

MEDITERRANEAN OIL & GAS PLC
(the “Company” or “MOG”)

30 September 2010

Unaudited Interim Results for the six month period ending 30 June 2010

The Board of Mediterranean Oil & Gas Plc (AIM: MOG) are pleased to present the Company's Interim Report and Financial Statements for the half year ending 30 June 2010.

HIGHLIGHTS FOR THE SIX MONTH PERIOD

OPERATIONS

- February: 2P oil reserves doubled to 40 MM bbls and proven oil reserves (P1) increased to 12 MM bbls (SIM - Independent Reserve Engineers certification)
- February: appointment of BNP Paribas S.A. as Financial Adviser to assist the Group in assessing debt financing options for development of the Ombrina Mare field
- May: receipt of preliminary advice from BNP Paribas S. A., regarding the debt financing capacity for the Ombrina Mare FDP, which recommended further analysis to confirm project financing capacity
- significant progress in the geological and geophysical ('G&G') assessment of the Ombrina Mare field
- progress on schedule in the environmental assessment evaluation of the Ombrina Mare FDP, by the Italian Ministry of the Environment
- commencement of Guendalina Gas field development activities
- completion of field development works and technical tests on the Anzano gas field (production start up by early October 2010)
- commencement of preliminary development activities for the Traetta gas field

FINANCIAL

- confirmation and extension of the Bank of Scotland credit facility of €18m to support further Guendalina Gas field development
- loss of €4.7m for the interim period ended 30 June 2010 (€2.6m loss – 6 months to June 2009)
- cash and cash equivalents of €4.8m as of 30 June 2010 (€5.9m – 31 December 2009)

Chairman Michael Bonte-Friedheim commented:

“Although the Group can report operational and financial progress during the course of the first half of 2010, in particular the doubling of the proven and probable oil reserves at the Ombrina Mare oil field, from 20 million to 40 million barrels and the continued development of the Guendalina gas field and the Groups producing gas concessions, changes in the Italian regulatory environment initiated in June have diverted attention from the progress made and have resulted in a situation of uncertainty around development of the Group's principal asset, the Ombrina Mare oil and gas field.

The Group will continue to focus on securing value for its shareholders during the second half of 2010, while focusing on progressing its key exploration and development assets and efficiently managing existing production activities. We also expect to achieve clarity on any potential regulatory impact on the Ombrina Mare field.”

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Chairman's Review – H1 2010

Dear Shareholder,

The Group can report operational and financial progress during the course of the first half of 2010. However, changes in the Italian regulatory environment initiated in June have diverted attention from the progress made and have resulted in a situation of uncertainty around development of the Group's principal asset, the Ombrina Mare oil and gas field.

In June, the Group secured an extension to the credit facility of €18,000,000 made available by the Bank of Scotland Plc. The credit facility, of which approximately €9,400,000 remains undrawn and committed to funding the Group's expenditure commitments related to the Guendalina project, has been extended to 2 September 2011.

In February, the Group announced the doubling of the proven and probable oil reserves at the Ombrina Mare oil field, from 20 million to 40 million barrels. The revision was based on a review of geological and geophysical data by Studio Ingegneria Mineraria, the independent reservoir engineer.

Meanwhile, the development of the Guendalina gas field (20% MOG, 80% ENI, Operator) continues apace. ENI has communicated to the Group that first gas is forecast for September 2011. Once Guendalina is on-stream, the Group expects to more than double its daily gas sales volumes.

Production volumes from our 16 producing onshore gas concessions (eleven operated by MOG) was in line with forecasts, while gas sales prices achieved were marginally above our forecasts. The Group's on-going operations at these concessions are progressing satisfactorily.

The principal area of concern for the Group remains the evolving regulatory framework in Italy regarding offshore oil and gas activities. Legislative Decree N. 128 ("Decree"), amending the Italian Environmental Code (decree N. 152/2006), was published on August 12, 2010, in the Official Journal of the Italian Republic and came into force on August 26, 2010. At present, the Group is uncertain whether the Decree will impact the authorisation process underway for the granting of a production concession for its Ombrina Mare oil & gas field. Consequently, the Group is pushing ahead with the environmental approval process (having secured technical approval for the field development plan in June 2009). In parallel, the Group is consulting with legal counsel to assist in the interpretation of the Decree.

The Decree effectively terminated, for the time being, the Group's on-going attempt to secure value from the Ombrina Mare field and secure a partner for the remaining approval process and subsequent development and production phases.

