



Mediterranean Oil & Gas Plc (AIM: MOG)

Unaudited Interim Results for the Six Month Period ending 31 December 2006

The Directors of Mediterranean Oil & Gas Plc ("MOG" or the "Company") are pleased to present the Company's interim report and financial statements for the half year ending 31 December 2006.

Highlights for the six month period

Financial

- Strong increase in cash flows from operating activities. Improved already strong cash position.
- Capital investment from cash flows continued.
- Administration overheads significantly reduced

Operations

- Rig agreement for Monte Grosso being finalised, well expected to spud this calendar year (2007)
- Significant progress towards securing a rig for Ombrina Mare, well expected to spud this calendar year (2007)
- Current work programme for this calendar year (2007) includes spudding of wells in Medjerda Block Tunisia, Grenade Field France and Cupoloni Field Italy.
- Malta ESA extended until March 2008
- Preparations to undertake seismic programme in offshore Malta at advanced stage

Chairman Michael Bonte-Friedheim stated:

"The half year represents another solid performance by Mediterranean Oil & Gas. The period saw further progress on the production side, which is reflected in the strong and improved cash position. A significant amount of preparation work has also been undertaken to progress the Company's extensive exploration and development programme."

During 2007 we expect to see wells drilled on two of the Company's key assets, Ombrina Mare and Monte Grosso, and the acquisition of extensive seismic data on offshore Malta.

In addition we also plan to drill wells in the Grenade Field, Teboursouk Prospect and Cupoloni Field and continue investing in our Italian acreage."

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Mediterranean Oil & Gas Plc

Unaudited Interim Results for the Six Month Period ending 31 December 2006

27 March 2007

Chairman's Statement

During the interim period the Company made substantial progress towards the development of its Ombrina Mare oil discovery, the advancement of its exploration portfolio and in replacing reserves and expanding production from its Italian operations.

The Serra San Bernardo joint venture formally committed to drill the Monte Grosso prospect and a well is expected to spud end of September this year. In Malta, preparations are well advanced to undertake a seismic programme of approximately 1,000 line kilometres over the Company's prospects to better define the newly identified prospects in Blocks 4, 5 and 6 and to define a drilling location on the prospects in Block 7. The preparations are also well advanced to procure a jack-up rig and related materials to drill an appraisal well at Ombrina Mare later this year.

The Company's production operations in Italy have continued to perform well, replacing production with new reserves and gaining access to prospective new onshore exploration permits in Italy.

Ombrina Mare

The Ombrina Mare oil discovery holds best estimate contingent resources of 27.5MMstb of oil and best estimate STOIP of 160MMstb. It is located 7km offshore in 20m of water, near ENI's Miglianico discovery and Edison's giant Rospo Mare field. It is also located only approximately 25km from a proposed onshore storage site which will hold the oil before transferring the oil for treatment to the Miglianico oil plant and finally to export from Ortona Harbour. The economics of developing Ombrina Mare are greatly enhanced by proximity to storage and transport infrastructure and, most importantly, to the refinery. The field also has potential for considerable upside with high estimate STOIP of 337MMstb in place and related high estimate contingent oil resources of 64MMstb. There are two further satellite oil prospects and three gas leads that potentially could be developed in conjunction with the main field.

The economic potential of this discovery has made its proper appraisal and development the Company's priority. We have been hampered in progressing it by the lack of available jack-up drilling rigs with approval to operate in Italian waters. The Company has dedicated significant management time and resources to addressing this issue and we anticipate being in a position to secure use of a suitable jack-up rig in the near future for a drilling window in late 2007.

Serra San Bernardo

The Company's Italian subsidiary, Intergas Piu srl, operates the Serra San Bernardo exploration permit on behalf of a joint venture which includes ENI (increasing to a 52.66% interest) and Total (increasing to a 11.45% interest). The Company is increasing its interest in the permit to 22.89%.

The Serra San Bernardo permit contains the Monte Grosso prospect which has best estimate prospective oil resources of 280MMstb from a best estimate 1.2BBstb STOIP.

