

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

29 September 2009

Unaudited Interim Results for the six month period ending 30 June 2009

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 2009.

HIGHLIGHTS FOR THE SIX MONTH PERIOD

OPERATIONS

- Italian Ministry of Environment issues environmental approval for the Guendalina Gas Field Field Development Plan.
- Technical award and approval of the Ombrina Mare Production Concession and Field Development Plan by the Italian Ministry of Economic Development.
- Start up of gas production from the Vigna Nocelli gas field, onshore Italy.
- Entry into new gas supply contract, commencing on 1 October, 2009.
- Finalisation of the Field Development Plans for three existing gas fields onshore Italy and commencement of associated permitting processes.
- Successful completion of gas storage feasibility study performed on the vintage Cupoloni gas field, onshore Italy.
- Commencement of the FDP Environmental Impact Assessment Study (EIAS) for the Ombrina Mare Production Concession.

FINANCIAL

- Successful completion of £4.25 million fund raising by issuance of convertible loan notes.
- Loss of €2.60m for the interim period ended 30 June 2009 (€2.03m – 31 December 2008).
- Cash and Cash Equivalents of €7.61m as of 30 June 2009 (€5.70m – 31 December 2008).

Chairman Michael Bonte-Friedheim commented:

“The Company has remained focussed on improving operational efficiencies at existing production fields and was successful in bringing on new production, such as the recently announced commencement of gas production at our Vigna Nocelli production concession. While the development of our Ombrina Mare and Guendalina projects remain key priorities for the Company, we have been actively seeking to compensate natural declines in existing fields, and to rationalise operating costs and investments.

In April, the Italian Ministry of Environment issued environmental approval of the Field Development Plan for the Guendalina gas field. In June, the Italian Ministry of Economic Development issued the technical award and approval of the Ombrina Mare Production Concession and the Field Development Plan (“FDP”). The Company aims to submit the FDP Environmental Impact Assessment Study (EIAS) for Ombrina Mare in late 2009, with the objective of securing its approval in the second half of 2010.

Revenue for the interim period from gas and condensate sales and operatorship was €1.78m compared with €3.38m in the six months to 31st December 2008. The decline in revenues was largely attributable to lower average gas sales prices under our largest gas supply agreement.

In June, our working capital position was strengthened, following the successful completion of a £4.25m offering of convertible loan notes. At the balance sheet date we had €7.6 million in cash and cash equivalents.

The Company is progressing preparation for the financing of the Ombrina Mare project, the key objective being to identify the most efficient funding solution, so that we are able to remain on schedule to produce first oil in 2012.

I wish to thank our shareholders and employees for their continued support and dedication to the Company.”

ENQUIRIES:

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Unaudited Interim Results for the Six Month Period Ending 30 June 2009

Chairman's Statement

Dear Shareholders,

During the interim period, the Company has continued to implement a works program and associated capital expenditure which was aligned with current global economic conditions. The team has remained focussed on improving operational efficiencies at existing production fields and was successful in bringing on new production, such as the recently announced commencement of gas production at our Vigna Nocelli production concession.

The development of our Ombrina Mare and Guendalina projects remain key priorities for the Company, while at the same time, we have been actively seeking to compensate natural declines in existing fields, and to rationalise operating costs and investments.

In April, the Italian Ministry of Environment issued environmental approval of the Field Development Plan for the Guendalina gas field.

In June, the Italian Ministry of Economic Development issued the technical award and approval of the Ombrina Mare Production Concession and the Field Development Plan ("FDP"). The Company aims to submit the FDP Environmental Impact Assessment Study ("EIAS") for Ombrina Mare in late 2009, with the objective of securing its approval in the second half of 2010.

Revenue for the interim period from gas and condensate sales and operatorship was €1.78m compared with €3.38m in the six months to 31 December 2008. Although production was lower than expected, the decline in revenues was largely attributable to lower average gas sales prices under our largest gas supply agreement.

Following a competitive tender process, the Company has elected to enter a new gas supply contract, commencing on 1 October 2009. The gas price is set on a formula based on oil prices over the 9 months prior to gas delivery and consequently, the Company expects the average gas selling price to decline slightly from current levels on a one off basis in October, before resuming an increasing trend, to reflect the rising oil prices earlier in 2009.

Our positive cash flow from Italy remains an important support for our corporate and field operations in the face of the instability in world equity and debt markets. In June, our working capital position was strengthened, following the successful completion of a £4.25m offering of convertible loan notes. At the balance sheet date we had €7.6 million in cash and cash equivalents, together with €9.4m remaining undrawn for capital expenditure on the Guendalina gas field, under the Bank of Scotland facility.

