30 September 2009

**Iofina plc**
**("Iofina" or "the Company")**

**Interim Results for the Six Months Ended 30 June 2009**

The directors of Iofina are pleased to announce its interim results for the six months ended 30 June 2009.

**Key highlights during the first six months of the year, and in the subsequent period to date, include:**

- Successful secondary institutional fundraising of £5 million to fund the development of Iofina Chemicals into the higher margin iodine derivatives market
- Purchase of H&S Chemical for complete vertical integration into the iodine chemical derivatives market for a total consideration of $8.5 million. Strong and profitable first month of trading in August
- Production of natural gas began in May while continuous production of Iodine commenced in late July
- Larger scale roll out in Atlantis underway
- Appointment of Forest D. Dorn as CEO and President of Iofina Natural Gas bringing over 30 years of oil and gas exploration and production experience and relationships into the Company
- Strategic acquisition of 230,000 net acres of additional acreage and associated wells in the Atlantis taking total acreage owned to 290,000 net acres and 30,000 net acres at Triton
- Completed first infield self contained POD/Cluster WET® unit enabling iodine to be extracted in a more rapid manner than has previously been available in the iodine industry
- Accelerated entry into the third party brine market for production of iodine and strong progress with potential partners
- Strong balance sheet at period end with net cash in excess of £14.4m

**Commenting on the interim results, Dr. Chris Fay CBE, Non-Executive Chairman commented:**

"The acquisition of H&S Chemical has provided Iofina with direct integration into the iodine chemical derivatives market with large domestic and international blue chip end users as current customers. Encouragingly we are seeing a strong increase in demand from our customers in iodine derivatives and we are well positioned with the H&S platform to capture the increased business. The timing of the acquisition was important given the strong rebound in existing product demand from the global economic slump and the delivery of products for several of the new contracts that were in place at the time of acquisition. This has helped offset the slower than expected development of the Atlantis prospect. The downturn has also forced many third party operators to explore alternative business models and the Company has made significant progress on this front with discussions ongoing with a number of these operators. We remain excited by Iofina's prospects in the number of different businesses now being developed across the Group and we look forward to reporting on further progress in the coming months."

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**Chairman's Review**

I am pleased to report that the Group made substantial progress in the six months ended 30 June 2009, achieving many important milestones during this period. In February, despite challenging markets, the Company raised £5 million (before expenses) through a placing of 9,090,000 new ordinary shares of 1p each in the Company at a price of 55p per share, representing a 12% premium to the previous day's closing price, to establish Iofina Chemical's entry into the iodine derivatives market. Following the successful raise, the Company completed the acquisition of the entire issued share capital of H&S Chemical in July for an aggregate consideration of $8,500,000. The acquisition provided Iofina with a strong platform from which to produce and sell iodine derivatives utilising its own and third party brine iodine production.

Additionally in May, the Company acquired a further c.230,000 net acres at the Atlantis prospect, which alongside the existing 60,000 acres, takes total leased acreage in the Atlantis prospect to 290,000 acres representing a 10 fold increase on the initial 28,000 acreage held at IPO in May 2008. The acquisition also included 17 shut-in wells which helped move the Company into initial natural gas production late in the first half of 2009 with continuous iodine production commencing at the end of July. Subsequent to the period end the Company completed its first infield self contained POD/Cluster WET® unit for the localized extraction of iodine. The self contained Wet® unit allowed the Company to pursue opportunities to deploy its iodine-extraction technology and take advantage of third party iodine rich brine sources elsewhere in the U.S. to generate incremental revenues at a lower cost. With a fully working product now in hand and able to be demonstrated, management has accelerated discussions with a number of the potential third party partners.