The Group will continue to focus on securing value for its shareholders during the second half of 2010, while focusing on progressing its key exploration and development assets and efficiently managing existing production activities. We also expect to achieve clarity on any potential regulatory impact on the Ombrina Mare field.

Michael Bonte-Friedheim

Chairman

29 September 2010

OPERATIONS REPORT – H1 2010

Introduction

During the first half of 2010, the Group remained focused on advancing the two key priority development projects, the Ombrina Mare Oil & Gas field (100% working interest.), and Guendalina Gas field (20% working interest). The Group undertook new investments within onshore gas production acreage, with the aim of compensating for the natural decline of gas fields currently in production. Existing exploration acreage was re-assessed, with the Group relinquishing assets with low exploration potential and/or high exploration risk. The Group has also reduced costs where prudent to do so and where possible, the investment portfolio has been rationalised.

As a result of the continued adverse international economic climate in the first half of 2010, management of the Group's assets continued to be selective and focused on the key projects only. Although the Italian gas market remains attractive, it was adversely influenced by challenging international economic conditions. During the period, the oil price was quite stable at approximately the 75 \$/bbl level, while the Euro/US Dollar exchange rate was more favourable, relative to 2009. Consequently, the average gas price achieved under the Group's gas sales contracts, which is calculated by reference to the oil price and the Euro/US Dollar exchange rate, generally increased during the first half of the year.

On our main sales contract, the gas sale price at the end of 2009 was approximately 0.209 €/scm (8.3 USD per Mcf). This progressively increased to approximately 0.285 €/scm (11.3 USD per Mcf), by the end of June 2010. Forward oil prices and in turn, forecast future gas prices indicate that this positive trend may continue, with the gas price approaching 0.30 €/scm (12.0 USD/Mscf) by December 2011, based on the present forward curve for Brent oil prices (Source: Bloomberg). In the first half of 2010, gas production was approximately 6.75 MMscm (0.2 Bcf), which represented a 6.2% reduction relative to the first half of 2009. This was essentially due to the natural decline of existing fields, which was not fully offset by new gas production brought on stream in the period H2, 2009 to H1, 2010.

At Ombrina Mare, our key development asset, the Group reported a material upgrade in 2P reserves, as certified by the independent reserve engineers, Studio Ingegneria Mineraria ("SIM"), to 40 MMbbls, 12 MMbbls of which are in the proven (P1) category. However, on August 12, 2010, Legislative Decree no. 128, dated June 29, 2010, amending the Italian Environmental Code (decree no. 152/2006), was published in the Official Journal of the Italian Republic (the "Decree"). The Decree came into force on August 26, 2010. The Decree prohibits, among other things, offshore exploration and production activities for liquid hydrocarbons within 5 miles of the Italian coast, and applies to ongoing authorization procedures relating to those activities.

The Decree may apply to the Group's Ombrina Mare project, since the reservoir structure is entirely located less than 5 miles from the Italian coastline. However, given there may be exemptions to the Decree which the Group believes might also be applicable in the case of Ombrina Mare, it remains unclear whether the Decree operates to prohibit further development of the Ombrina Mare field. The Group, in conjunction with legal counsel, is therefore investigating the legal position.

The Group, directly and through the Italian Upstream Association ("Assomineraria"), has requested clarification from the Italian Government, the Ministry of the Environment and the Ministry of Economic Development, regarding the interpretation of the Decree specifically in relation to E&P Assets where significant investment has already been undertaken, exploration activity is already advanced, a discovery has been made and the process to transform the exploration license rights to a production license is already well underway, as is the case for the Ombrina Mare project. In addition, Assomineraria has requested the Italian Government to implement urgent modifications to the Decree, in those areas which most heavily impact Italian offshore E&P activities.

Pending receipt of formal clarification of, or modifications to, the Decree the Group plans to continue the current environmental assessment procedure for the Ombrina Mare project, with the aim of securing the production concession. In any event, should either the environmental assessment or the concession award processes be adversely affected by the Decree, the Group will consult with legal counsel to consider remedial courses of action. In addition, the Group is evaluating the technical and economic feasibility of alternative solutions to develop the Ombrina Mare oil and gas field.

In any event, the Group will continue to work actively with environmental and local authorities, as well as the Italian Government, with the aim of obtaining clarification of the Decree and its interpretation, as well as identifying any commercial solutions which enable development of the Ombrina Mare field. The Group remains committed to defending the significant investments which have already been undertaken by it at the Ombrina Mare field, assessing likely delays in obtaining all the residual ongoing authorizations, and bringing the Ombrina Mare field to production at the earliest opportunity. However, given publication of the Decree, it is expected that issuance of the production concession will become more complicated and therefore it is likely that, if it is ultimately issued, completion of this procedure will take longer than previously forecast. At present, it is not possible to reliably estimate the likely delay which may occur.

