

19 August 2010

**Deo Petroleum Plc  
("Deo Petroleum" or the "Company")**

**Interim results  
for the six month period ended 30 June 2010**

**Chairman's statement**

I am pleased to report the results for six month period ended 30 June 2010.

During the period, the loss for the period was £308,954, compared to £80,077 for the 12 months ended 31 December 2009. As a result of the change in investing policy announced in December 2009, together with the appointment of a new Senior Management team in May 2010, the Company has incurred additional director remuneration and consultancy costs. The Company also announced in June 2010 that it had retained the services of FirstEnergy Capital LLP as its Financial Adviser and Broker, who will assist with future fund raising activities.

As a result of the increased level of business development activity, general overheads such as legal and professional, and travel and subsistence have also increased. In addition, the Company has incurred the cost of premises and additional support services in Aberdeen.

Following completion of the firm subscription and subscription and open offer in June 2010, raising approximately £572,000 (before expenses), the Company's cash balance stood at £449,293 at 30 June 2010 (31 December 2009: £117,286).

The Company also announced on 18 August 2010 that it has raised £615,000 through a subscription of 1,500,000 new ordinary shares at 41 pence per share ("Subscription") to RAB Octane (Master) Fund Limited ("RAB Octane"), a fund managed by RAB Capital plc. Following the Subscription, the Company will have 7,554,376 ordinary shares in issue and RAB Octane will hold 1,500,000 ordinary shares representing 19.86% of the enlarged issued share capital of the Company.

In addition to existing cash balances held, the proceeds of the Subscription will be applied primarily to enable the Company to continue evaluating suitable development projects and for working capital generally. We are extremely pleased to have completed this financing with RAB Octane. Its experience and expertise in the oil and gas sector adds support to the strength and experience of our management team.

**K Burke**

Chairman

19 August 2010

**Further Enquiries:**

**DEO Petroleum plc**

Kevin Burke, Chairman

David Marshall, Chief Executive Officer

Gregor Goodwin, Chief Financial Officer

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**Merchant Securities Limited (Nominated Adviser)**

Bidhi Bhoma/Virginia Bull

Tel: 0207 628 2200

**Income Statement**  
**For the six months ended 30 June 2010**

	<b>Six months ended 30 June 2010 (unaudited) £'000</b>	<b>Six months ended 30 June 2009 (unaudited) £'000</b>	<b>Year ended 31 December 2009 (audited) £'000</b>
Administrative expenses	(325)	(23)	(80)
<b>Operating loss</b>	(325)	(23)	(80)
Profit on disposal of listed investments	16	-	-
<b>Loss before taxation</b>	(309)	(23)	(80)
Tax expense	-	-	-
<b>Loss for the period</b>	(309)	(23)	(80)
<b>Loss per ordinary share (pence)</b>			
- Basic and diluted	(12.8)p	(20.0)p	(67.2)p

**Statement of Comprehensive Income**

	<b>Six months ended 30 June 2010 (unaudited) £'000</b>	<b>Six months ended 30 June 2009 (unaudited) £'000</b>	<b>Year ended 31 December 2009 (audited) £'000</b>
Loss for the period	(309)	(23)	(80)
Loss on available for sale investments	-	-	(1)
<b>Total recognised loss for the period</b>	(309)	(23)	(81)

**Balance Sheet**  
**As at 30 June 2010**

	As at 30 June 2010 (unaudited) £'000	As at 30 June 2009 (unaudited) £'000	As at 31 December 2009 (audited) £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments available for sale	<u>1</u>	<u>2</u>	<u>1</u>
<b>Current assets</b>			
Trade and other receivables	46	13	10
Cash and cash equivalents	<u>449</u>	<u>1</u>	<u>117</u>
	495	14	127
<b>Total assets</b>	<u>496</u>	<u>16</u>	<u>128</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<u>253</u>	<u>14</u>	<u>20</u>
<b>Total liabilities</b>	<u>253</u>	<u>14</u>	<u>20</u>
<b>NET ASSETS</b>	<u>243</u>	<u>2</u>	<u>108</u>
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
Share capital	1,864	1,790	1,820
Share premium account	3,500	2,967	3,100
Retained earnings	<u>(5,121)</u>	<u>(4,755)</u>	<u>(4,812)</u>
<b>Total equity</b>	<u>243</u>	<u>2</u>	<u>108</u>

