

**CIRCLE OIL PLC**  
**Interim Accounts for the six months ended 30 September 2004**

Circle was incorporated in September 2003 and commenced operations in November. Using its business model, which is to target exploration areas in politically stable countries with a good fiscal and legal regime and with an existing available database requiring upgrading and reinterpretation, Circle has moved quickly to establish itself as a credible player in the E&P marketplace as evidenced by the following milestones:

- Since incorporation, offices have been established in three Continents, North America (Houston), Europe (Ireland and the UK) and Asia (Middle East - UAE). Two exploration blocks have been acquired; one in Namibia and the other in Celtic Sea. One licence application has been submitted to the Panamanian authorities for acreage in the South West Caribbean.
- The Company broadened its expertise base by the appointment of John McDonnell as Director and Chief Financial Officer and the executive team by the appointment of Kevin Lant as Exploration Manager and Shamil Daoud as Business Development Manager – Middle East.
- On October 18<sup>th</sup> Circle was admitted to the AIM market of the London Stock Exchange. The mnemonic on AIM is COP and the Company now has a fully operational, regularly updated web site at [www.circleoil.com](http://www.circleoil.com).
- The Company is at an advanced stage in negotiations with potential joint venture partners on its Namibian holdings and also in preliminary discussions on its Irish licences. It is negotiating to acquire prospects in three Middle Eastern countries.

## **OPERATIONS**

### **Republic of Namibia**

Through its wholly owned subsidiary, First African Oil Corporation (FAOC), Circle holds a two year exclusive reconnaissance licence covering approximately 146,000 sq.km. in the Ovambo Basin onshore Namibia. NAMCOR, the Namibian national oil company, has a 10 per cent. carried interest in the licence. The Company has recently completed 7,600 km of aerogravity and aeromagnetic surveying as part of its initial evaluation of the hydrocarbon potential of the area at a cost of €465,000. Interpretation of this data, although at an early stage, is positive in that the existence of two sedimentary sub-basins containing a number of targets have been identified. Either of these sub-basins could contain hydrocarbon bearing

structures and provide further exploration potential in addition to the drillable prospects already identified by previous operators, including Occidental, using seismic and other techniques.

#### **Republic of Ireland**

Circle holds a 100 per cent. interest in a non-exclusive offshore prospecting license covering four part blocks in the Celtic Sea. The Company has started the re-processing of selected seismic lines, acquired during earlier exploration programmes, using advanced data processing technology in an attempt to improve the subsurface imaging of potential hydrocarbon reservoirs. The blocks are located South East of the producing Kinsale Head and Ballycotton gas fields. Work in relation to this licence will accelerate during Quarter 1 2005.

#### **Republic of Panama**

The Company has submitted, through its wholly owned Panamanian subsidiary Circle Oil Company (Panama) S.A., an application for a prospecting permit covering a large tract of acreage in the South West Caribbean Basin off the Northern coast of Panama.

### **FINANCIAL RESULTS**

The financial results show an operating loss for the period of €785,812 which includes costs associated with corporate operations and the full cost of the AIM listing process.

Having successfully raised in excess of €7.2m (€6.5m to September 30<sup>th</sup>) and with bank balances of over €5.4m, your Company has sufficient working capital for the foreseeable future at the current level of operations.

**CIRCLE OIL PLC**  
**UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2004**

	Notes	For the six months ended 30 September 2004 Euro €	For the period from Incorporation to 31 March 2004 Euro €
<b>TURNOVER</b>		-	-
<b>OPERATING (LOSS) / PROFIT</b>		<b>(785,812)</b>	-
Interest receivable and similar income		5,686	94
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<b>(780,126)</b>	<b>94</b>
Taxation		-	-
<b>(LOSS) / PROFIT FOR THE FINANCIAL PERIOD</b>		<b>(780,126)</b>	<b>94</b>
Profit brought forward		94	-
<b>(Loss) / Profit carried forward</b>		<b>(780,032)</b>	<b>94</b>
<b>(Loss) / profit per share – basic and diluted</b>	4	<b>(5.3c)</b>	<b>N/A</b>

**CIRCLE OIL PLC**  
**UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2004**

	Notes	30 September 2004 Euro €	31 March 2004 Euro €
<b>FIXED ASSETS</b>			
Oil & Gas Interests	2	632,033	156,908
Tangible assets		8,791	-
		640,824	156,908
<b>CURRENT ASSETS</b>			
Debtors		8,155	-
Cash at bank		5,409,510	1,946,697
		5,417,665	1,946,697
<b>CREDITORS (Amounts falling due within one year)</b>		603,806	116,130
<b>NET CURRENT ASSETS</b>		4,813,859	1,830,567
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,454,683</b>	<b>1,987,475</b>
<b>NET ASSETS</b>		<b>5,454,683</b>	<b>1,987,475</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		1,244,939	50,000
Share premium		4,988,391	-
Capital subscribed not yet issued		-	1,937,381
Revaluation reserve		1,385	-
Profit and loss account		(780,032)	94
<b>SHAREHOLDERS' FUNDS – All Equity</b>		<b>5,454,683</b>	<b>1,987,475</b>

**CIRCLE OIL PLC**  
**UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS**  
**AS AT 30 SEPTEMBER 2004**

	Notes	30 September 2004 Euro €	31 March 2004 Euro €
<b>NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES</b>	3	(305,774)	116,130
<b>RETURN ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		5,686	94
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(300,088)	116,224
<b>TAXATION</b>			
Corporation tax paid		-	-
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire oil & gas interests		(475,125)	(156,908)
Payments to acquire tangible fixed assets		(9,308)	-
<b>TOTAL CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		(484,433)	(156,908)
<b>NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		(784,521)	(40,684)
<b>FINANCING</b>			
Issue of ordinary share capital		4,548,854	2,076,396
Share issue expenses		(301,520)	(89,015)
<b>NET CASH INFLOW FROM FINANCING</b>		4,247,334	1,987,381
<b>INCREASE IN CASH</b>		3,462,813	1,946,697

**CIRCLE OIL PLC**  
**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2004**

**1. BASIS OF PREPARATION**

The Interim accounts, which are unaudited have been prepared in accordance with the accounting policies adopted by the company.

**2. FIXED ASSETS – OIL & GAS INTERESTS**

<b>Deferred development expenditure:</b>	<b>Total Euro €</b>	<b>Namibia Euro €</b>	<b>Celtic Sea Euro €</b>
Cost:			
At 1 April 2004	156,908	142,314	14,594
Additions	475,125	464,765	10,360
At 30 September 2004	632,033	607,079	24,954
<b>Net book value:</b>			
At 30 September 2004	632,033	607,079	24,954

**Oil & Gas Interests**

Deferred development expenditure at 30 September, 2004 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 September 2004, the directors are satisfied that the value of the intangible asset is not less than net book value.

**3. RECONCILIATION OF OPERATING LOSS  
TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>For the six months ended 30 September 2004 Euro €</b>	<b>For the period from Incorporation to 31 March 2004 Euro €</b>
Operating (loss) / profit	(785,812)	-
Increase in creditors	487,676	116,130
(Increase) in debtors	(8,155)	-
Depreciation	517	
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(305,774)</b>	<b>116,130</b>

**CIRCLE OIL PLC**  
**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2004**

**4 (LOSS) / EARNINGS PER SHARE**

The calculation of (loss) per share is based on the loss of €780,032 for the period divided by the weighted number of ordinary shares in issue during the period of 14,794,578.

As no conditions existed at the accounting date which would dilute earnings per share, the additional calculation of fully diluted (loss) per share does not arise.

**5 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](http://www.circleoil.com)

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