The high estimate is 2.1BBstb STOIP. This potentially giant field, proximate to the geologically similar Monte Alpi field and Tempa Rossa field, is located in arguably the most exciting province for large oil deposits in Western Europe.

MOG believes the Monte Grosso prospect is a world class target. The Company is finalising a service agreement for an ENI-operated deep drilling rig to drill the exploration well. The well is expected to spud at the end of September this year. The ENI team has considerable experience in the area from the work undertaken by ENI on the nearby Monte Alpi field.

Malta

The Company holds 100% of an exploration study agreement covering Blocks 4, 5, 6 and 7 of Area 4 offshore Malta - an area of approximately 5,000 square kilometres. There are 3 mature targets in blocks 7 and, as previously announced, we have identified a number of further large prospects and leads in our area.

We propose to shoot 1,000 line kilometres of seismic over the area in the next few months with a view to preparing one or more of the prospects for drilling. The seismic work is a precursor to entering into a production sharing contract over the area during the current ESA term to March 2008. The previously identified prospects at Hagar Qim, Skorba and Tarxien together with the newly identified prospects, particularly Luzzu, provide best estimate prospective resources of 1.5BBstb and high estimate STOIP exceeding 14.0BBstb on the permit.

The offshore south of Malta is an under-explored petroleum province related to an extension of the offshore Libyan and Tunisian proven hydrocarbon provinces.

Tunisia

In March 2006, MOG acquired a 25% interest in the Madjerda Block petroleum licence in North Tunisia. The operator is starting construction of the staging area for a well on the Teboursouk prospect in the southern part of the block. Planning for the 2007 2D seismic acquisition campaign in the northern part of the permit is also underway.

France

The operator of the St Laurent permit is preparing to drill the Grenade field this summer. Long lead items are on order and permitting and construction of the staging area is to commence soon.

Operations

The past nine months has been a very busy time for the Company and particularly for the operational teams based in Rome and Foggia. The Company, through its subsidiary Intergas Piu srl, is the operator of 16 concessions and permits and is advancing plans to drill a number of wells in the coming year in order to continue to increase production. The Italian operations have performed well with both production and prices improving during the half year. Our Rome team also successfully negotiated a new sales contract for the majority of the gas produced in Italy on improved terms.

Financials

The Company's businesses continue to perform well with gross profit from operations of approximately €1.2m. As anticipated in last year's interim statement, administration costs substantially decreased despite the ongoing heavy administrative requirements as we seek to expand the Company and undertake a number of major capital investments.

Of particular significance is that the cash reserves at the end of the interim period exceeded those of 12 months earlier. This was achieved despite spending €556,000 during the six month period on capitalised development costs.

Reserves and Resources

The Company's Italian subsidiary has been recommended for grant for four new Italian exploration permits it has applied for. If granted, they would boost our Italian portfolio to 15 exploration permits and 17 production concessions.

Outlook

The Company is very focussed on developing our interests in discovered fields at Guendalina, Ombrina Mare and Grenade and carrying out exploration offshore Malta, onshore Italy and in Tunisia. We are also seeking to opportunistically expand by application for new ground or farm-in or by acquisition where attractive opportunities present themselves which enable the Company to leverage its operational expertise in the Mediterranean region.

Michael Bonte-Friedheim

Non-Executive Chairman

Qualified Person and Compliance with SPE Standard

Giovanni Catalano (a director of the Company) holds a masters degree in geology and has had over twenty-five years in the upstream oil and gas industry. Prior to joining the Company Mr Catalano held senior positions with Woodside Energy Pty Ltd in Perth and prior to Woodside (seven years), Mr Catalano was with AGIP (nine years) and LASMO International (eleven years). He is a former director of Woodside Energy UK and AGIP Mauritania BV companies and former chairman of Woodside Energias SA in Spain. Mr Catalano is an Associate Councillor of Assomineraria. He has compiled, read and approved the technical disclosure in this announcement and in the Interim Financial Statements. The technical disclosure in this announcement and the Report complies with the SPE/WPC Standard.