**Operational Review**

In my experience within the industry, as with many companies that move from exploration into production, the successes are almost invariably accompanied by varying degrees of frustration. As I look back at Iofina's developmental progress since the IPO sixteen months ago, we have had a similar experience. In our case, the frustrations, both for the management and investors, have been primarily manifested in delays in bringing the Atlantis prospect into production. Over the past couple of months, we identified a variety of issues including delays due to weather; delays on the construction of the Iodine Stripping building and facilities; delays on the execution of the full delivery of the WET® iodine extraction technology utilizing mobile POD units and delays with United States Drug Enforcement Agency (DEA) enabling the shipment of iodine.

The Company has also adapted its drilling strategy, as a result of the acquisition of additional acreage earlier this year. In addition to the 230,000 acres the Company acquired at nil cost a further circa 30,000 acres that only had less than 12 month lease term. Iofina is able to secure the ownership of the circa 30,000 acres if drilling has commenced ahead of the leases expiring. As a consequence the Company adapted its drilling strategy to secure those areas that the Company has identified as having the potential for the highest iodine content and drilling is now underway. As a result the Company is now in a strong position to establish itself as a material gas and iodine producer.

The Company has also delivered a number of meaningful successes, many of which I believe put the Company in a far stronger position than was expected at the outset. These include the ability to fully complete injection and production wells at one third of industry cost within the Atlantis prospect; that drilling and completion of the production wells can now be completed in under two days; technology fine tuning that has led to better iodine extraction rates; acquisition of additional acreage and wells that are highly strategic to the Company; the simultaneous due diligence of multiple target potential acquisition targets for the optimal iodine derivatives acquisitions and subsequent execution of our first acquisition; the completion of the WET® mobile pod units to enable the pursuance of the opportunities with third party brine stream partners which may have significantly higher iodine content; and the recruit of key personnel to broaden the management of both Iofina Natural Gas and Iofina Chemical ahead of the expected growth.

With the addition of Forest D. Dorn as the new CEO of Iofina Natural Gas in August, the Company has expanded its ability to interpret seismic data, project manage large field developments and actively pursue the increasing number of opportunities available with third party iodine rich brine producers. It has also allowed management to focus Iofina Chemical more closely on developing into higher margin iodine derivatives. This process started in July with the acquisition of H&S which has also brought in skilled engineers, iodine derivative chemists, a large base of US and international blue chip customers, and recent production of iodine derivatives for large new and growing customers.

**Natural Gas and Iodine Production Review**

At the start of the period we announced the first well to be perforated had demonstrated several encouraging characteristics including higher than anticipated flow rates of brine versus the CPR assumptions, high gas pressure and good gas content. This was the first well to be tied-in and a number of other self drilled wells, together with some of the acquired wells from the July acquisition, have also now been tied-in. Commercial gas production started in May and in late July Iofina announced that it had commenced continuous commercial iodine production, helped by the refocusing on areas with the highest levels of iodine present. Flow levels have remained consistent while “dewatering” with increased natural gas production is present.

We have continued successfully to extract iodine from the brine streams of these initial wells since that time but we also stated that obtaining EPA aquifer exemption injection permit approval would be the main constraint to the initial 2009 programme. While the Company has all the State of Montana Class II injection permits, it has not yet received EPA aquifer injection permits due to the heavy faulting in some of the focus area. Slower than expected progress on this front has impacted the speed in which we have been able to bring new wells on stream from the recently acquired additional acreage. The Company has been simultaneously working on an alternative strategy to circumvent delays due to the EPA permit timing issue by using its existing permits on acreage a few miles away from this area where faulting is not present and on which the Company has drilled and completed injection wells. These brine wells will be tied in with a six mile brine line to the injection wells. The phase 1 brine line will be able to transport 35,000 bbls of iodine brine per day. However, until additional EPA permits have been granted the management team has decided to put on hold the larger scale phase 2 roll out given the proximity of the onset of the planned winter downtime months in Montana.