Recognising the considerable degree of opposition to the Decree raised by a large number of participants in the Italian E&P sector and the significant number of third party contractors, suppliers and service companies which support E&P activities within Italy, the Group expects that further information will be made available by Italian Government sources over the course of the next several months, which should assist in clarifying possible modifications and revisions to the Decree, to enable the orderly continuation of E&P activities and related services, within Italy.

Financial Review

The Group believes that the Decree is likely to have a material adverse effect on the Group's ability to access funding required to:

- cover the current and future capital expenditure needs of the Ombrina Mare project. In particular, this may hinder the Group's ability to progress with the Ombrina Mare Field Development Plan ("FDP"), raise necessary funds to complete required pre-development expenditure, and in turn, to finance the execution of the FDP. It is therefore likely that the previous schedule targeting first oil in Q1, 2013 will not be achievable in that timeframe, or possibly at all;
- cover capital expenditure required for the Guendalina project which exceeds the current €9.4m level of undrawn debt finance remaining available under the existing credit facility with the Bank of Scotland plc ("BoS");
- cover planned exploration and well development expenditure and to finance the repayment of the debt facility held with BoS, which is scheduled to occur in September 2011; and
- meet the Group's general working capital requirements. While the Group estimates it currently has sufficient working capital until approximately mid 2011, it would need to raise further funds for working capital purposes beyond that timeframe.

The combined effect of the Decree and the current adverse economic climate is presently having a material adverse effect on the ability of the Group to raise further funds required to develop its assets and this effect is likely to be sustained whilst the uncertainty over the Decree in relation to the Ombrina Mare field persists. Consequently, the Board has carefully considered available options and has decided, where possible, to remove all discretionary expenditure, continuing only that expenditure which is subject to pre-existing contractual obligations. In addition, the Group has been obliged to reduce further operational and exploration activity, except where this is considered to be essential to preserve the Group's cash resources. In light of these factors, the Group is reviewing its strategic options, including a potential divestment of assets or a sale of the Group.

Highlights of the period

Ombrina Mare Oil & Gas Field:

- February: 2P oil reserves doubled to 40 MM bbls and proven oil reserves (P1) increased to 12 MM bbls (SIM - Independent Reserve Engineers certification)
- February: appointment of BNP Paribas S.A. as Financial Adviser to assist the Group in assessing debt financing options for development of the Ombrina Mare field
- May: receipt of preliminary advice from BNP Paribas S. A., regarding the debt financing capacity for the Ombrina Mare FDP, which recommended further analysis to confirm project financing capacity
- significant progress in the geological and geophysical ('G&G') assessment of the Ombrina Mare field
- progress on schedule in the environmental assessment evaluation of the Ombrina Mare FDP, by the Italian Ministry of the Environment

Guendalina Gas Field:

- confirmation and extension of the BoS credit facility of €18m to support further field development
- commencement of field development activities

Italian onshore Gas fields:

- completion of field development works and technical tests on the Anzano gas field (production start up now forecast late September – early October 2010)
- commencement of preliminary development activities for the Traetta gas field

Operational details

The development of Ombrina Mare oil and gas field and Guendalina gas field remained the two prime development projects for the Group in the period under review.

Ombrina Mare

The environmental approval process for the Field Development Plan is presently progressing and may be completed on schedule by the end of 2010, provided no further analysis is required, following the Gulf of Mexico incident and issuance of the Decree. It is likely the final award of the production concession will be delayed, given issuance of the Decree, and pending formal clarification or enactment of modifications. The Group expects the likely impact of the Decree on the Ombrina Mare production concession approval process will be clarified in the next several months, as a result of ongoing initiatives from within the Italian E&P Sector, and by the Group itself.

Completion of key technical studies on the Ombrina Mare field enabled SIM, the independent reserve engineers, to issue new certification doubling 2P oil reserves to 40 MM bbls, in addition to increasing proven (P1) oil reserves to 12 MM bbls. These key technical studies have been conducted by Group personnel in conjunction with qualified external contractors, universities and research institutes. A significant component of the revised certification is based upon work to develop further a detailed 3D geological model, which represents the current geological "most likely case" at the Ombrina Mare reservoir and incorporates detailed technical analysis of all available relevant data.

