

30 September 2005

Circle Oil plc

Interim Results for the Six Months Ended 30 June 2005

Circle Oil plc (“Circle” or “the Company”), is pleased to announce its interim, unaudited results for the six months ended 30 June 2005.

Highlights

- Significant additions to licence portfolio in Oman and Panama
 - Former Shell Principal Geophysicist appointed to Board
 - €14.4million (GBP£10m) institutional placing completed
 - Ongoing working capital requirements adequately funded
 - Substantial positions now held in Namibia, Oman and Panama
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Chairman's Statement

INTRODUCTION

I am pleased to report that Circle has been very actively progressing farmout deals as well as increasing the number of exploration licences in its portfolio both during and subsequent to the period under review. The geographic spread of its holdings has also expanded with, most significantly, new licences being added in Oman both onshore and offshore in addition to a large block in the Panamanian waters of the Western Caribbean which was awarded recently.

With the much larger spread of our prospects we have scaled up our technical office in Houston Texas where our COO Jack Keyes is based. He is now backed up by a very experienced geologist, Kevin Lant, who is the Company's Exploration Manager and Jon Dombrowski another experienced geologist who is heading up the development of our new Caribbean licence prospect.

In March 2005 the Company appointed Collins Stewart as its stockbroker and nominated advisor. In August the Company completed a substantial institutional placing of its ordinary shares raising €14.4million gross (GBP£10m) and adding a number of large institutional investors to its shareholder base.

OPERATIONS

Following the signing in November 2004 of a memorandum of understanding between Circle Oil and China Shine HF, a Chinese corporation based in Beijing, a farmout agreement was signed on 22 January 2005 whereby China Shine will earn a 72% interest in the Company's Namibian licence. Circle will retain an 18% interest in the licence with NAMCOR, the National Petroleum Corporation of Namibia, holding the remaining 10% interest.

Under the terms of this agreement all of Circle's future costs both for exploration and development on this licence will be funded by China Shine. A number of meetings have taken place in London, Houston and Beijing between Circle and China Shine during the past months and China Shine is currently completing its due diligence and finalising its team and programme to begin work on the licence.

In February 2005 following a meeting in Ireland between Circle and officials of the Omani Oil and Gas Ministry, Circle was awarded Block 49 which covers an area of 15,500 sq.kms. in western Oman. The Exploration and Production Sharing Agreement (EPSA) on this block was signed by the Omani Oil Minister and Circle Executives in June 2005 in Muscat. At this time Circle also applied for a substantial licence offshore Oman in the Arabian Sea. This licence, Block 52, covers an area of almost 100,000sq.kms. and having been offered to the Company, the EPSA was signed on 6 September.

Circle is currently firming up a cost effective work programme on both Omani licences. The initial plan is to fly an aerogravity survey on the onshore block and shoot a seismic programme on the offshore block.

Circle is now one of the largest holders of licences by area in Oman, a stable Middle Eastern country producing over 700,000 barrels of oil per day as well as substantial amounts of gas. Our Dubai-based Middle East Business Development Manager, Shamil Daoud is in the process of making a number of additional applications in other countries in this area.

Circle, through its wholly owned subsidiary Circle Oil Panama SA, has had an application for a licence with the Panamanian authorities for quite some time. I am pleased to report that the Company has been awarded this licence in the past few weeks. This is an exciting new area which we believe may have the potential to host a number of undrilled structures and basins. There are significant occurrences of seabed gas hydrates and evidence of hydrocarbon sources within the area to give to the Company sufficient encouragement to carry out a regional seismic programme in the area.

FINANCIAL RESULTS

The financial results show a loss for the period of €577,591. The loss is in line with expectations and reflects the increased activity of the company.

Following the appointment of Collins Stewart as its broker, in June Circle commenced a fundraising to secure the costs of carrying out the work programmes both on the licences in its portfolio and those under application. The Board of the Company decided that the most appropriate way forward on this issue was to carry out an institutional funding which would also broaden the Company's shareholder base. In August 2005, the Company successfully raised €4.4 million gross (GBP£10 million gross). This together with cash balances on hand at June 30 leave the company with total net cash of €8.6m (GBP£12.9m). This provides the Company with sufficient working capital for the foreseeable future at the current level of operations.