Management is highly focused on resolving this timing issue and the appointment of Forest D. Dorn our new CEO and President of Iofina Natural Gas, Inc. in August, will play an important role in this process given his thirty years of experience in developing and managing exploration and drilling programmes in the US and offshore. Since his appointment, the Company has implemented a number of new strategies using seismic data, systematic well locations, strategic planning and well completion strategies for optimizing producing wells. Despite the delays experienced, we remain confident that these timing issues will be resolved before the onset of the next drilling programme and the exit rate production for the year end 2009 will be closely on track.

During the period the Company also completed its first in field POD/Cluster WET® unit that is mounted in a standard insulated trailer that can be rapidly deployed to locations using an articulated truck. The final self contained WET® unit is key to our ability to extract third party brine streams in a rapid and highly cost effective manner that has not previously been available in the iodine industry.

With a working unit that is now able to be demonstrated, and against the backdrop of current low gas prices which is forcing oil and gas producing operators to reassess their business models and seek to lower costs, Iofina has focused on progressing detailed discussions with a growing number of third party operators, as the economic case for allowing Iofina to deploy its mobile WET® pod units to extract iodine from their waste brine streams has become increasingly compelling. The Directors believe that this will be a very cost effective strategy for Iofina and negotiations are occurring on a number of fronts which, if successful, will add significant Iodine volumes to Iofina's production with limited operational involvement for Iofina.

The Directors believe that developing this strategy should result in higher iodine production volumes in 2010 and beyond at a lower aggregate unit cost of production with clear positive implications on profitability for Iofina Natural Gas. Adding third party iodine streams to its own self produced iodine will also provide a secure flow of raw iodine to Iofina Chemical reducing its dependence on outside suppliers to fulfill the expected growth in demand for its derivatives.

**Iofina Chemical Review**

The acquisition of H&S Chemical Co., Inc. has provided Iofina with a strong platform from which to produce and sell both organic and inorganic iodine derivatives utilising its own and third party brine iodine production. The vertical iodine integration positions Iofina well in the $2.5-3bn pa iodine derivatives market. We now have production capabilities for a wide range of specialties as well a patent portfolio for unique manufacturing processes. We have substantial in-house expertise and technical know-how to compliment Iofina's own experience and the ability to expand into new specialty chemicals for continued growth. The acquisition provided a guaranteed outlet for both Iofina's own, as well as third party, iodine production and opening up the potential for strategic partnerships. At the time of purchase H&S had in place a number of new contracts that the Group has now started to deliver against which will pave a strong foundation for 2010 and beyond. During August, its first full month of operations within Iofina Chemical, the business generated sales in excess of £935,000 and a profit of more than £157,000. At Iofina Chemical 2010 looks to be a strong and profitable year as new products come online and begin to attribute to revenues and profits.

**Iodine and Natural Gas Market Outlook**

The iodine market remains far more resilient than most other commodities being one of the very few examples where prices have risen materially over the past 12 months. In line with the price increase announced towards the end of 2008, average prices in iodine have continued to rise compared to average prices in 2008. It appears the outlook for the market is firm with prices likely to increase over the coming quarters as global demand across the numerous uses for iodine based products picks up again.

The price of natural gas on the NYMEX Henry-Hub Natural Gas market in the US has reduced from over $13 Mcf in July 2008 to the current price of $3.73 Mcf due to oversupply from the newly drilled shale gas and declining industrial use resulting from the global recession. However, at these levels it has already become apparent in the US that a growing number of end users in the power generation sector are switching away from higher priced coal to natural gas which, together with a more general industrial rebound, should start to exert some upward pressure on prices into 2010.

While lower gas prices do have an impact on the Group's business model, it has also forced other larger operators to reassess their own business models. This plays directly into Iofina's strength in terms of the mobile WET technology which will help such companies generate additional revenue streams . The current low gas price environment has accelerated discussions regarding strategic partnerships and good progress is being made with potential partners.

