

**Solo Oil plc**  
("Solo" or the "Company")

**Unaudited Interim Results**  
**6 Months Ended 30 June 2014**

**Chairman's Statement**

I am pleased to present the interim report of the Company's activities during the half-year ended 30 June 2014.

Solo continues to grow and diversify with the addition of a new area of investment in the UK and a significant advance in our investment already made in the onshore Ruvuma Basin in Tanzania. Further opportunities to increase our exposure to the growing petroleum sector in these two countries are under review and we look forward to making further investments by year end.

**Investment Strategy**

The Company has continued to pursue its original investing policy, as approved by the shareholders in 2009, which is to develop a diverse portfolio of exploration, development and production interests, worldwide and with the primary focus being in Africa.

Highlights for the period include:

- Solo has acquired a 6.5% interest in the Horse Hill prospect and associated licences in the UK Weald Basin and the drilling of the Horse Hill-1 well has commenced
- A total of 180.6 kilometres of infill 2D seismic data has been acquired and processed over the Ntorya-1 and Likonde-1 discoveries in Tanzania
- Resource estimates in the Ntorya appraisal area of the Ruvuma PSC have been substantially upgraded to 2.3 tcf
- The exploration drilling commitment in the Ruvuma PSA has been formally extended into the 2<sup>nd</sup> Extension Period to allow seismic to be acquired prior to further drilling.

**Ruvuma Basin, Tanzania**

The Ruvuma Petroleum Sharing Agreement (Ruvuma PSA) lies in the south-east of Tanzania and now covers approximately 3,447 square kilometres of which some 10% lies offshore and the balance onshore. In 2010 Solo exercised its option to obtain a direct 12.5% working interest in the Ruvuma PSA following the successful drilling of the Likonde-1 well. During the drilling of the Ntorya-1 well in 2012 Solo further increased its working interest and now holds a 25% interest. The Ruvuma PSA lies along the coast in southern Tanzania where very substantial gas discoveries have been made offshore in recent years.

The Ntorya-1 discovery well reached a final total depth of 3,150 metres and a gas zone between 2,663 and 2,688 metres was tested in June 2012. Flow testing on a 3.5 metres zone at the top of the gross 25 metre gas bearing interval produced a maximum flow rate of 20.1 million cubic feet per day (mmscfd) and 139 barrels per day (bpd) of 53 degree API condensate through a 1" choke. Following the completion of the test sequence the well was suspended as a discovery for subsequent additional testing or production.

An infill 2D seismic programme totalling 180.6 kilometres was acquired in April and May and has now been processed and interpreted by the PSA operator, Aminex plc. Based on that interpretation the operator has concluded that the Ntorya-1 well has proven a mean resource of 1.916 trillion cubic feet (tcf) of original gas in place (OGIP). Unrisked total resources of 2.3 tcf OGIP are attributable to the 760 square kilometre Appraisal Contract which contains both the Ntorya-1 discovery and the up-dip portion of the reservoirs that had extensive shows in the Likonde-1 well.

The partners in the Ruvuma PSA are planning the drilling of two appraisal wells in 2015 in order to firm up the resource volumes and to commence gas sales negotiations to supply gas into the recently constructed 36-inch gas pipeline that runs through the PSA area from Mtwara to the Tanzanian capital Dar es Salaam. Commissioning of the new pipeline is expected to be completed by end 2014.

**UK, Weald Basin**

In February the Company announced that it had signed a binding agreement (which has now converted into a definitive agreement and completed) to acquire a 10% interest in a special purpose company, Horse Hill Developments Limited (HHDL), which held the option to become operator and licence holder in two Petroleum Exploration and Development Licences (PEDL) in the northern Weald Basin between Gatwick Airport and London. The two PEDLs, 137 and 246, formed a farm-in to which HHDL was to obtain 65%. The Horse Hill Prospect lies in PEDL 137 which covers 99.29 square kilometres (24,525 acres) north of Gatwick Airport in Surrey.

To meet its farm-in obligations HHDL is required to drill a well at the Horse Hill prospect and that well was started in early September. As a direct consequence of the well being drilled HHDL has now been transferred its 65% interests in both PEDL 137 and PEDL 246. Solo has now completed a definitive agreement with HHDL and holds a 10% interest in that company.

The Horse Hill prospect is a horst block bounded by downthrown to the north faults which are clearly seen on recently acquired and processed seismic data. It is believed that the Esso Collendean Farm-1 well, drilled in 1964, without the benefit of more recent seismic data intersected the prospective reservoirs on the downthrown side of the bounding fault and failed to test the prospect within closure. The Collendean Farm-1 well, however, reported good oil shows throughout the Jurassic reservoir interval and was terminated at 5,760 feet measured depth in Liassic age rocks.