BOARD CHANGES

Following the AGM the Board appointed Professor Chris Green as Non Executive Director. Professor Green has over 30 years of oil industry experience including 24 years at Shell where he was a Principal Geophysicist and a Global Shell Group Advisor. He also worked at Racal Electronics and Thales Geosolutions and during the period 1996 to 2004 was Professor of Geophysics at the University of St. Andrews in Scotland. He brings a wealth of experience and expertise to the Board and has a number of very interesting ideas as to how Circle should expand its portfolio of interests.

Both Dan Idzal and John McDonnell opted, for personal business reasons, not to seek re-election at the AGM and this has allowed for the appointment of Professor Green to the Board. Other appointments will be made shortly. I would like to thank Dan and John for their involvement in Circle and wish them every success in their other ventures.

CONCLUSION

The Company has achieved remarkable progress since it came to the market just under one year ago. Other than Oil Majors, Circle now has one of the biggest footprints in the Middle East as well as a significant licensed area in the Caribbean. These, together with our very large 200,000 sq.km. holding in Namibia puts Circle in a unique position and demonstrates the effectiveness of our business model.

I would like to thank all our stakeholders and fellow Directors for their contributions over this period and I look forward confidently to working with them to enhance the value of the Company in the future.

Thomas Anderson
Chairman of the Board
29 September 2005

CIRCLE OIL PLC
UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 JUNE 2005

	Notes	For the six months ended 30 June 2005	For the nine months ended 31 December 2004
		Euro €	Euro €
TURNOVER		-	-
ADMINISTRATION EXPENSES		(630,552)	(927,920)
EXCEPTIONAL ITEM	2	-	(313,685)
OPERATING LOSS		(630,552)	(1,241,605)
Interest receivable and similar income		52,961	30,625
LOSS BEFORE TAXATION		(577,591)	(1,210,980)
Taxation	3	-	(27,178)
LOSS FOR THE FINANCIAL PERIOD	4	(577,591)	(1,238,158)
Basic loss per share	5	(0.46c)	(2.4c)
Diluted loss per share	5	(0.43c)	(2.3c)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 30 JUNE 2005

		For the six months ended 30 June 2005	For the nine months ended 31 December 2004
		Euro €	Euro €
LOSS FOR THE FINANCIAL PERIOD	4	(577,591)	(1,238,158)
Exchange translations movement		(31,636)	21,297
Total recognised loss for the period		(609,227)	(1,216,861)

CIRCLE OIL PLC
UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2005

	Notes	30 June 2005 Euro €	31 December 2004 Euro €
Fixed Assets			
Oil & Gas Interests	6	1,373,568	637,245
Tangible Assets		25,390	8,648
		<u>1,398,958</u>	<u>645,893</u>
Current Assets			
Debtors		208,808	84,804
Cash at Bank		4,222,914	5,383,697
		<u>4,431,722</u>	<u>5,468,501</u>
Creditors (Amounts falling due within one year)		760,479	434,966
Net Current Assets		<u>3,671,243</u>	<u>5,033,535</u>
Total Assets Less Current Liabilities		<u>5,070,201</u>	<u>5,679,428</u>
Net Assets		<u>5,070,201</u>	<u>5,679,428</u>
Capital And Reserves			
Called Up Share Capital		1,268,639	1,268,639
Share Premium		5,627,556	5,627,556
Profit And Loss Account	4	(1,825,994)	(1,216,767)
Shareholders' Funds – All Equity		<u>5,070,201</u>	<u>5,679,428</u>

CIRCLE OIL PLC
UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS
AS AT 30 JUNE 2005