**Outlook**

Whilst the Company is behind the original schedule in the Atlantis prospect, we have identified the causes and, following a number of initiatives implemented over the past couple of months, have now taken the significant and necessary steps to resolve the issues encountered such that we expect the development of the prospect going forward to be more consistent. In addition, the Company has made substantial progress since the start of the year in our other two core businesses of iodine derivatives and third party opportunities, much quicker than anticipated, both of which have the potential to be large and highly profitable businesses. As such I believe the Company is now on a much stronger overall footing with respect to delivering and executing its strategy and creating increased shareholder value.

Dr. Chris Fay CBE
Non-Executive Chairman
Iofina plc

**Financial Review**

Iofina reported a net loss of £2,367,462 in the period ended 30 June 2009 (H1 2008: net loss of £317,496). The basic loss per share was 2.38p and no dividend is being declared.

The Group's most significant financial event of the period is that the Company raised £5 million (before expenses) through a placing of 9,090,000 new ordinary shares of 1p each in the Company (the "Placing Shares"), at a price of 55p per share (the "Placing") with respect to accelerated vertical integration of Iofina into the iodine derivatives market. Iofina's unique story and growth potential was well received by the investment community.

Following the successful raise and subsequent to the period end, the Company completed the acquisition of the entire issued share capital of H & S Chemical into its Iofina Chemical division at the end of July for an aggregate consideration of $8,500,000, comprising $7,500,000 in cash and 736,314 new ordinary shares in the Company.

On May 15, 2009, Iofina PLC converted approximately £4.8 million in loans. Prior to this, the appreciation of these loans, from year-end 2008 to May 15, 2009 resulted in a charge of £374,156 that flows through to the consolidated income statement as a finance expense.

During the period ended 30 June 2009, the Group incurred a charge of £859,783 due to currency fluctuations as a result of funds being held in US Dollar accounts whilst the Pound Sterling appreciated against the US Dollar. These charges flow through to the consolidated income statement as administrative expenses. The Company was holding this higher level than normal of US Dollars mainly due to the anticipation of the closing of the acquisition of H&S Chemical which was derived in US Dollars, and budgeting for the 2009 field development programme which was to be expensed in US dollars.

Subsequent to the period end the Company had its first full month of operations in its Iofina Chemical division with sales over £935,000 and a profit of over £157,000 in the month of August.

The Group ended the period with £1,463,028 in intangible assets (H1 2008: £392,103) and £2,733,395 million of net property, plant and equipment (H1 2008: £277,962).

With a net cash inflow from financing activities of £4.7 million, the Group ended the period well funded with a net cash position of £14.4 million and no short term or long term debt. The Directors believe that the current cash position will be sufficient in taking Iofina into cash generation.

Lance Baller
Finance Director
Iofina plc

**IOFINA PLC**
**CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2009**

| | Note | Unaudited Six Months Ended 30 June 2009 | Unaudited Six Months Ended 30 June 2008 | Audited Year ended 31 December 2008 |
|---|---|---|---|---|
| | | £ | £ | £ |
| **Continuing operations** | | | | |
| Revenue | | 1,895 | - | - |
| Cost of sales | | (878) | - | - |
| **Gross profit** | | 1,017 | - | - |
| Administrative expenses | | (2,052,918) | 405,772 | (756,899) |
| Finance income | 5 | 58,600 | (88,279) | 1,585,178 |
| Finance expense | 5 | (374,162) | 3 | - |
| **Profit/(Loss) before taxation** | | (2,367,462) | (317,496) | 828,279 |
| Taxation | | - | - | 40,000 |
| **Profit/(Loss) for the period attributable to shareholders** | | (2,367,462) | (317,496) | 788,279 |
| Basic and diluted earnings/(loss) per share (pence) | 6 | 2.38 | 0.43 | 0.94 |

