



CIRCLE OIL PLC
(“Circle” or the “Company”)

2007 INTERIM RESULTS

A PERIOD OF CONSIDERABLE PROGRESS

Circle Oil plc (AIM: COP), the international oil and gas exploration and development company, is pleased to announce its results for the six month period ended 30 June 2007.

HIGHLIGHTS

- Negotiated farm-in agreements on two concessions in Tunisia, the Grombalia Permit in north and the Ras Mamour Permit in south of the country.
- Drilling contract signed on the Zita prospect in the Ras Mamour Permit and drilling commenced.
- US\$30 million unsecured convertible loan agreement signed in June with the Kuwait based company KGL Petroleum and funds received in full in July.
- Completed shooting and processing of 6,300 km of 2D seismic in Block 52 offshore Oman.

Mr Thomas Anderson, Chairman of Circle Oil, said:

“It has been a very busy period for the Group and the workload is rapidly expanding with the start of drilling in Tunisia and seismic operations in Morocco and I look forward to reporting on the results of these programmes in due course.”

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Notes to Editors

Circle Oil plc (AIM: COP) is an international oil & gas exploration and development company with a growing portfolio of assets in Morocco, Tunisia, Namibia, Oman and Panama. The company listed on AIM in October 2004.

Circle has the largest licence holding of any company in Oman. In addition to Block 52, the company also has an ongoing exploration program in onshore Block 49. Worldwide, the company is active in exploration in the Owambo Basin, Namibia; in the Caribbean Sea, offshore Panama; the Rharb Basin, Morocco; the Ras Mamour Permit in southern Tunisia and Grombalia Permit in northern Tunisia.

The Company's strategy is to locate and secure licences in new hydrocarbon provinces and through targeted investment programmes, monetise the value in those assets for the benefit of shareholders. This could be achieved through farm-outs to selected partners who would then invest in and continue the development of the asset into production, or Circle may itself opt to use its own expertise to appraise reserves and bring assets into production, generating long term cash flow for further investment.

www.circleoil.net

CIRCLE OIL PLC

(“Circle” or the “Company”)

CHAIRMAN’S STATEMENT

I am pleased to report that the period under review has been one of considerable progress and growth for Circle Oil particularly on our later stage exploration projects in Tunisia and Morocco. In addition, the Company has obtained by way of an unsecured convertible loan the finances necessary to fund its present exploration programme for the next 18-24 months and to invest in a number of new later stage exploration projects that are currently under review.

Operations

In April, Circle announced that it had agreed farm-in terms with EXXOIL, a Tunisian oil exploration and development company, to earn interests in two of EXXOIL’s licences in Tunisia, namely Ras Marmour and Grombalia. The targets to be drilled in both licences are adjacent to existing producing oilfields and the start of drilling of the first well, Zita-1, on the Zita prospect in the Ras Mamour permit, was reported on the 23rd August.

The Zita prospect is 4 km east of the producing Ezzaouia discovery well. This field was first discovered by Marathon in 1986 and production reportedly reached 21,500 barrels of oil equivalent per day (boepd) for several years. It is now producing approximately 3,000 boepd and has reportedly produced a total of approximately 29 million barrels to the end of 2006. The same potential reservoirs as those of the Ezzaouia oil field are proposed in the Zita prospect with the upper prospective formation having an area of nearly 6 km² and the lower 8 km². This gives the Zita prospect a potential of approximately 36 million barrels recoverable out of the two identified prospective horizons. Further news on drilling progress will be announced on completion of the drilling of the well.

Once drilling of the Zita-1 well is finished the rig will move to the Grombalia Licence to drill one of the mature prospects there. The presently chosen Serdouk prospect has a closure area of 5.2 km² at both prospective levels, the Aboid and Bou Dabbous formations, and operator estimated potential recoverable reserves of 27.5 million barrels. Serdouk is adjacent to the Belli, Beni Khaled and El Manzah producing oil fields.

The Sidi Rais prospect, the presently proposed third well to be drilled, is situated near shore in the Gulf of Tunis, and is one of the most technically interesting and largest prospects in the Grombalia Licence. The initial closure area has the potential for 287 million barrels of oil (mmbo) in place with an operator estimated 60 mmbo recoverable. The prospect is in shallow water (13 metres) and only approximately 1.5 km offshore which would make development costs potentially low compared with a more conventional offshore development.

There are a number of further leads and prospects in both permits and additional drilling is proposed for 2008 following evaluation of this year's results and the completion of a small amount of 2D seismic early next year.