**Cash Flow Statement**  
**For the six months ended 30 June 2010**

	Six months ended 30 June 2010 (unaudited) £'000	Six months ended 30 June 2009 (unaudited) £'000	Year ended 31 December 2009 (audited) £'000
<b>Cash flows from operating activities</b>			
Cash expended from operations	<u>(108)</u>	<u>(18)</u>	<u>(67)</u>
<b>Net cash outflow from operating activities</b>	<u>(108)</u>	<u>(18)</u>	<u>(67)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	572	-	200
Costs of issue	(132)	-	(35)
<b>Net cash inflow from financing activities</b>	<u>440</u>	<u>-</u>	<u>165</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>332</u>	<u>(18)</u>	<u>98</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash and cash equivalents	332	(18)	98
Cash and cash equivalents brought forward	<u>117</u>	<u>19</u>	<u>19</u>
<b>Cash and cash equivalents carried forward</b>	<u><u>449</u></u>	<u><u>1</u></u>	<u><u>117</u></u>

## Statement of changes in equity

### Six months ended 30 June 2010

	Share capital - equity £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2010	1,820	3,100	(4,812)	108
Total recognised loss for the period	-	-	(309)	(309)
Shares issued	44	528	-	572
Costs of issue	-	(128)	-	(128)
	<u>1,864</u>	<u>3,500</u>	<u>(5,121)</u>	<u>243</u>

### Six months ended 30 June 2009

	Share capital - equity £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2009	1,730	2,967	(4,732)	25
Total recognised loss for the period	-	-	(23)	(23)
	<u>1,790</u>	<u>2,967</u>	<u>(4,755)</u>	<u>2</u>

### Year ended 31 December 2009

	Share capital - equity £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2009	1,789	2,967	(4,731)	25
Total recognised loss for the period	-	-	-	-
Shares issued	31	169	-	200
Costs of issue	-	(36)	-	(36)
Transfer from share premium account	-	-	(81)	(81)
	<u>1,820</u>	<u>3,100</u>	<u>(4,812)</u>	<u>108</u>

## Notes to the Interim Financial Statements for the six months ended 30 June 2010

### 1. Basis of preparation

The interim results are unaudited and do not constitute statutory accounts for the purpose of s434 of the Companies Act 2006. They have been prepared under applicable International Financial reporting Standards adopted by the European Union ('IFRS').

The accounting policies applied in preparing the interim financial statements are consistent with those set out in the statutory accounts for the year ended 31 December 2009. The figures for the year ended 31 December 2009 have been extracted from the statutory accounts filed with the registrar of companies on which the auditors gave an unqualified report.

The financial information for the six months to 30 June 2010 and the six months to 30 June 2009 has not been audited. As permitted, the Company has chosen not to adopt IAS 34 'Interim Financial Statements' in preparing the interim financial information.

### 2. Loss per share

The basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue. There are no potential ordinary shares which are dilutive and therefore diluted loss per share equals basic loss per share.

The weighted average number of ordinary shares for the period, as restated for share reorganisations, was:

	<b>Six months ended 30 June 2009 (unaudited)</b>	<b>Six months ended 30 June 2009 (unaudited)</b>	<b>Year ended 31 December 2009 (audited)</b>
Weighted average number of ordinary shares	<u>2,419,919</u>	<u>114,941</u>	<u>119,156</u>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Loss attributable to equity shareholders	<u>(309)</u>	<u>(23)</u>	<u>(81)</u>
Basic and diluted loss per share (pence)	<u>(12.8)p</u>	<u>(20.0)p</u>	<u>(67.2)p</u>

### 3. Dividends

No dividends have been declared for the six months ended 30 June 2010.

#### 4. Share capital

	As at June 2010 £'000	As at June 2009 £'000	As at December 2009 £'000
<b>Allotted, called up and fully paid</b>			
6,054,376 ordinary shares of 1p each			
(30/06/09: 114,941,002 ordinary shares of 1p each)			
(31/12/09: 330,681,200 ordinary shares of 0.01p each)	60	1,150	33
1,653,406 deferred shares of 1p each	17	-	-
2,667,229 deferred shares of 24p each	640	640	640
22,988,200 deferred shares of 4.99p each	1,147	-	1,147
	<u>1,864</u>	<u>1,790</u>	<u>1,820</u>

The holders of deferred shares are not entitled to receive notice of or attend general meetings and will not be entitled to vote at general meetings. In addition, they are not entitled to receive any dividend payments from the profits of the group which it may distribute and declare.

On 28 May 2010, the Company effected a share reorganisation on the basis of one new ordinary share of 1p each and one new deferred share of 1p each for every 200 existing ordinary shares of 0.01p each. On the same date the Company allotted 4,400,970 new ordinary shares of 1p each for cash at 13p per share.

#### 5. Post balance sheet event

On 18<sup>th</sup> August 2010, the Company raised £615,000 through a subscription of 1,500,000 new ordinary shares at 41 pence per share to RAB Octane (Master) Fund Limited ("RAB Octane"), a fund managed by RAB Capital plc.

#### 6. Copies of this announcement

This announcement is available to download from the Company's website, [www.deo-petroleum.com](http://www.deo-petroleum.com), and is available from the Company's registered office, 5 Old Bailey, London EC4M 7BA.