**IOFINA PLC**

**CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009**

| | Note | Unaudited 30 June 2009 £ | Unaudited 30 June 2008 £ | 31 December 2008 £ |
|---|---|---|---|---|
| **Assets** | | | | |
| Intangible assets | 7 | 1,463,028 | 392,103 | 956,396 |
| Property, plant and equipment | | 2,733,395 | 277,962 | 2,897,674 |
| **Total non-current assets** | | 4,196,424 | 670,065 | 3,854,070 |
| | | | | |
| Other receivables and prepayments | | 5,764 | 322,968 | 20,728 |
| Cash and cash equivalents | 8 | 14,458,572 | 14,219,994 | 12,968,678 |
| **Total current assets** | | 14,464,336 | 14,542,962 | 12,989,406 |
| | | | | |
| **Total assets** | | 18,660,760 | 15,213,027 | 16,843,476 |
| | | | | |
| **Liabilities** | | | | |
| Trade and other payables | 9 | 426,400 | 141,700 | 643,524 |
| **Total current liabilities** | | 426,400 | 141,700 | 643,524 |
| | | | | |
| **Equity** | | | | |
| Issued share capital | 10 | 1,029,061 | 495,750 | 938,161 |
| Share premium | 11 | 19,168,837 | 15,009,170 | 14,537,403 |
| Share-based payment reserve | 12 | 585,944 | 516,883 | 516,884 |
| Accumulated losses | | (2,159,554) | (897,867) | 207,907 |
| Foreign currency reserve | | (389,928) | (52,610) | (403) |
| **Total equity** | | 18,234,360 | 15,071,327 | 16,199,952 |
| | | | | |
| **Total equity and liabilities** | | 18,660,760 | 15,213,027 | 16,843,476 |

**IOFINA PLC**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

| | Share Capital £ | Share Premium £ | Share-based payment reserve £ | Retained loss £ | Foreign currency reserve £ | Total equity £ |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2008 (Audited)** | **221,205** | **1,685,233** | **20,025** | **(580,372)** | **(54,161)** | **1,291,929** |
| Profit for the period | - | - | - | 788,279 | - | 788,279 |
| Currency translation adjustment | - | - | - | - | 53,758 | 53,758 |
| Net income recognized directly in equity | - | - | - | - | 53,758 | 53,758 |
| Total recognized income and expense for the year | - | - | - | 788,279 | 53,758 | 842,037 |
| New share capital subscribed | 716,956 | 14,383,044 | - | - | - | 15,100,000 |
| Share issue costs | - | (1,530,874) | - | - | - | (1,530,874) |
| Share-based payment reserve | - | - | 496,859 | - | - | 496,859 |
| **Balance at 31 December 2008 (Audited)** | **938,161** | **14,537,403** | **516,884** | **207,907** | **(403)** | **16,199,952** |
| Loss for the period | - | - | - | (2,367,462) | - | (2,367,462) |
| Currency translation adjustment | - | - | - | - | (389,525) | (389,525) |
| Net income recognised directly in equity | - | - | - | - | (389,525) | (389,525) |
| Total recognised income and expense for the period | - | - | - | (2,367,462) | (389,525) | (2,756,987) |
| New share capital subscribed | 90,900 | 4,909,100 | - | - | - | 5,000,000 |
| Share issue costs | - | (277,666) | - | - | - | (277,666) |
| Share-based payment reserve | - | - | 69,060 | - | - | 69,060 |
| **Balance at 30 June 2009 (Unaudited)** | **1,029,061** | **19,168,837** | **585,944** | **(2,159,554)** | **(389,928)** | **18,234,360** |