	Notes	30 June 2005 Euro €	31 December 2004 Euro €
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	8	(458,480)	(984,983)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		52,961	30,625
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(405,519)</u>	<u>(954,358)</u>
TAXATION			
Franchise tax		-	(27,178)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire oil & gas interests	6	(736,323)	(480,337)
Payments to acquire tangible fixed assets		(18,941)	(9,941)
TOTAL CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		<u>(755,264)</u>	<u>(490,278)</u>
NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		<u>(1,160,783)</u>	<u>(1,471,814)</u>
FINANCING			
Issue of ordinary share capital		-	5,230,961
Share issue expenses		-	(322,147)
NET CASH INFLOW FROM FINANCING			<u>4,908,814</u>
(DECREASE) / INCREASE IN CASH	7	<u><u>(1,160,783)</u></u>	<u><u>3,437,000</u></u>

CIRCLE OIL PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

1. BASIS OF PREPARATION

The Interim accounts which are unaudited, have been prepared in accordance with the historical cost convention, the relevant Statements of Recognised Practice for the oil and gas industry, other applicable accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2003 and the European Communities (Companies: Group Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

2. EXCEPTIONAL ITEM

On October 18th, 2004 the Company was admitted to the Alternative Investment Market (AIM). The costs associated with the listing on this market amounted to €13,685.

3. TAXATION

Group	For the six months ended 30 June 2005	For the nine months ended 31 December 2004
	Euro €	Euro €
Arising on ordinary trading activities	-	-
US State Franchise tax	-	27,178
Total	-	27,178

4. PROFIT AND LOSS ACCOUNT

GROUP	30 June 2005	31 December 2004
	Euro €	Euro €
Opening Balance	(1,216,767)	94
Loss for the financial period	(577,591)	(1,238,158)
Exchange translations adjustments	(31,636)	21,297
Closing Balance	(1,825,994)	(1,216,767)

CIRCLE OIL PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

5. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss of €577,591 which is after taxation and on the weighted average number of equity shares in issue of 126,863,850.

The effect of options granted at the time of listing on AIM on October 18th, 2004 is to increase the weighted average number of shares for the calculation of the diluted earnings per share by 6,750,000 to 133,613,850.

6. OIL & GAS INTERESTS

	Namibia	Celtic Sea	Oman	Other Licences Under Review	Total
	Euro €	Euro €	Euro €	Euro €	Euro €
Deferred development expenditure:					
Cost:					
At 31 December 2004	612,291	24,954	-	-	637,245
Additions	196,250	10,433	518,073	11,567	736,323
At 30 June 2005	808,541	35,387	518,073	11,567	1,373,568
Net book value:					
At 30 June 2005	808,541	35,387	518,073	11,567	1,373,568

Oil & Gas Interests

Deferred development expenditure at 30 June, 2005 represents exploration and related expenditure.

The realisation of this intangible asset is dependent on the development of economic reserves. The directors are aware that by its nature there is an inherent uncertainty in such expenditure as to the value of the asset.

Having reviewed the deferred development expenditure at 30 June 2005, the directors are satisfied that the value of the intangible asset is not less than net book value.

CIRCLE OIL PLC
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

7. CASH AT BANK

	At 31 December 2004 Euro €	Cash Outflow Euro €	At 30 June 2005 Euro €
Cash at bank	<u>5,383,697</u>	<u>(1,160,783)</u>	<u>4,222,914</u>

**8. RECONCILIATION OF OPERATING LOSS TO NET CASH
OUTFLOW FROM OPERATING ACTIVITIES**

	30 June 2005 Euro €	31 December 2004 Euro €
Operating loss	(630,552)	(1,241,605)
Increase in creditors	325,513	318,836
Increase in debtors	(124,004)	(84,804)
Movement in Exchange translations adjustment	(31,636)	21,297
Depreciation	<u>2,199</u>	<u>1,293</u>
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	<u>(458,480)</u>	<u>(984,983)</u>

9. INTERIM REPORT

Copies of the Interim Report will be posted to shareholders shortly. Further copies are available from the Company Secretary, Suparule House, Lonsdale Road, National Technology Park, Limerick, Ireland or by download from the Company's web-site at www.circleoil.com

For Further Information please contact:

David Hough CEO at +353-61-354831