to December 2005 was the flotation of the Company on the AIM market and raising approximately £10.5 million (€15.4 million) net of flotation and raising costs. In addition the Company's cash flow has benefited from the strong rise in gas prices in Italy which occurred in the second half of the last calendar year. An average production net to the Company's Italian subsidiary, Intergas Piu Srl, of 1.7 million scm per month was recorded during the period.

Since the float, the Company has moved rapidly to improve its asset base and capitalise on its strong position within the central Mediterranean region. We have agreed to purchase an 11% interest in the St Laurent oil discovery in southern France and the recently announced agreement to acquire a 25% interest in the Madjerda block in northern Tunisia. Both of these acquisitions have wells planned for 2006.

We have been successful in being granted the Masseria Gaudella permit in southern Italy, which adjoins the Company's Scanzano production concession. A new exploration permit application denominated Serra Dei Gatti, was filed with the Italian authorities. This application was made solely on behalf of Intergas and is located west of Intergas' operational base at Foggia in the same area as the Torrente Celone and Masseria Petrilli concessions. Despite all of this activity, our focus has been on advancing the Maltese prospects, the Monte Grosso prospect in Serra San Bernardo, the Ombrina Mare oil discovery and the Guendalina gas field and all have been advanced in the short period since listing.

Malta Offshore Blocks 4, 5, 6 and 7, Area 4 (MOG – 100%) Operator – MOG

The Maltese blocks were the subject of a regional study by Rome University. Simultaneously a more block specific interpretation of the dataset and its hydrocarbon prospectivity was carried out by the RPS Group in Woking, UK. The regional study supports the presence of a working hydrocarbon system and importantly is consistent with the specific findings in the work performed by RPS. The Company's supervision and coordination of the project has ensured a complete review of the hydrocarbon potential of the area. The results and the proposed 2006 work programme will be finalised and presented to the Maltese Government in early April.

In parallel with the regional and data interpretation study review, a farmout data room was made available in RPS's offices. So far a number of companies have attended the data room and the process is on-going. It is proposed that the farminee would carry out the drilling of the first well in Block 7 as operator carrying Mediterranean Oil & Gas for a negotiated percentage.

Ombrina Mare (MOG – 100%)**Operator – MOG**

The seismic data set including the 3D survey over Ombrina Mare has been purchased from Edison and ENI and loaded into workstations for interpretation. Geological and geophysical studies are progressing and we expect to finalise a drilling location for the Ombrina Mare appraisal well in April. Preliminary authorisation planning and the procurement process is underway. Negotiations for the use of a jack-up rig to drill Ombrina Mare are progressing well and we hope to finalise an agreement shortly for drilling late in 2006.

Serra San Bernardo Permit – Monte Grosso Prospect (MOG – 20%)**Operator – MOG**

The Company's wholly owned subsidiary, Intergas, is operator of the Serra San Bernardo permit on behalf of its joint venture partners which include ENI (46%) and Total (10%).

The Serra San Bernardo exploration permit contains the Monte Grosso prospect that is located on a similar trend of the Southern Apennines Italian major producing oil field of Monte Alpi (90,000 bbls/d of oil) and of the Tempa Rossa field (under development). A comprehensive geological and geophysical re-interpretation of the area of the Monte Grosso prospect was carried out and discussed with the JV partners. The Joint Venture is in agreement to drill the well and preliminary activities related to the planning of the operations are underway. A formal decision on the drilling programme for Monte Grosso well is expected in the next quarter.

Guendalina (MOG – 20%)**Operator - ENI**

The operator, ENI has lodged the required reports and plans with the Ministry of Environment for final authorisations relating to the development plan for ENI's Tea gas field. The Tea discovery is located 12 km south of Guendalina and its development plan includes a tie-back of Guendalina to the Tea infrastructure. A reply from the Ministry of Environment and possible development approval is expected soon.

Operations

The half year figures are, as expected, heavily influenced by corporate costs related to the acquisition of the Company's businesses, public flotation and the fund raising. Administration expenses for the period were increased by non-recurrent items arising from the steps required to prepare the Company and its Italian business with appropriate legal, financial and management processes prior to flotation. These included exceptional accounting, legal, taxation and other professional services and travel costs. Also included are significant additional one-off expenses incurred by Intergas arising out of its relocation and separation from Concordia Group and its establishment as a separate business entity.

During the period, the Italian business generated revenue of over €3.7 million and earnings of approximately €1,450,000 net of pre-license exploration costs, depreciation and intercompany costs (for management and interest paid by the Italian subsidiary to Mediterranean Oil & Gas Plc).

The gas plants at some of Intergas' operated and non-operated fields were forced to close for periods during September and November due to power shortages in Italy resulting in decreased production during those months. Whilst the power shortages have had a short term negative impact on production they reflect the short supply of gas in the Italy which should benefit a Company that is in the business of producing gas for electricity generation in the Italian market.

Torrente Salsola 3 Production

In December, the Company successfully drilled the Torrente Salsola 3 well in the 50% owned Masseria Petrilli permit which is operated by the Company's Italian subsidiary. Regulatory approvals for the connection and new production have now been received and production tests are to commence during the first week of April.

Torrente Baganza 5

A frac job and work over is planned for the Torrente Baganza field operated by Gas Plus Italia Srl (in which the Company holds an 11% interest via Intergas) and is expected to further significantly increase operating cash flow. Due to greatly increased licensing requirements in Italy affecting the transportation of the explosives needed in the process and delays to operations caused by inclement weather this work has been postponed and is now scheduled to commence during the first week of April.