**IOFINA PLC**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009**

| | Unaudited Six Months Ended 30 June 2009 £ | Unaudited Six Months Ended 30 June 2008 £ | Audited Year ended 31 December 2008 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss after taxation | (2,367,462) | (317,496) | 788,279 |
| Adjustments for: | | | |
| Depreciation | 101,464 | - | 19,887 |
| Investment Income | (58,600) | (88,279) | (724,178) |
| Interest expense | 6 | 3 | - |
| Currency translation adjustment | (389,525) | (17,055) | 53,759 |
| | (2,714,118) | (422,827) | 137,746 |
| Decrease/ (Increase) in other receivables and prepayments | 14,964 | (320,789) | (16,806) |
| Increase/(Decrease) in trade and other payables | (217,125) | (66,430) | 412,249 |
| Cash used in operations | (2,916,278) | (810,045) | 533,188 |
| Interest paid | (6) | (3) | - |
| **Net cash outflow from operating activities** | (2,916,284) | (810,048) | 533,188 |
| | | | |
| **Cash flows from investing activities** | | | |
| Interest received | 58,600 | 88,279 | 724,178 |
| Acquisition of fixed assets | 62,815 | (280,756) | (2,917,560) |
| Acquisition of intangible assets | (506,632) | (192,101) | (756,394) |
| **Net cash outflow from investing activities** | (385,217) | (384,578) | (2,949,776) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of ordinary share capital | 5,000,000 | 15,100,000 | 15,100,00 |
| Cost of issue of ordinary share capital paid | (277,666) | (1,501,517) | (1,530,874) |
| Increase in share payment reserve | 69,060 | 496,858 | 496,859 |
| Proceeds from the issue of convertible loan notes | - | | - |
| **Net cash inflow from financing activities** | 4,791,394 | | 14,065,985 |
| | | | |
| **Net increase in cash and cash equivalents** | 1,489,894 | 12,900,714 | 11,649,397 |
| | | | |
| **Cash and cash equivalents at beginning of period** | 12,968,678 | 1,319,281 | 1,319,281 |
| **Cash and cash equivalents at end of period** | 14,458,572 | 14,219,995 | 12,968,678 |

**NOTES**

## 1 Nature of operations and general information

Iofina plc ("Iofina" or the "Company") is the holding company of a group of companies involved in the exploration and production of iodine and natural gas. Since its incorporation the Group has steadily acquired a large acreage position and continually acquires land positions in Montana, on which a major aquifer containing iodine and natural gas has been discovered. The Company has called its discovery the "Atlantis Prospect." This unconventional shallow natural gas resource has been found to occur with the co-production of unusually large volumes of brine containing iodine. The Company's proprietary Wellhead Extraction Technology™ "WET®" enables the co-production of iodine from the brine by-product. Iodine is a rare mineral the US currently imports to meet growing domestic demand from pharmaceutical and industrial manufacturers. Iofina has a unique dual revenue model over a single cost structure. The Directors believe that Iofina's WET® technology will enable it to become one of the leading low cost producers of iodine worldwide, an industry that has been dominated by Chile and Japan for over 50 years. Iofina will also be the first commercial producer of iodine in Montana and, so far as the Directors are aware, the only independent iodine producer in the USA.

Iofina plc was incorporated on 15 March 2005 in England and Wales and changed its name from Commodore Resources plc to Iofina plc on 8 February 2006, to Iofina Natural Gas plc on 24 February 2006 and back to Iofina plc on 12 November 2007. The Company acquired the entire issued share capital of Iofina, Inc. and its wholly owned subsidiary Iofina Natural Gas, Inc., a Colorado corporation in January 2006, with the objective of becoming a low cost producer of iodine and natural gas. Iofina Chemical, Inc., a Colorado corporation, was created as the specialty chemical division of Iofina, Inc. in May 2006. The address of Iofina plc' registered office is 82 St. John Street, London EC1M 4JN. Iofina plc's shares are listed on the London Stock Exchange's AIM market. Iofina's consolidated inter financial statements are presented in Great British Pounds (£), which is the functional currency of the parent company.

## 2 Accounting policies

The condensed consolidated financial information for the six months ended 30 June 2009 has been prepared in accordance with with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The condensed consolidated financial statements for the six months ended 30 June 2009 should be read in conjunction with the annual financial statements for the year ended 31 December 2008 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Group's principal accounting policies used in preparing this information are as stated in the financial statements for the year ended 31 December 2008, which are available on our website www.iofina.com.