Subject to availability of new funds and clarification of the effect of the Decree on the Ombrina Mare project, the Group is otherwise ready to commence Stage 1 Project Management of pre-development

activities which include the following workstreams, designed to run in parallel with completion of the environmental authorization process:

- a. identification and design of all the production facilities, preparation and management of tender invitation packages and execution of tender processes to procure all required capital equipment, and confirmation of project development costs;
- b. execution of the remaining geological and geophysical, and reservoir studies necessary to build a robust dynamic reservoir model. Completion of the model is required to optimize the development of the drilling phase and to design the optimal location and trajectories of forecast development/appraisal wells.

These pre-development activities are required to progress the FDP to the execution phase and to confirm potential project financing capacity at Ombrina Mare. As stated above, the Group has experienced difficulty in securing the capital required to pursue its exploration and development projects on all fronts. In light of this and the Decree, the Group is not presently able to allocate sufficient funds to allow progress with Stage 1.

The new oil reserve numbers certified by SIM in February 2010 establish the Ombrina Mare field as a significant European oil project and further confirm the Group's technical ability to operate and progress this important project. Based on SIM's independent re-assessment of the Ombrina Mare oil reserves, the discovered and potential hydrocarbon assessment of the Ombrina Mare field is as follows:

	Reserves		Reserves		Resources	
	P1	P2	2P (P1+P2)	P3	Contingent (best to high case)	Prospective (best to high case)
Ombrina Mare – Oil (MMbbls)	12.220**	28.018**	40.240**		11 to 18 **°	
Ombrina Mare – Gas (Bcf)			6.5 **	2.9 **	2.8 to 3.43 *	
Other prospects – Oil (MMbbls)						10 to 20 **°
Other Prospects – Gas (Bcf)						4.0 to 8.0 *

** Independent Certification by SIM

* Company calculation

**° Company calculation, currently under review and re-assessment

The revised 2P oil reserve certification will not impact the Ombrina Mare FDP, for which approval has already been obtained, since the facilities proposed under the FDP are designed to support higher production rates implied by the higher revised reserve numbers. Further, the production platform has been designed with additional flexibility to host a larger number of development wells than are currently assumed in the existing FDP.

As a result of the doubling of the 2P oil reserves, after a few years of production at Ombrina Mare, it is expected that four additional development wells may be required in order to optimize the oil recovery factor and drain the 2P reserves efficiently. This additional drilling campaign can be effectively conducted from the same existing production platform and will not require the construction of any additional offshore facilities.

Guendalina

The Guendalina concession has not been affected by the Decree. As a result of the concession award on 14th December 2009, field development activities have commenced with:

- construction and installation of the production platform scheduled for resumption by the end of 2010 and completion by August 2011;

- proposed drilling of the two development wells in the first half of 2011;
- gas production and associated revenues expected to commence in September 2011.

The Group holds a 20% interest in the Guendalina gas field which has independently certified 2P gas reserves of 22 Bcf (100% basis). Based on studies performed by ENI S.p.A. (Operator), the aggregate gas production from the field is expected to be around 20 MMcf/day (100% basis). Under the latest budget issued by ENI, estimated total project capital expenditure has increased to approximately €72.5 million gross (100% basis), representing approximately €14.5 million net to MOG, excluding VAT. However, the project remains economically viable for the Group. At present, MOG's interest in the project is funded up to €10 million by the credit facility held with HBOS, with remaining required funds, yet to be financed. The Group is reviewing options regarding continuation of the Guendalina project, which may include divestment of the Group's interest.

Area 4 - Offshore Malta

The Group is continuing the technical assessment of this frontier exploration acreage with the aim of reducing the Group's exploration risk. The Group has identified 9 prospects for a total of 1500 Mbbls of prospective associated oil resources.

By the end of 2010, the Group plans to complete the technical assessment of Area 4 and, if the technical indications are confirmed as attractive, decide the best strategy to secure required financial resources for commencing operational activity, in order to drill an exploration well.

Under the Production Sharing Contract signed on July 2008 with the Maltese Government, the Group is committed to a minimum exploration expenditure of USD 5 million and to spud an exploration well prior to 18th July 2011. The current adverse economic climate is not favorable for deepwater frontier exploration. Further, additional technical analysis is required to identify the presence of attractive exploration projects. For these reasons, the Group has approached the Maltese Resource Authority and requested an extension of the well spud deadline, to allow the Group to complete the technical exploration analysis, attract additional partners and secure appropriate funding to drill a deepwater well.

Onshore Tunisia – Medjerda permit (25% MOG W.I.)