Glossary

Bbls/month	stock tank barrels of oil per month
BBstb	Billion stock tank barrels
MMstb	Million stock tank barrels
MMscf/month	Million standard cubic feet per month
Bcf	Billion cubic feet
scm/Mscm	Standard cubic metres /Million standard cubic metres
scm/month	Standard cubic metres per month
SPE/WPC	Society of Petroleum Engineers/World Petroleum Congress
STOIP	stock tank oil initially in place

MEDITERRANEAN OIL & GAS PLC

Consolidated Income Statement

	6 month period ended 31 December 2006 (unaudited) €000	6 month period ended 31 December 2005 (unaudited) €000	12 months ended 30 June 2006 (audited) €000
Revenue	2,516	2,136	4,486
Cost of sales			
Production costs	(580)	(175)	(1,046)
Pre licence costs	-	(39)	-
Depreciation, depletion and amortisation	(746)	(238)	(1,343)
Gross Profit	1,190	1,684	2,097
Administrative expenses	(669)	(1,828)	(3,059)
Profit/(loss) from operations	521	(144)	(962)
Finance costs	(227)	(250)	(486)
Finance income	376	29	453
Profit/(loss) before tax	670	(365)	(995)
Tax expense	(280)	(17)	(64)
Net profit/(loss) for the period	390	(382)	(1,059)
Basic profit/(loss) per share	1.2 cents	(1.5) cents	(3.0) cents
Diluted profit/(loss) per share	1.1 cents	(1.5) cents	(3.0) cents
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MEDITERRANEAN OIL & GAS PLC

Consolidated Statement of Changes in Equity

	6 month period ended 31 December 2006 (unaudited) €000	6 month period ended 31 December 2005 (unaudited) €000	12 months ended 30 June 2006 (audited) €000
At 1 July	22,693	6,661	6,661
Shares issued		17,554	17,554
Issue costs	-	(1,297)	(857)
Equity components	-	-	68
Share-based payments	243	-	337
Exchange difference	7	-	(11)
Total recognised income and expense for the year	390	(382)	(1,059)
At end of period	<u>23,333</u>	<u>22,536</u>	<u>22,693</u>

MEDITERRANEAN OIL & GAS PLC

Consolidated Balance Sheet

	31 December 2006 (unaudited) €000	31 December 2005 (unaudited) €000	30 June 2006 (audited) €000
Assets			
Non-current assets			
Property, plant and equipment	15,980	6,292	15,964
Intangible assets	2,977	7,760	2,726
Financial assets	34	-	34
Deferred tax assets	80	-	80
Total non-current assets	19,071	14,052	18,804
Current assets			
Inventories	472	355	437
Trade and other receivables	2,485	2,549	2,461
Cash and cash equivalents	16,310	15,868	15,682
Total current assets	19,267	18,772	18,580
Total assets	38,338	32,824	37,384
Current liabilities			
Trade and other payables	2,479	2,148	2,453
Other financial liability	22	-	21
Corporation tax liability	410	-	253
Total current liabilities	2,911	2,148	2,727
Non-current liabilities			
Financial liabilities	6,987	7,315	6,987
Provisions	5,107	825	4,977
Total non-current liabilities	12,094	8,140	11,964
Total liabilities	15,005	10,288	14,691
Total net assets	23,333	22,536	22,693

MEDITERRANEAN OIL & GAS PLC

Consolidated Balance Sheet (*Continued*)

	31 December 2006 (unaudited) €000	31 December 2005 (unaudited) €000	30 June 2006 (audited) €000
Capital and reserves attributable to equity holders of the Company			
Share capital	9,783	9,783	9,783
Share premium reserve	13,527	13,546	13,527
Share option reserve	932	-	689
Convertible debt option reserve	68	-	68
Foreign exchange reserve	(4)	-	(11)
Retained losses	(973)	(793)	(1,363)
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Total Equity	23,333	22,536	22,693
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MEDITERRANEAN OIL & GAS PLC