In Morocco, we have decided to complete a comprehensive seismic study of the Sebou permit in the Rharb area this year. The Environmental Impact Assessment has been completed, and surveying and shothole drilling has commenced in the survey area. We anticipate that shooting of the survey will commence shortly. Originally we had planned to do the seismic over two years with some limited drilling taking place later this year. However, it is now considered more prudent to first complete this seismic survey and the processing and interpretation of its results. This will potentially give Circle a large number of targets which can be properly assessed, ranked and then drilled over the next 3-4 years. We have held discussions with Office National des Hydrocarbures et des Mines (ONHYM) to use their drill rig for the 2008 drilling season which should result in the drilling of up to eight wells in the area. The successful conclusion to our ongoing discussions with ONHYM will result in the gas discovery made last autumn in the Sebou area, which Circle has the right to acquire, going into production early next year.

In Oman, the final processed results of the offshore seismic survey on Block 52 have been presented to Circle for interpretation and this work is ongoing. The increase in data quality has exceeded our expectations and should allow a comprehensive appreciation of the play concepts and potential of the block to be incorporated into a farm out document which will enable Circle to seek partners for this licence area during 2008.

In Oman Block 49, we have been further encouraged by our own work together with the operations and studies that have been going on around us. There have been third party reports of discoveries and positive technical results in adjacent blocks relating to the salt stringer play. Our own gravity modeling and recent reworking of the existing seismic has given us encouragement and because of this we are hoping to get approval from the Omani Ministry shortly to change the Production Sharing Agreement terms to allow us do a concise 3D seismic study over the southern end of the block. This study, to be carried out in 2008, will enable us to locate and identify potential oil leads and prospects in our licence.

We have been approached by a number of companies who have expressed a wish to examine joint venturing with us in either or both of our Omani licences. The Board will decide over the coming months whether to bring in suitable partners or to carry out the next phase of exploration independently, thereby retaining our 100% interest in the two licences. Either way, it is most encouraging that such companies are approaching us with a view to participating in these areas.

In Namibia, we are currently negotiating with three potential Joint Venture partners on our northern licence and we hope to conclude discussions with one or more of these companies shortly.

Board and Staff

I am delighted to welcome Rafat Rizvi and Mohammad Sultan to our Board of Directors. Rafat's background is in the banking sector and Mohammad's background is oil and gas sector and he is the managing director of KGL Petroleum which provided Circle with US\$30 million of new funds following the signing of a convertible loan agreement. Both of these gentlemen bring invaluable experience and contacts to the Board.

In order to cope with the hugely increased workload we are in the process of expanding our technical base located in Berkshire, UK and are seeking to add several new experienced personnel to the team there in the coming months. In Tunisia, we have been very fortunate to have engaged a well respected country manager of the highest calibre in Ali Chine, who was the CAO of the Tunisian state oil company, Enterprise Tunisienne d'Activities Petrolieres ("ETAP") and latterly advisor to the Tunisian Oil Minister. Ali will be invaluable in assisting Circle to achieve its aspirations in Tunisia, a country which we believe has significant untapped potential for exploration and development. We have also added a highly experienced drilling superintendent, Mimoun Serhir, to our team to manage our future drilling programmes.

Financial

The Group reported a net loss of US\$1.2 million (1H 2006: US\$1.9 million) for the period. The reduced loss over the period was largely due to a decrease in the cost of share option awards and lower administration expenses.

The Group remains well funded with cash balances of US\$7.3 million at 30 June 2007 which excludes US\$30 million proceeds from the convertible loan agreement which were received in July. This loan agreement was signed on 11 June 2007 with Kuwait based KGL Petroleum Company (Kuwait based closed shareholding company) that operates within the energy sector with a primary focus on oil and gas operations and petroleum related products. It has investments in the upstream, midstream and downstream sectors as it relates to its oil and gas investments portfolio.

These interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The interim financial statements in respect of the period ended 30 June 2006 were prepared under Irish GAAP. The comparative figures for the immediately preceding interim period and the immediately preceding financial year have been restated on a basis consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The Group has with effect from 1 January 2007 changed its functional and presentation currency from the Euro (€) to the US Dollar (US\$). The Group considers that the US\$ is now the currency of the primary economic environment in which it operates. The Board believe that by adopting the US\$ as its functional and presentation currency, the financial statements will provide a clearer picture of the performance of the Group's business and will minimise the impact of exchange rate fluctuations on the reported results.

Conclusion

It has been a very busy period for the Group and the workload is rapidly expanding with the start of drilling in Tunisia and seismic operations in Morocco and I look forward to reporting on the results of these programmes in due course.

I would like to thank all our shareholders, my fellow directors and Circle employees for their contribution over this period. I look forward to their continuing support and success through their efforts in the years ahead.