## 3 Segment reporting

(a) Business segments

The Group's only business segment is the exploration for, and development of, natural gas and associated iodine in certain areas of the USA.

(b) Geographical segments

The Group also reports by geographical segment. All the Group's activities are related to exploration for, and development of, natural gas and associated iodine in certain areas of the USA with support provided by the UK office. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets.

| | **Unaudited 30 June 2009** | **Unaudited 30 June 2008** | **Audited 31 December 2008** |
|---|---|---|---|
| **Total assets** | **£** | **£** | **£** |
| UK | 8,783,731 | 14,202,835 | 12,408,466 |
| USA | 9,877,028 | 1,010,192 | 4,435,010 |
| **Total** | **18,660,760** | **15,213,027** | **16,843,476** |
| | | | |
| **Capital expenditure on intangibles** | | | |
| UK | - | - | - |
| USA | 506,632 | 192,101 | 3,673,954 |
| **Total** | **506,632** | **192,101** | **3,673,954** |

## 4 Staff numbers and costs

At the end of the period, the Group had 13 employees (2008: 9) and £471,970 in remuneration was paid to employees and directors for their services during the period (2008: £187,122).

## 5 Finance income and expense

| | Unaudited Six months ended 30 June 2008 £ | Unaudited Six months ended 30 June 2008 £ | Audited Year ended 31 December 2008 £ |
|---|---|---|---|
| Foreign exchange gain | - | - | 861,000 |
| Interest and investment income | 58,600 | 88,279 | 724,178 |
| | 58,600 | 88,279 | 1,585,178 |
| | | | |
| Foreign exchange loss | 374,156 | - | - |
| Interest expense | 6 | - | - |
| | 374,162 | - | - |

## 6 Loss per share

The calculation of loss per ordinary share is based on losses of £2,452,828 (30 JUNE 2008: -£317,496) and the weighted average number of ordinary shares outstanding of 99,404,496 (2008: 73,638,796). The warrants are not dilutive and there is, therefore, no difference between the diluted loss per share and the basic loss per share.

## 7 Intangible assets

| | Deferred exploration costs £ |
|---|---|
| **Cost** | |
| Balance at 31 December 2007 (audited) | 200,002 |
| Additions | 192,101 |
| **Balance at 30 June 2008 (unaudited)** | **392,103** |
| Additions | 564,293 |
| **Balance at 31 December 2008 (audited)** | **956,396** |
| Additions | 506,632 |
| **Balance at 30 June 2008 (unaudited)** | **1,463,028** |

| | |
|---|---|
| **Accumulated Amortization** | |
| **At 30 June 2009, 30 June 2008 and 31 December 2008** | - |
| | |
| **Carrying amounts** | |
| At 30 June 2008 | 392,103 |
| At 31 December 2008 | 956,396 |
| At 30 June 2008 | 1,463,028 |

Deferred exploration costs primarily relate to the costs of acquiring leases to explore, drill and produce oil and gas in certain areas of Montana.

## 8 Cash and Cash Equivalents

| | Unaudited 30 June 2008 £ | Unaudited 30 June 2008 £ | Audited 31 December 2008 £ |
|---|---|---|---|
| Cash in US Dollar Accounts | 7,607,990 | 89,153 | 6,790,275 |
| Cash in Pound Sterling Accounts | 6,850,581 | 14,130,842 | 6,178,403 |
| Cash at bank | 14,458,572 | 14,219,994 | 12,968,678 |

## 9 Trade and other payables

| | Unaudited 30 June 2008 £ | Unaudited 30 June 2008 £ | Audited 31 December 2008 £ |
|---|---|---|---|
| Trade payables | 108,220 | 66,113 | 268,891 |
| Accrued expenses and other income | 318,180 | 75,587 | 374,633 |
| | 426,400 | 141,700 | 643,524 |