The Company is now better positioned financially and operationally to progress preparation of the significant projects we have planned, with the team progressing preparation for the financing of the Ombrina Mare project.

I wish to thank our shareholders and employees for their continued support and dedication to the Company.

Michael Bonte-Friedheim
Non-Executive Chairman

OPERATIONS REPORT

Introduction

The adverse international economic climate continued in the first half of 2009 and consequently, management of the Group's assets was prudent and selective. While the market for gas in Italy continues to be very tight and the demand for our gas therefore remains strong, our gas sales prices have nevertheless been influenced by the decline in oil prices. Moreover, the decline experienced in late 2008 has affected our gas sales prices under our supply contracts in the first half of 2009. Consequently, revenues from gas sales have been significantly lower than in the previous six month period ended December 2008.

However, these challenges have not diverted the Company's management team from pursuing its E&P objectives. The development of the 100%-owned Ombrina Mare Oil & Gas discovery and of the 20%-owned Guendalina Gas discovery remain key priorities. In addition, the team is actively working to compensate the natural decline of the existing gas fields currently in production, re-assess the potential of the existing exploration acreage, and reduce and rationalize operating costs and investments.

Highlights

The key operational highlights of the first half of 2009 are the following:

April 2009:

- The Italian Ministry of Environment issued environmental approval of the Field Development Plan of the Guendalina gas field in the Northern Adriatic
- Start up of gas production from the Vigna Nocelli gas field, onshore Italy

May 2009:

- Successful completion of gas storage feasibility study performed on the vintage Cupoloni gas field, onshore Italy
- Finalization of the Field Development Plans for three existing gas fields onshore Italy and commencement of associated permitting processes

June 2009:

- Technical award and approval by the Italian Ministry of Economic Development of the Ombrina Mare Production Concession in the Central Adriatic and of the Field Development Plan ("FDP"), on 23rd June 2009
- Commencement of the FDP Environmental Impact Assessment Study (EIAS) for the Ombrina Mare Production Concession

Ombrina Mare Oil & Gas Field

In 2008, the Company's success with the Ombrina Mare 2 vertical and horizontal appraisal wells enabled:

- the independent certification of 20 Mbbls of oil and 6.5 Bcf of gas reserves;
- the completion of a temporary platform and connecting pipes at the OBM2dir site, together with its compliance certification;
- the submission of the Production Concession Application to the Italian Authorities on 17 December 2008, with the conventional name d30 BC MD; and
- the execution of a prefeasibility study of the FDP.

In the first half of 2009, the Company progressed the Concession award permitting process and secured, on schedule, technical approval of the production concession application and proposed FDP for Ombrina Mare, from the State Technical Committee (CIRM) of the Ministry of Economic Development. This approval has been obtained within 12 months from the completion of the appraisal wells and just six months from the submission of the Production Concession application. This result underlines the Company's technical and operational ability to progress and manage the permitting process in an effective manner.

This technical approval included the approval of the FDP and of the Work Program that Medoilgas Italia S.p.A. submitted to the Italian Authorities, with the Production Concession Application. The approval is subject to the successful completion of the environmental approval process with the Italian Ministry of the Environment. The Company is currently completing preparation of the EIAS, and is scheduled to submit it to the Ministry of the Environment in Q4 2009, for approval.

The full and final award of the Ombrina Mare production concession, subject to successful completion of the environmental approval process, is presently scheduled for Q3, 2010.

Ombrina Mare background

The Ombrina Mare Production Concession Application covers an offshore area of approximately 130 square km inside the existing exploration permit BR 269 CG (270 square km). The FDP has been designed to produce 20 MMbbls and 6.5Bcf of certified 2P oil and gas reserves from the Ombrina Mare Oil and Gas Field.

Oil and gas production from the main Ombrina Mare field should progressively reach 5,000 to 7,500 bbls/d of oil and 3.5 MMcf/d of gas. Production, in the current most likely case, is expected to start in 2012 once all of the development wells have been drilled and the production facilities are in place. On this basis, the current reserves are estimated to provide a field life of between 15 and 20 years.

The proposed development has:

- a single production platform at the OM2dir producer well location;
- five development wells (including the already completed and suspended oil producer OM2dir), two of which will have a double completion for oil and gas;
- one FPSO plant designed for maximum oil production of 10,000 bbls/d and to store up to 50,000 tonnes of oil; and
- a 12km submarine gas pipe line to directly connect gas produced offshore in the Ombrina Mare area, with an existing gas production plant.