Santa Caterina 2

Gas Plus Italia, as operator, is rigging up to start operations on the Santa Caterina 2 ST sidetrack and work-over well. The well is located onshore southern Italy within the Lucera production concession. Intergas has a 13.6% working interest. The Santa Caterina gas field was discovered in 1975 and over the years has produced over 150 million scm of gas.

The joint venture is to drill a side track approximately 500 metres to the southwest of Santa Caterina -2 ST to recover incremental production up-dip from existing producing wells which have watered out. The well will also test levels that have not been previously produced.

Corporate

In accordance with the Companies Act requirements, Mediterranean Oil & Gas Plc's first annual general meeting will be held in early June 2006 and a full report to shareholders will accompany the notice of meeting.

Over the six months period governed by the interim report and the three months subsequent the Company has significantly improved its financial position through the fund raising, strengthened its balance sheet and its operational position by taking on new projects and seeking to expedite the development of those of its diverse and balanced portfolio which can add the greatest value in the shortest time.

It has been a very busy time for the Company and all of those involved with it and we hope and expect that this will continue for the remainder of the financial year and beyond.

David Lenigas
Chairman

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Consolidated Profit and Loss Account

	6 month period ended 31 December 2005 (unaudited) €'000	Period to 30 June 2005 (audited) €'000
Group turnover	3,726	745
Group cost of sales		
Production costs	(1,765)	(278)
Pre license costs	(39)	-
Depreciation, depletion and amortisation	(238)	(83)
	(2,042)	(361)
Gross profit	1,684	384
Administrative expenses	(1,011)	(838)
AIM Admission costs	(695)	-
Exchange difference	(122)	77
Interest payable	(250)	(34)
Interest receivable	29	-
Loss from operations	(365)	(411)
Loss on ordinary activities before taxation	(365)	(411)
Tax on loss on ordinary activities	(17)	-
Net loss for the period	(382)	(411)
Basic and diluted loss per share	(1.5) cents	(2.0) cents

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Consolidated Statement of Recognised Income and Expenses

	6 month period ended 31 December 2005 (unaudited) €'000	Period to 30 June 2005 (audited) €'000
Loss for the period	(382)	(411)
Exchange differences on retranslation of net assets of subsidiary undertakings	122	(77)
Total recognised gains and losses	<u>(260)</u> =====	<u>(488)</u> =====

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Consolidated Balance Sheet

	31 December 2005 (unaudited) €'000	30 June 2005 (audited) €'000
Assets		
Non-current assets		
Intangible assets	7,760	7,665
Tangible assets	6,292	5,819
Total non-current assets	14,052	13,484
Current assets		
Inventory	355	303
Receivables	2,549	1,124
Cash at bank and in hand	15,868	416
Total current assets	18,772	1,843
Total assets	32,824	15,327
Current liabilities		
Creditors: Amounts falling due within one year	2,148	762
Total current liabilities	2,148	762
Non-current liabilities		
Creditors: amounts falling due after more than one year	8,140	7,904
Total non-current liabilities	8,140	7,904
Total liabilities	10,288	8,666
Net Assets	22,536	6,661
Equity		
Contributed equity	23,329	7,072
Accumulated losses	(793)	(411)
Total Equity	22,536	6,661

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**Consolidated Statement of Cash Flows
For the six month period ended 31 December 2005**

	6 month period ended 31 December 2005 (unaudited) €'000	Period to 30 June 2005 (audited) €'000
New cash received from operating activities	91	(511)
Investing activities		
Payments for property, plant and equipment	(16)	(99)
Acquisition of subsidiaries	-	(10,701)
Payments for capitalised evaluated oil & gas properties	(696)	-
Payments for exploration costs	(95)	-
Payments for plug and abandonment costs	(90)	-
	(897)	(10,800)
Financing activities		
Issue of share capital (net of issue costs)	16,258	4,727
Proceeds from convertible bonds	-	7,000
	16,258	11,727
Net cash received from financing activities	16,258	11,727
Net increase in cash for the period	15,452	416
Cash and cash equivalents at beginning of the period	416	-
	15,868	416
Cash and cash equivalents at end of the period	15,868	416

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Notes to the consolidated financial information

1. Accounting Policies and Presentation of Financial Information

The financial information presented above does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information for the period ended 30 June 2005 has been derived from the statutory financial statements for that period, upon which the auditors issued an unqualified opinion and have been delivered to the Registrar of Companies.

The financial statements have been prepared under International Financial Reporting Standards and in accordance with the Statement of Recommended Practice "Accounting for Oil and Gas Exploration, Development and Decommissioning".

2. Reconciliation of Operating Loss to Net Cash Flow from Operating Activities

	6 month period ended 31 December 2005 (unaudited) €'000	Period to 30 June 2005 (audited) €'000
Operating loss	(365)	(411)
Depreciation, depletion and amortisation	238	83
Increase in inventory	(52)	-
Decrease/(increase) in debtors	(1,370)	556
(Decrease)/increase in creditors	1,640	(739)
	91	(511)
Cash flow from operating activities	91	(511)

3. Analysis of net funds

	At 30 June 2005 €'000	Net cash flow €'000	At 31 Dec 2005 €'000
Cash at bank and in hand	416	15,452	15,868
Convertible bonds	(7,000)	-	(7,000)
	(6,584)	15,452	8,868
	(6,584)	15,452	8,868

4. Events since the balance sheet

On 6 January 2006 the Group agreed to acquire an 11.154% in the St Laurent petroleum licence and oil discovery for consideration of £75,000 and a net profit royalty of 1%.

On 29 March 2006 the Group agreed to acquire a 25% interest in the Madjerda Block petroleum licence in northern Tunisia in consideration of free carrying a 10% interest to a maximum value of USD 1 million and, upon a commercial discovery, repaying past direct costs to a maximum of USD 2 million.