Following the unsuccessful exploration well drilled in 2008 and the completion of the well result assessment, the Group reviewed the asset and its residual exploration potential. The Group has concluded that this project is not of interest given its high risk frontier profile. In light of this assessment, and the next permit expiry date on 31st December 2010, the Group has decided to divest its interest in the area. If it is not possible to complete a sale of its interest, the Group may elect to relinquish its interest in this asset at the next expiry date.

Onshore France – S. Laurent permit (11% MOG W.I.)

Following the unsuccessful appraisal well, Grenade 3, drilled in this block in 2008, the operator Egdon is completing a review of the exploration potential of the asset. Within the asset, in addition to further re-assessments of the Grenade project, two large gas leads have been identified. The Group plans to participate in the completion of the current re-assessment of exploration potential, prior to making a strategic decision, at the project level and regionally.

Oil & Gas Reserves and Resources

A revision of the Group's Reserves and Resources is performed each six months by independent certification (2P Reserves) and by the Company (Contingent & Prospective Resources). The following

tables summarise the evolution of reserve estimations since 2005, and include the most recent updating, as at 30th June 2010.

Net Oil Reserves & Resources in MMbbls					
	Reserves Proven plus Probable (2P) MMbbls	Best Estimate Contingent Resources MMbbls	High Estimate Contingent Resources MMbbls	Prospective Resources (unrisked) Best Estimate MMbbls	Prospective Resources (unrisked) High Estimate MMbbls
01 July 2006	0 ¹	29 ²	70 ²	1,577 ³	4,447 ³
30 June 2007	0 ¹	29 ²	70 ²	1,291 ⁴	3,614 ⁴
30 June 2008	20 ¹	12 ²	19 ²	1,419 ⁴	3,951 ⁴
31 Dec 2008	20 ¹	12 ²	19 ²	1,419 ⁴	3,951 ⁴
30 June 2009	20 ¹	12 ²	19 ²	1,419 ⁴	3,951 ⁴
30 June 2010	40 ¹	12 ²	19 ²	1,401 ⁴	3,922 ⁴

Source:

¹: independent certification by SIM.

²: Company assessment

³: RPS assessment

⁴: RPS assessment except for Company assessment of Monte Ardone and Monte Grosso with total of 74 MMbbls best case and 109 MMbbls high case

Net Gas Reserves & Resources in Bcf					
	Reserves Proven Plus Probable (2P) (Bcf)	Contingent Resources Best Estimate (Bcf)	Contingent Resources High Estimate (Bcf)	Prospective Resources (unrisked) Best Estimate (Bcf)	Prospective Resources (unrisked) High Estimate (Bcf)
01 July 2006	12 ¹	21 ²	50 ²	20 ²	44 ²
30 June 2007	11 ¹	25 ²	61 ²	70 ²	138 ²
30 June 2008	10 ¹	25 ²	55 ²	93 ²	158 ²
31 Dec 2008	17 ¹	25 ²	55 ²	93 ²	158 ²
30 June 2009	16.7 ¹	25 ²	55 ²	93 ²	158 ²
31 Dec 2009	16.5 ¹	25 ²	55 ²	93 ²	158 ²
30 Jun 2010	16.1 ¹	25 ²	55 ²	65 ²	137 ²

Source:

¹: independent certification by SIM; ²: Company assessment

Health and Safety

The Company continues to be committed to maintaining the highest standard in health, safety and environment management. No injuries have been reported for the H1 2010.

Sergio Morandi

Chief Executive Officer

Qualified person

Sergio Morandi (a director of the Company) holds a first class honours degree in geology from La Sapienza University (Rome) and has over twenty eight years E & P experience spent in oil and gas

exploration and operations management and seismic data acquisition, processing and interpretation with ENI, Coparex, ELF, Enterprise Oil, Shell Italia E&P and Shell International E&P. Mr. Morandi's last position held was as International Geophysical and Business Advisor with Shell International E&P at EPTS – Centre of Expertise in The Netherlands. His earlier roles include Head of Exploration for Shell Italia E&P and Head of Exploration and Chief Geophysicist for Enterprise Oil Italiana. Mr. Morandi has been a lecturer in Applied Seismology at the Basilicata University in Italy, is a board member of Associazione Mineraria Italiana, is a current member of the European Association of Geoscientists and Engineers, registered member number 563 of the Lazio Geologists' Order and is a registered geological adviser to the Rome and Viterbo Tribunals in Italy. He has compiled, read and approved the technical disclosure in this regulatory announcement. The technical disclosure in this announcement complies with the SPE/WPC standard.