An additional and contingent development plan has also been submitted in the application for the oil and gas production concession. The additional plan is directed at obtaining the approvals to appraise and explore the additional contingent and prospective oil and gas resources identified inside the production concession area, once the main Ombrina Mare Oil and Gas Field is in full production.

In September 2008, P1 & P2 gas reserves of 6.5 Bcf and P3 gas reserves of 2.9 Bcf were certified by independent reserve engineers. P1 & P2 Oil Reserves of 20 MMbbls of recoverable oil were certified by independent reserve engineers in June 2008. The Company is currently performing a series of detailed technical studies including geological, reservoir, crude, core and logs analysis, with the aim of measuring key field parameters and building a dynamic reservoir model. The first results of the ongoing work are encouraging and positive.

The development of the existing certified Ombrina Mare oil and gas reserves remains the prime project for our Company, together with the assessment of the upside potential of the Ombrina Mare permit /concession area that is highly prospective for the discovery or appraisal of additional oil and gas.

Guendalina

Following the positive EIA approvals from the Italian Ministry of the Environment, recently issued in April 2009, the full and final award of the production concession is now expected by the second half of 2009.

Capital works will then commence, so that first gas production is scheduled in 2010. The Company has a 20% interest in this field which currently has 2P gas reserves of 22 Bcf (100% basis).

Update on Oil & Gas Reserves and Resources

A revision of MOG's Reserves and Resources is performed every six months by independent certification (2P Reserves) and by the Company (Contingent & Prospective Resources). The latest revision performed on 30 June 2009, confirmed the Reserves and Resources position as at 31 December 2008, without any material change.

Net Oil Reserves & Resources (MMbbls)					
	Reserves Proven plus Probable (2P) MMbbls	Contingent Resources Best Estimate MMbbls	Contingent Resources High Estimate 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

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 (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	16.5 ¹	25 ²	55 ²	93 ²	158 ²

Source: ¹: independent certification by SIM; ²: Company assessment.

New Gas Production

The Company is continuing to progress the development of additional onshore gas fields and assets which are waiting to come on stream by 2009 and in Q1, 2010. Permitting is actively continuing on three selected gas projects.

New Projects

The Company is continuing to evaluate the possible activation of gas storage activities inside some of the most depleted fields of the Company's production concession acreage. The Feasibility Study, conducted by the Politecnico Torino on the Cupoloni gas field in Italy, highlighted promising gas storage characteristics for this depleted field.

Health and Safety

The Company continues to be committed to maintaining the highest standards in health, safety and environmental management. No injuries have been reported for the period January to June 2009.

Sergio Morandi

Chief Executive Officer

Qualified Person and Compliance with SPE Standard

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 as 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 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. References to reserves were provided from the independent reserves certification by Studio Ingegneria Mineraria ("SIM"). References to resource numbers are approved by the Company and derived or updated from numbers provided by the Company's technical management and its independent consultants RPS and SIM.

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 meaning ascribed by the SPE/WPC Standard
Mcf	Thousand cubic feet of gas
MMcf	Million cubic feet of gas
MMbbls	Million stock tank barrels of oil
MMcf	Million cubic feet per day
P1 &P2 Reserves	Proven plus Probable reserves as defined in the SPE/WPC Standard
P3 Reserves	Possible reserves as defined in the SPE/WPC Standard
Prospective oil/gas resources	Has the meaning ascribed by the SPE/WPC Standard
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 2009 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement and the related explanatory 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 the Alternative Investment Market 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 the Alternative Investment Market 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 2009 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

*BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
55 Baker Street
London
W1U 7EU
United Kingdom
29 September 2009*

Consolidated Statement of Comprehensive Income for the period ended 30 June 2009

		Unaudited six months ended 30 June 2009	Audited six months ended 31 December 2008	Audited Year ended 30 June 2008
		€ '000	€ '000	€ '000
Revenue	Note	1,783	3,380	5,425
Cost of sales		(861)	(1,243)	(2,263)
<hr/>				
Gross profit		922	2,137	3,162
Other operating income		27	42	194
Administrative expenses				
Depreciation, depletion and amortization		(929)	(930)	(1,834)
Impairment		(337)	(1,874)	(505)
Other administrative expenses		(1,669)	(2,505)	(2,783)
Total administrative expenses		(2,935)	(5,309)	(5,122)
<hr/>				
Loss from operations		(1,986)	(3,130)	(1,766)
Finance expense		(713)	(655)	(2,160)
Finance Income		97	1,845	779
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Loss before tax		(2,602)	(1,940)	(3,147)
Tax expense		-	(94)	198
<hr/>				
Loss for the period		(2,602)	(2,034)	(2,949)
Other comprehensive income		-	-	-
<hr/>				
Total comprehensive income		(2,602)	(2,034)	(2,949)
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Loss per share attributable to the equity holders of the parent				
Basic and diluted	4	€ (0.07)	€ (0.05)	€ (0.08)