Thomas Anderson
Chairman of the Board

27 September 2007

CIRCLE OIL PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007 - UNAUDITED

	Notes	For the six months ended 30 June 2007 US\$000	For the six months ended 30 June 2006* US\$000	For the year ended 31 December 2006* US\$000
Turnover		-	-	-
Administration expenses		(1,351)	(1,854)	(2,964)
Share option expense	2	(158)	(451)	(775)
Exploration costs write-off		-	-	(496)
Reorganisation costs		-	-	(154)
Operating loss		(1,509)	(2,305)	(4,389)
Interest receivable and similar income		277	373	714
Loss before taxation		(1,232)	(1,932)	(3,675)
Taxation		-	-	-
Loss for the financial period		(1,232)	(1,932)	(3,675)
Basic loss per share	3	0.76c	1.20c	2.27c
Diluted loss per share	3	0.69c	1.08c	2.06c

* Restated for adoption of International Accounting Standards.

CIRCLE OIL PLC
CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED
INCOME AND EXPENSE
FOR THE SIX MONTHS ENDED 30 JUNE 2007 - UNAUDITED

	For the six months ended 30 June 2007 US\$000	For the six months ended 30 June 2006* US\$000	For the year ended 31 December 2006* US\$000
Loss for the financial period	(1,232)	(1,932)	(3,675)
Exchange translation movement	47	189	(3)
Total recognised loss for the period	<u>(1,185)</u>	<u>(1,743)</u>	<u>(3,678)</u>
Effect of share option expense on opening reserves at 1 January 2006		(234)	
Total recognised loss for the period including opening reserves adjustment		<u>(1,977)</u>	

* Restated for adoption of International Accounting Standards.

CIRCLE OIL PLC
CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2007 - UNAUDITED

	Notes	30 June 2007 US\$000	30 June 2006* US\$000	31 December 2006* US\$000
Fixed assets				
Oil & gas interests	4	14,505	5,412	9,296
Tangible assets		211	150	233
		<u>14,716</u>	<u>5,562</u>	<u>9,529</u>
Current assets				
Debtors		321	252	325
Cash at bank		7,339	17,561	14,216
		<u>7,660</u>	<u>17,813</u>	<u>14,541</u>
Creditors (Amounts falling due within one year)		(1,339)	(533)	(2,188)
Net current assets		<u>6,321</u>	<u>17,280</u>	<u>12,353</u>
Total assets less current liabilities		<u>21,037</u>	<u>22,842</u>	<u>21,882</u>
Net assets		<u>21,037</u>	<u>22,842</u>	<u>21,882</u>
Capital and reserves				
Called up share capital		2,147	2,141	2,147
Share premium		25,708	25,521	25,708
Share option reserves	2	1,903	774	1,563
Profit and loss account		(8,721)	(5,594)	(7,536)
Shareholders' funds – all equity		<u>21,037</u>	<u>22,842</u>	<u>21,882</u>

* Restated for adoption of International Accounting Standards.

CIRCLE OIL PLC
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007 - UNAUDITED

	Notes	30 June 2007 US\$000	30 June 2006* US\$000	31 December 2006* US\$000
Net cash outflow from operating activities	6	(2,142)	(1,552)	(1,293)
Return on investments and servicing of finance				
Interest received		321	407	801
Net cash outflow from returns on investments and servicing of finance		321	407	801
Capital expenditure and financial investment				
Payments to acquire oil & gas interests		(5,027)	(935)	(4,826)
Payments to acquire tangible fixed assets		(29)	(96)	(399)
Total capital expenditure and financial investment		(5,056)	(1,031)	(5,225)
Net cash outflow before Use of liquid resources and financing		(6,877)	(2,176)	(5,717)
Financing				
Issue of ordinary share capital		-	481	674
Net cash inflow from financing		-	-	674
Decrease in cash	5	(6,877)	(1,695)	(5,043)

* Restated for adoption of International Accounting Standards.

CIRCLE OIL PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2007 - UNAUDITED

	Share capital US\$000	Share premium US\$000	Share based payments reserve US\$000	Translation reserve US\$000	Accumulated losses US\$000	Total equity US\$000
At 1 January 2006	2,124	25,057	234	(96)	(3,755)	23,564
Issue share capital	17	464				481
Share based payment			540			540
Exchange translation movement				189		189
Net loss for period					(1,932)	(1,932)
At June 30 2006	2,141	25,521	774	93	(5,687)	22,842
Issue share capital	6	187				193
Share based payment			789			789
Exchange translation movement				(192)		(192)
Net loss for period					(1,750)	(1,750)
At December 30 2006	2,147	25,708	1,563	(99)	(7,437)	21,882
Share based payment			340			340
Exchange translation movement				47		47
Net loss for period					(1,232)	(1,232)
At June 30 2007	2,147	25,708	1,903	(52)	(8,669)	21,037

CIRCLE OIL PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007 - UNAUDITED

1. Basis of preparation

European Union (EU) law and AIM stock exchange rules require that the next annual consolidated financial statements of the Group for the year ended 31 December 2007 be prepared in accordance with International accounting standards adopted for use in the EU.