Glossary

Bbls/day	Stock tank barrels of oil per day	
BBbbls	Billion stock tank barrels of oil	
Bcf	Billion cubic feet of gas	
Contingent oil/gas resources	Has the meaning ascribed by the SPE/WPC Standard	
FPSO	Floating production, storage and offloading	
Mcf	Thousand cubic feet of gas	
MMcf	Million cubic feet of gas	
MMbbls	Million stock tank barrels of oil	
MMscm	Million standard cubic metre	
OBM2 DIR	Horizontal appraisal well drilled on the Ombrina Mare Oil & Gas	Field
	and completed as an oil producer in June 2008	
P1 & P2 Reserves	Proven plus probable reserves as defined in the SPE/WPC Standard	
Prospective oil/gas resources	Has the meaning ascribed by the SPE/WPC Standard	
Scm	Standard cubic metre	
SPE/WPC	Society of Petroleum Engineers/World Petroleum Congress	

SPE/WPC Standard Definitions and methodology for certifying hydrocarbon reserves and resources adopted by the SPE/WPC from time to time which presently requires the application of the 2007 Petroleum Resources Management System standards.

INDEPENDENT REVIEW REPORT TO MEDITERRANEAN OIL & GAS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises the consolidated condensed statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Emphasis of matter - Going concern

In forming our conclusion, which is not qualified, we have considered the adequacy of the disclosures made in the Financial Review section of the Chief Executive Officer's statement, and in note 1 to the interim financial statements for the six months ended 30 June 2010 concerning the Group being reliant on securing additional funding to continue to operate in their normal course of business for the next 12 months. In addition the Bank of Scotland loan facility is due to expire in September 2011 which current cash flow forecasts reveal would leave the company with an estimated cash deficit of approximately €24m, the majority of which is the bank facility which is expected to be fully drawn down by September 2011. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. The interim financial information does not include the adjustments that would result if the Group was unable to continue as a going concern.

Emphasis of matter - Carrying value of Ombrina Mare

In forming our conclusion, which is not qualified, we have considered the adequacy of the disclosures made in note 4 concerning the uncertainties surrounding the carrying value of the Ombrina Mare asset, which is recorded in the interim financial statements for the six months ended 30 June 2010 at €17.9m. Due to the potential implications of the Legislative Decree June, no.128/2010 which prohibits certain E&P activities in selected sea and Italian coastal areas, there is a material uncertainty as to the potential impact of this legislation on the carrying value of the Ombrina Mare asset. In the absence of definitive opinion on the impact of the legislative decree the directors have not recognised an impairment charge.

BDO LLP

Chartered Accountants and Registered Auditors

Location

United Kingdom

Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Consolidated Condensed Statement of Comprehensive Income
for the period ended 30 June 2010**

	Note	Unaudited six months ended 30 June 2010 € '000	Audited year ended 31 December 2009 € '000	Unaudited six months ended 30 June 2009 € '000
Revenue		1,918	3,666	1,783
Cost of sales		(910)	(2,512)	(861)
Gross profit		1,008	1,154	922
Other operating income	8	33	241	27
Administrative expenses				
Depreciation, depletion and amortisation		(823)	(1,164)	(929)
Impairment	4	(1,300)	(1,583)	(337)
Other administrative expenses		(1,435)	(2,370)	(1,669)
Total administrative expenses		(3,558)	(5,117)	(2,935)
Loss from operations		(2,517)	(3,722)	(1,986)
Finance expense		(2,374)	(1,669)	(713)
Finance Income		186	421	97
Loss before tax		(4,705)	(4,970)	(2,602)
Tax expense		-	(52)	-
Loss for the period and total comprehensive income attributable to the equity holders of the parent		(4,705)	(5,022)	(2,602)
Loss per share attributable to the equity holders of the parent				
Basic and diluted	5	€(0.12)	€(0.13)	€(0.07)

All amounts relate to continuing activities

**Consolidated Statement of Financial Position
at 30 June 2010**

	Note	Unaudited 30 June 2010 € '000	Audited 31 December 2009 € '000	Unaudited 30 June 2009 € '000
Assets				
Non-current assets				
Property, Plant and Equipment		4,356	5,976	6,406
Exploration and Evaluation Assets		30,017	29,436	27,380
Available-for-sale investments		34	34	34
Other receivables		889	1,909	2,341
Total non-current assets		35,296	37,355	36,161
Current assets				
Inventories		2,621	2,635	2,761
Trade and other receivables		3,903	3,023	5,909
Cash and cash equivalents		4,762	5,907	7,607
Total current assets		11,286	11,565	16,277
Total assets		46,582	48,920	52,438
Liabilities				
Non-current liabilities				
Financial liabilities	3	19,390	17,766	17,213
Provisions		7,941	7,339	5,268
Total non-current liabilities		27,331	25,105	22,481
Current Liabilities				
Trade and other payables		3,818	3,794	6,857
Other financial liabilities		313	478	63
Corporation tax liability		253	115	104