All amounts relate to continuing activities

Consolidated Statement of Financial Position at 30 June 2009

		Unaudited 30 June 2009	Audited 31 December 2008	Audited 30 June 2008
		€ '000	€ '000	€ '000
Assets	Note			
Non-current assets				
Property, Plant and Equipment		6,406	6,265	6,559
Exploration and Evaluation Assets		27,380	28,582	28,397
Available-for-sale investments		34	34	34
Other receivables		2,341	2,576	-
Total non-current assets		36,161	37,457	34,990
Current assets				
Inventories		2,761	2,764	1,915
Trade and other receivables		5,909	3,934	8,521
Cash and cash equivalents		7,607	5,703	11,293
Total current assets		16,277	12,401	21,729
Total assets		52,438	49,858	56,719
Liabilities				
Non-current liabilities				
Financial liabilities	3	17,213	12,951	348
Provisions		5,268	5,094	5,131
Total non-current liabilities		22,481	18,045	5,479
Current Liabilities				
Trade and other payables		6,857	7,343	19,656
Other financial liabilities		63	5	5,761
Corporation tax liability		104	184	47

Consolidated Statement of Financial Position at 30 June 2009 - continued

	Unaudited 30 June 2009	Audited 31 December 2008	Audited 30 June 2008
	€ '000	€ '000	€ '000
	Note		
Total current liabilities	7,024	7,532	25,464
Total liabilities	29,505	25,577	30,943
Total net assets	22,933	24,281	25,776
Capital and reserves attributable to equity holders of the company			
Share capital	11,285	11,285	11,260
Share premium reserve	20,053	20,053	19,952
Share option reserve	1,110	1,026	795
Convertible debt option reserve	68	68	68
Warrant Reserve	1,170	-	-
Retained losses	(10,753)	(8,151)	(6,299)
Total equity	22,933	24,281	25,776

Statement of changes in Equity for the period ended 30 June 2009

	Share capital	Share premium	Retained earnings	Convertible debt option reserve	Warrant reserve	Share option reserve	Total equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Balance at 1 July 2007	9,783	13,527	(3,871)	68	-	1,184	20,691
Total comprehensive income for the period	-	-	(2,949)	-	-	-	(2,949)
Shares issued	1,477	6,425	-	-	-	-	7,902
Share based payments	-	-	521	-	-	(389)	132
Balance at 30 June 2008	11,260	19,952	(6,299)	68	-	795	25,776
Total comprehensive income for the period	-	-	(2,034)	-	-	-	(2,034)
Shares issued	25	101	-	-	-	-	126
Share based payments	-	-	182	-	-	231	413
Balance at 31 December 2008	11,285	20,053	(8,151)	68	-	1,026	24,281
Total comprehensive income for the period	-	-	(2,602)	-	-	-	(2,602)
Share based payments	-	-	-	-	-	84	84
Warrants issued	-	-	-	-	1,170	-	1,170
Balance at 30 June 2009	11,285	20,053	(10,753)	68	1,170	1,110	22,933