**Consolidated Cash Flow Statement
For the six month period ended 31 December 2006**

	6 month period ended 31 December 2006 (unaudited) €000	6 month period ended 31 December 2005 (unaudited) €000	12 month period ended 30 June 2006 (audited) €000
Cash flows from operating activities	946	344	666
Investing activities			
Payments for property, plant and equipment	(42)	(16)	-
Payments for other intangible assets	(7)	-	-
Payments for capitalised evaluated oil & gas properties	(556)	(695)	(1,897)
Payments for exploration costs	(251)	(95)	-
Interest received	376	29	453
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(466)	(433)	(778)
Financing activities			
Issue of share capital (net of issue costs)	-	16,257	16,697
Capital element of finance lease rental payments	(10)	-	-
Interest paid	(216)	(250)	(461)
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Net cash received from financing activities	(226)	16,007	16,236
Net increase in cash for the period	240	15,574	15,458
Exchange differences relating to cash and cash equivalents	388	(122)	(192)
Cash and cash equivalents at beginning of the period	15,682	416	416
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Cash and cash equivalents at end of the period	16,310	15,868	15,682
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MEDITERRANEAN OIL & GAS PLC

Notes to the consolidated financial information

1. Accounting Policies and Presentation of Financial Information

The interim financial information in this report is prepared on the basis of the accounting policies set out in the 2006 Annual Report and Accounts and using accounting policies consistent with IFRS. As permitted, the group has chosen not to adopt IAS 34 'Interim Financial Reporting'. The interim financial information for the six months ended 31 December 2005 and 31 December 2006 is unaudited and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The 2006 Annual Report and Accounts, which received an unqualified opinion from the auditors and did not contain a statement under section 237(2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies.

Income and cost of sales for the period ended 31 December 2005 have been adjusted for a reclassification of reimbursements from joint venture partners. Previously revenue and cost of sales were disclosed gross of this item. This reclassification aligns the treatment with other reported periods and has no impact on gross profit, profit before tax and earnings per share.

2. Cash and Cash Equivalents

	31 December 2006 (unaudited) €000	31 December 2005 (unaudited) €000	30 June 2006 (audited) €000
Cash and cash equivalents comprises:			
Cash available on demand	2,560	2,174	2,604
Short-term deposits	13,750	13,694	13,078
	<hr/> 16,310 <hr/> <hr/>	<hr/> 15,868 <hr/> <hr/>	<hr/> 15,682 <hr/> <hr/>
Net cash increase in cash and cash equivalents	628	15,452	15,266
Cash and cash equivalents at beginning of year	15,682	416	416
Cash and cash equivalents at end of year	<hr/> 16,310 <hr/> <hr/>	<hr/> 15,868 <hr/> <hr/>	<hr/> 15,682 <hr/> <hr/>

3. Cash flows from operating activities

	31 December 2006 (unaudited) €000	31 December 2005 (unaudited) €000	30 June 2006 (audited) €000
Operating activities			
Net profit/(loss) from ordinary activities	390	(382)	(1,059)
Adjustments for:			
Depreciation and impairment	746	238	1,343
Employee provisions	(27)	10	22
Exchange adjustments	(381)	122	181
Share-based payments	243	-	241
Investment income	(376)	(29)	(453)
Interest expense	227	250	486
Tax expense	280	17	64
	<hr/>	<hr/>	<hr/>
Operating profit before changes in working capital and provisions	1,102	226	825
Increase in inventories	(35)	(52)	(134)
(Increase)/decrease in trade and other receivables	(24)	(1,425)	(1,371)
Increase/(decrease) in trade and other payables	26	1,684	1,825
Decrease in provisions	-	(89)	(454)
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Cash generated from operations	1,069	344	691
Income taxes paid	(123)	-	(25)
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Cash flows from operating activities	946	344	666
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4. Events since the balance sheet

None