**Consolidated Statement of Financial Position
at 30 June 2010 - continued**

	Note	Unaudited 30 June 2010 £'000	Audited 31 December 2009 € '000	Unaudited 30 June 2009 € '000
Total current liabilities		4,384	4,387	7,024
		-----	-----	-----
Total liabilities		31,715	29,492	29,505
		-----	-----	-----
Total net assets		14,867	19,428	22,933
		=====	=====	=====
 Capital and reserves attributable to equity holders of the company				
Share capital		11,285	11,285	11,285
Share premium reserve		20,053	20,053	20,053
Warrant and share option reserve		814	723	2,280
Convertible debt option reserve		68	68	68
Retained losses		(17,353)	(12,701)	(10,753)
		-----	-----	-----
Total equity		14,867	19,428	22,933
		=====	=====	=====

Consolidated Statement of changes in Equity for the period ended 30 June 2010

	Share Capital	Share Premium Reserve	Warrant and Share Option Reserve	Convertible Debt Option Reserve	Retained Losses	Total Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Balance at 1 January 2009	11,285	20,053	1,026	68	(8,151)	24,281
Total comprehensive income for the period	-	-	-	-	(5,022)	(5,022)
Share based payments	-	-	169	-	-	169
Lapse of options	-	-	(472)	-	472	-
Audited Balance at 31 December 2009	11,285	20,053	723	68	(12,701)	19,428
Total comprehensive income for the period	-	-	-	-	(4,705)	(4,705)
Share based payments	-	-	144	-	-	144
Lapse of options	-	-	(53)	-	53	-
Unaudited Balance at 30 June 2010	11,285	20,053	814	68	(17,353)	14,867

**Consolidated Cash Flow Statement
for the period ended 30 June 2010**

Note	Unaudited six months ended 30 June 2010 € '000	Audited year ended 31 December 2009 € '000	Unaudited six months ended 30 June 2009 € '000
Cash flows from operating activities			
Loss for the period	(4,705)	(5,022)	(2,602)
Adjustments for:			
Depreciation, depletion and amortization	839	1,164	929
Impairment losses	1,300	1,583	337
Foreign exchange gains/losses	-	-	396
Finance income	(186)	(421)	(97)
Finance expense	1,990	1,010	457
Share-based payments expense	143	169	84
Loss on disposal of PPE	-	12	-
Finance impact on decommissioning actualisation	384	464	256
Income tax expense	-	52	-
Cash flows from operating activities before changes in working capital and provisions	(235)	(989)	(240)
(Increase)/decrease in trade and other receivables	140	1,578	(395)
(Increase)/decrease in inventories	14	188	3
(Increase)/decrease in trade and other payables	(24)	(3,543)	(460)
(Increase)/decrease in provisions	(218)	(128)	-
Cash (used by)/generated from operations	(323)	(2,894)	(1,092)
Income taxes paid	-	-	-
Net cash flows from operating activities carried forward	(323)	(2,894)	(1,092)
Investing activities			
Purchase of PPE and intangible assets	(554)	(1,379)	(335)
Interest received	21	34	97
Net cash used in investing activities	(533)	(1,345)	(238)
Financing activities			
Issue of ordinary shares	-	-	-
Interest paid	(222)	(348)	(457)
Loan draw down	-	-	3,691
Convertible loan draw down	-	4,896	-
Costs of financing	-	(96)	-
Net cash generated from financing activities	(222)	4,452	3,234
Net increase/(decrease) in cash and cash equivalents	(1,078)	213	1,904
Cash and cash equivalents at the beginning of the period	5,907	5,703	5,703
Foreign exchange (losses)/gains on cash and cash equivalents	(67)	(9)	-
Cash and cash equivalents at the end of the period	4,762	5,907	7,607

Mediterranean Oil & Gas Plc

Unaudited notes forming part of the consolidated interim financial statements for the period ended 30 June 2010

1 Accounting policies

Basis of preparation

The condensed interim financial statements have been prepared using policies based on international Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) and in accordance with the Companies Act 2006, as applicable to companies preparing their accounts under IFRS, adopted by the EU. The condensed interim financial statements have been prepared using the accounting policies which will be applied in the Group's statutory financial statements for the period ended 31 December 2010. The group has not elected to apply IAS 34.