Consolidated Cash Flow Statement for the period ended 30 June 2009

	Unaudited six months ended 30 June 2009	Audited six months ended 31 December 2008	Audited Year ended 30 June 2008
	€ '000	€ '000	€ '000
	Note		
Cash flows from operating activities			
Loss for the period	(2,602)	(2,034)	(2,949)
Adjustments for:			
Depreciation, depletion and amortization	929	930	1,834
Impairment losses	337	1,874	505
Foreign exchange gains/losses	396	250	-
Finance income	(97)	(1,845)	(779)
Finance expense	457	148	1,818
Share-based payments expense	84	413	132
Finance impact on decommissioning actualisation	256	507	342
Income tax expense	-	94	(198)
Cash flows from operating activities before changes in working capital and provisions	(240)	337	705
Increase/decrease in trade and other receivables	(395)	2,011	(4,875)
Increase inventories	3	(849)	(785)
(Increase)/decrease in trade and other payables	(460)	(7,781)	6,246
Increase/(decrease) in provisions	-	17	17
Cash (used by)/generated from operations	(1,092)	(6,265)	1,308
Income taxes paid	-	-	-
Net cash flows from operating activities carried forward	(1,092)	(6,265)	1,308
Investing activities			
Purchase of PPE and intangible assets	(335)	(7,751)	(11,140)
Interest received	97	198	779
Net cash used in investing activities	(238)	(7,553)	(10,361)
Financing activities			
Issue of ordinary shares	-	126	7,902
Interest paid	(457)	-	(12)
Loan draw down	3,691	8,235	-
Net cash generated from financing activities	3,234	8,361	7,890
Net increase/(decrease) in cash and cash equivalents	1,904	(5,457)	(1,163)
Cash and cash equivalents at the beginning of the period	5,703	11,293	14,878
Foreign exchange (losses)/gains on cash and cash equivalents	-	(133)	(2,422)
Cash and cash equivalents at the end of the period	7,607	5,703	11,293

Mediterranean Oil & Gas Plc

Unaudited notes forming part of the consolidated interim financial statements for the period ended 30 June 2009

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 with the Companies Act 2006 applicable to companies preparing their accounts under IFRS adopted by the EU. The condensed interim financial information has been prepared using the accounting policies which will be applied in the group's statutory financial statements for the period ended 31 December 2009. This results in the adoption of the revision to IAS 1; this revision prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity. All non owner changes in equity will be required to be shown in a performance statement. This revision has been applied throughout these interim financial statements.

The Group has changed the financial year end for reporting purposes from 30 June to 31 December. This was undertaken by preparing full financial statements for the 6 month period to 31 December 2008, which were audited and are available on the Group's website. For the purposes of this interim statement, the comparative periods presented are the year ended 30 June 2008 and the six months ended 31 December 2008. 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. Normal comparative reporting will be resumed in future periods.

Going Concern

Having considered the relevant budgets and operational forecasts, the Directors are of the opinion that the Group has sufficient working capital to meet its liabilities for the next 12 months. The Company has a number of debt facilities with various terms. The current term of a partially drawn bank facility expires in September 2010. The undrawn portion of the facility relates to the delayed Guendalina project and the term of the facility will need to be extended to allow for the delays in utilisation of the facility or alternatively the liability will need to be refinanced. The Directors anticipate that, in the ordinary course of business, the Company will commence negotiations in the next few months on the various options for varying or re-financing this liability, including the potential conversion to a borrowing base facility.

2 Financial reporting period

The condensed interim financial information for the period 1 January 2009 to 30 June 2009 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 financial year to 30 June 2008 and audited six months ended 31 December 2008.

The financial information contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006.

The comparatives for the six months ended 31 December 2008 are not the company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.

3 Financial liabilities – current and non-current

	30 June 2009			31 December 2008				30 June 2008			
	Convertible debt	Bank loan	Total	Convertible debt	Bank loan	Other	Total	Convertible debt	Bank loan	Other	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Brought forward	4,368	8,583	12,951	5,750	348	11	6,109	6,365		95	6,460
New loans	4,889		4,889		8,235		8,235		348		348
Less equity/warrants portion	(1,170)		(1,170)								
Accretion charge	147		147	148			148	355			355
Gain on change in terms				(520)			(520)				
Foreign exchange	396		396	(1,010)			(1,010)	(970)			(970)
Repaid						(6)	(6)			(84)	(84)
Balance carried forward	8,630	8,583	17,213	4,368	8,583	5	12,956	5,750	348	11	6,109

Convertible Loan Note

In June 2009, the company undertook a £4.25m issue of convertible loan notes ("CLN"), with a face value of £1,000 each and convertible at any time at the option of the subscriber only from the date of issue until 30 November 2011 into the company's ordinary shares at £0.40 per share. Interest accrues at the rate of 9.9% per annum and is capitalised on a daily basis and added to the principal. Interest is payable in shares on the same terms as the principal on conversion or in cash, if the CLNs are redeemed. Each CLN has 2,500 warrants attached permitting the holder to subscribe for 1 share per warrant. The warrants have an exercise price of £0.45 per share and may be exercised at any time from the date of issue until 30 November 2012. The fair value of the warrants, being €1.17m has been allocated to the warrants reserve.

4 Loss per share

The calculation of basic and diluted loss per share has been based on the loss for the period of € 2,602,000 (2008 - €2,034,000) and the weighted average number of shares being 38,912,736 ordinary shares issued for the period ended 30 June 2009 (2008 - 38,908,934).