## 10 Share Capital

| | | Unaudited 30 June 2008 | Unaudited 30 June 2008 | Audited 31 December 2008 |
|---|---|---|---|---|
| Authorised: | | | | |
| Ordinary shares of £0.01 each | - number of shares | 3,000,000,000 | 3,000,000,000 | 3,000,000,000 |
| | - nominal value | £10,000,000 | £10,000,000 | £10,000,000 |
| Allotted, called up and fully paid: | | | | |
| Ordinary shares of £0.01 each | - number of shares | 102,906,114 | 93,816,114 | 93,816,114 |
| | - nominal value | £1,029,061 | £938,161 | £938,161 |

During the six months ended 30 June 2009, the Company raised £5,000,000 less expenses through a placing of 9,090,000 new ordinary shares of 1p each in the Company. During the six months ended 30 June 2009, the Company also issued 250,000 stock options to the Chairman of the Company. These options are exercisable over a three year period at a price of 55p.

During the year ended 31 December 2008, the Company raised £15,100,000 less expenses through an IPO on the London Stock Exchange's AIM market. In connection with the IPO, the Company issued 27,454,545 ordinary 1p shares at a price of 55p. In addition, 1,600,000 warrants were issued to Mirabaud Securities, the placing agent and Strand Partners, the Company's nominated advisor, excercisable over a  three year period at a price of 55p.  The fair value of these warrants were expensed to equity.

In addition, the Company issued 300,000 stock options to employees and directors of the Group during the six months ended 30 June 2008. These options are exercisable over a three year period at a price of 55p.

During the year ended 31 December 2007, the shareholders approved a three for one stock split that increased the number of authorised shares from 1,000,000 to 3,000,000 and the number of allotted and called up shares from 19,600,002 to 58,800,006.

In addition, during the year ended 31 December 2007, the Company issued 3,990,147 shares on onversion of its convertible loan notes at a conversion price of £0.083 per share. During the year ended 31 December 2007, the Company raised £1,500,000 less expenses of £102,225 by placing 3,571,429 ordinary .3p shares with financial institutions at a price of 42p per share. In addition, 178,571 warrants were issued to Mirabaud Securities the placing agent, excercisable over a three year at a price of 42p. The fair value of these warrants were expensed to equity.

During the year ended 31 December 2006, 58,800,000 shares were issued at their nominal value for a cash consideration of £196,000**.**

## 11 Share Premium Account

| | £ |
|---|---|
| As at 31 December 2006 | - |
| Premium on allotments during the year | 1,807,483 |
| Expenses of share issues | (122,250) |
| **As at 31 December 2007 (audited)** | **1,685,233** |
| Premium on allotments during the period | 14,825,455 |
| Expenses of share issues | (1,501,518) |
| **As at 30 June 2008 (unaudited)** | **15,009,170** |
| Expenses of share issues | (29,356) |
| Reclassification to Issued Share Capital | (442,000) |
| **As at 31 December 200 (audited)** | **14,537,814** |
| Premium on allotments during the period | 4,909,100 |
| Expenses of share issues | (277,666) |
| **As at 30 June 2009 (unaudited)** | **19,169,248** |

## 12 Share-based payments

During the period ended 30 June 2009, the Company issued stock options to the Chairman of the Company. The fair value of these warrants was determined using the Black-Scholes pricing model. The Group recognized a total of £69,060 related to this transaction.

| | **Six months ended 30 June 2009** | |
|---|---|---|
| | **Number of warrants** | **WAEP £** |
| Outstanding at the beginning of the period | 2,078,571 | 0.54 |
| Issued during the period | 250,000 | 0.55 |
| Exercised during the period | - | - |
| Expired during the period | - | - |
| Outstanding at the end of the period | 2,328,571 | 0.54 |
| Exercisable at the end of the period | 2,328,571 | 0.54 |