For the purposes of this interim statement, the comparative periods presented are the year ended 31 December 2009 and the six months ended 30 June 2009. The results of the Group are not affected by seasonal variations, and therefore it has been considered appropriate to take exemption from certain provisions of AIM Rule 18 for this interim statement.

The financial information for the period ended 30 June 2010 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2009 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statement for 2009 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Going Concern

The financial statements have been prepared on a going concern basis. However, the Group currently does not have sufficient cash resources to continue to operate for a 12 month period from the date of publication of this report. The Group is actively reviewing financing and strategic options, including a potential sale of the business. The Directors recognise that there is currently no certainty as to the outcome of the present review process. Following issuance of Legislative Decree June, no. 128/2010 prohibiting certain E&P activities in selected sea and Italian coastal areas, there is a material uncertainty over the Group's ability to raise additional debt or equity finance, which casts significant doubt on the Group's ability to continue as a going concern. Further, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

On 1 June 2010, the Group entered an agreement with the Bank of Scotland plc ("BoS") to extend the date for redemption ("Facility Extension Agreement") of the existing BoS facility from 2 September 2010 to 2 September 2011 (the "Facility"). The presently undrawn portion of the Facility relates to the delayed Guendalina gas field project, which is currently scheduled for first gas in September, 2011. ENI, as operator of the Guendalina gas field, has informed its partners that the total capital expenditure required for the project has increased above previous estimates to approximately €72.5 million, including contingencies. Since the Group's share of this expenditure is approximately €14.5 million, a funding shortfall of approximately €4.5 million plus VAT will need to be addressed, as part of a re-financing of the Facility.

2 Financial reporting period

The condensed interim financial information for the period 1 January 2010 to 30 June 2010 is unaudited. In the opinion of the directors the condensed interim financial information for the period presents fairly the financial position, and results from operations and cash flows for the period and are in conformity with generally accepted accounting principles which are consistently applied. The accounts incorporate comparative figures for the audited year ended 31 December 2009 and

unaudited six months ended 30 June 2009. The financial information contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006.

3 Financial Liabilities – current and non-current

	30 June 2010			31 December 2009			30 June 2009		
	Convertible debt	Bank loan	Total	Convertible debt	Bank loan	Total	Convertible debt	Bank loan	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000
Brought forward	9,183	8,583	17,766	8,630	8,583	17,213	4,368	8,583	12,951
New loans	-	-	-	-	-	-	4,889	-	4,889
Less equity/warrants portion	-	-	-	-	-	-	(1,170)	-	(1,170)
Accretion charge	511	-	511	420	-	420	147	-	147
Gain on change in terms	-	-	-	151	-	151	-	-	-
Foreign exchange	1,113	-	1,113	(18)	-	(18)	396	-	396
Repaid	-	-	-	-	-	-	-	-	-
Balance carried forward	10,807	8,583	19,390	9,183	8,583	17,766	8,630	8,583	17,213

4 Impairment

The Board performs periodic reviews of the carrying value of the Group's assets. Following this review, the Board has recognised an impairment charge of €1.3m for the period ended 30 June 2010. Following issuance of Italian Legislative Decree June, no. 128/2010 prohibiting E&P activities in certain sea and Italian coastal areas, there is a material uncertainty over the Group's ability to progress the Ombrina Mare project (the "Project") as previously scheduled, or at all. The Group is presently consulting legal counsel and in communication with relevant Government authorities in order to determine the potential influence of the Decree on the Project. At present, it is not possible to assess the scope of this influence and accordingly, the Board has elected not to recognise an impairment charge for the Project in the period ended 30 June, 2010. The Board will continue to monitor the position closely and will consider a further review of the carrying value of the Project following the next period end.

5 Loss per share

The calculation of basic and diluted loss per share has been based on the loss for the period of €4,705,000 (June 2009 - €2,602,000) and the weighted average number of shares being 38,912,736 ordinary shares issued for the period ended 30 June 2010 (December 2009 - 38,912,736).

6 Subsequent Events

On August 11, 2010, Legislative Decree no. 128, dated June 29, 2010, amending the Italian Environmental Code (decree no. 152/2006), was published in the Official Journal of the Italian Republic (the "Decree"). The Decree came into force on August 26, 2010. Refer notes 1 and 4 for further information.