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The interim financial statements in respect of the period ended 30 June 2006 were prepared under Irish GAAP. The comparative figures for the immediately preceding interim period and the immediately preceding financial year have been restated on a basis consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The impact of the restatement is shown below:-

Reconciliation of equity under previous GAAP for interim period ended 30 June 2006 to equity under IFRS	US\$000
Equity under Irish GAAP	22,842
Equity under IFRS	22,842
Reconciliation of loss under previous GAAP for interim period ended 30 June 2006 to loss under IFRS	US\$000
Loss under Irish GAAP	(1,932)
Loss under IFRS	(1,932)
Reconciliation of equity under previous GAAP for year ended 31 December 2006 to equity under IFRS	US\$000
Equity under Irish GAAP	21,882
Equity under IFRS	21,882
Reconciliation of loss under previous GAAP for year ended 31 December 2006 to loss under IFRS	US\$000
Loss under Irish GAAP	(3,675)
Loss under IFRS	(3,675)

CIRCLE OIL PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007 - UNAUDITED

Functional & presentation currency

With effect from 1 January 2007, the Group has adopted the US Dollar (US\$) as its functional and presentation currency as this is now regarded as the currency of the primary economic environment in which the Group operates.

2. Share option expense

The fair value of employee share options is recognised as an employee expense in the income statement (share option expense) and a corresponding reserve set up in balance sheet (share option reserves). The associated expense is amortised over the vesting period of the share options. For the six months to 30 June 2007 this resulted in a charge of US\$158,000.

Where an employee or consultants costs, or a portion thereof, is charged to an oil & gas project in accordance with Group accounting policies and where an employee or consultant has been granted options for which a fair value is recognised, then a similar portion of the share option expense is charged to that project or projects. For six months to 30 June 2007 this amounted to US\$182,000 (1H 2006: US\$89,000).

3. Basic and diluted loss per share

The calculation of basic loss per share is based on the Group's loss of €1,232,000 which is after taxation and on the weighted average number of equity shares in issue of 162,697,200.

The effect of options granted is to increase the weighted average number of shares for the calculation of the diluted earnings per share by 14,900,000 to 177,597,200.

CIRCLE OIL PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007 - UNAUDITED

4. Oil & gas interests

	Group US\$000
Deferred development expenditure:	
Cost:	
At 31 December 2006	9,296
Additions	5,209
At 30 June 2007	14,505
At 30 June 2006	5,412*
Deferred development expenditure by geographical area:	Group US\$000
Oman	5,840
Namibia	3,796
Tunisia	2,736
Morocco	1,833
Panama	170
Other licence areas	130
At 30 June 2007	14,505
At 30 June 2006	5,412*

Deferred development expenditure at 30 June 2007 represents exploration and related expenditure on the Group's licences and permits in the geographical areas noted above. The realisation of these intangible assets by the Group is dependent on the development of economic reserves.

*** Restated for adoption of International Accounting Standards.**

CIRCLE OIL PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007 - UNAUDITED

5. Cash at bank

	At 1 January 2007 US\$000	Cash Outflow US\$000	At 30 June 2007 US\$000
Cash at bank	14,216	(6,877)	7,339

The cash at bank at 30 June 2007 includes \$2,344,000 in restricted cash (30 June 2006: \$2,633,000) relating to bank guarantees issued in respect of the completion of certain work programs.

6. Reconciliation of operating loss to net cash outflow from operating activities

	30 June 2007 US\$000	30 June 2006* US\$000	31 December 2006* US\$000
Operating loss	(1,509)	(2,305)	(4,389)
Increase/(decrease) in creditors	(849)	(30)	1,625
(Increase)/decrease in debtors	(40)	118	(41)
Exploration costs written off			496
Reorganisation costs			154
Exchange translation movement	47	189	(3)
Share option expense	158	451	775
Depreciation	51	25	90
Net cash outflow from operating activities	(2,142)	(1,552)	(1,293)

* Restated for adoption of International Accounting Standards.

7. Post balance sheet events

On 11 June 2007, the Company announced the signing of an unsecured Convertible Loan agreement in the amount of US\$30 million with Kuwait based KGL Petroleum Limited.

The total funds available under the loan agreement were received by the Company in July 2007.

8. Interim Report

Copies of the Interim Report will be posted to shareholders shortly. Further copies are available from the Company Secretary, Circle Oil plc, 6 Lower Mallow St., Limerick, Ireland or by download from the Company's web-site at www.circleoil.net