The Horse Hill-1 well is located approximately 7.5 kilometres southeast of the producing Brockham Oilfield and approximately 15 kilometres southwest of the Palmers Wood Oilfield. The primary target reservoir horizons of the Portland Sandstone is productive in the Brockham Oilfield, and the Corallian Formation is the producing horizon in the Palmers Wood Oilfield. The Triassic is productive in the nearby Wessex Basin and has previously tested gas in the Weald Basin.

The Horse Hill Prospect, which is being tested by the Horse Hill-1 well, has estimated original-oil-in-place (OOIP), original-gas-in-place (OGIP) and prospective resources summarised in Table 1.

Target Reservoir Oil	OOIP Upside Potential (mmbbls)	OOIP Mean (mmbbls)	Prospective Resources Mean (mmbbls)
Upper Portland Sandstone	116	57	17
Lower Portland Sandstone	284	147	44
Corallian Sandstone	67	33	10
Greater Oolite Limestone	204	104	16
<b>Total Oil</b>	<b>671</b>	<b>341</b>	<b>87</b>
Target Reservoir Gas	OGIP Upside Potential (bcf)	OGIP Mean (bcf)	Prospective Resources Mean (bcf)
Triassic Sandstone	456	234	164

**Table 1: Horse Hill Prospect gross estimated OOIP, OGIP and Prospective Resources**

The Horse Hill-1 well commenced drilling operations on 3 September with 20-inch surface casing being set at 84 feet below ground level. The Marriott-50 rig was installed on the well by 22 September and the drilling of 17 1/2-inch hole to planned intermediate casing depth at 1,865 feet measured depth (MD) was underway on the 24 September. At midnight on 26 September the well was at 1,164 feet MD and is expected to reach intermediate casing depth by end September.

## Ontario, Canada

No substantive progress has been made on the Company's assets in Ontario. Solo owns a 28.56% interest in 23,500 acres of petroleum leases in southern Ontario which contain a number of Ordovician reefal structures which contain variously oil, gas and condensate. The principle activity of Reef Resources Inc. the operator of the leases is the development, by gas cycling, of the Ausable Reef. The operator has been unable to raise the necessary funds to continue the development of the Ausable gas condensate field and no alternative has been found to unlock the potential. Solo's management will continue to seek ways to unlock the investment made in the Ausable field and hopes to report progress by year end.

## West Africa

Pan Minerals Limited continues to seek both financing for the existing opportunities and also new opportunities for investment in West Africa. Solo maintains its 19.9% stake in the parent company and is monitoring progress; which whilst slower than anticipated, remains a valuable option for the future in an area where there is significant oil and gas potential and substantial deal flow.

## Immediate Outlook

The Company's 25% stake in the Ruvuma PSA represents a very significant asset for the Company and its further development will be pursued vigorously. We look to realise the full potential of our investment in Ruvuma over the next few years as the discoveries made are commercialised. Further seismic reprocessing and appraisal drilling is planned for 2015.

The recent acquisition of an interest in the Weald Basin; at a time when there is a renewed interest in oil and gas exploration and development in the UK, is considered strategic and gives the Company access to additional opportunities onshore in the UK. The ongoing UK 14<sup>th</sup> Round will be carefully considered as a further opportunity for the Company to increase its UK portfolio. The Horse Hill-1 well will be drilled during the 3<sup>rd</sup> quarter and may have long reaching implications for further investment in the Weald.

The Company is also continuing to seek further investment opportunities, with several new opportunities currently being evaluated.

## GLOSSARY & NOTES

2D = two-dimensional

bpd = barrels per day

bopd = barrels of oil per day

bcf = billion cubic feet

MD = measured depth, below rotary table

mmbbls = million barrels of oil

mmscfd = million standard cubic feet of gas per day

OGIP = original gas in place

OOIP = original oil in place

PSA = Production Sharing Agreement

tcf = trillion cubic feet

All figures are net to Solo unless otherwise stated

All reserves and resources definitions used are per the Society of Petroleum Engineers' Petroleum Resources Management System unless otherwise stated.

## Competent Person's statement:

The information contained in this document has been reviewed and approved by Neil Ritson, Executive Director for Solo Oil Plc. Mr Ritson is a member of the Society of Petroleum Engineers, a Fellow of the Geological Society, an Active Member of the American Association of Petroleum Geologists and has over 35 years relevant experience in the oil industry.

## Contacts

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**COMPANY STATEMENT OF COMPREHENSIVE INCOME  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

		<b>Six months ended</b>	Six months ended	18 months ended
	Notes	<b>30 June 2014 (Unaudited)</b>	30 June 2013 (Unaudited)	31 December 2013 (Audited)
		<b>£ 000's</b>	£ 000's	£ 000's
Revenue		-	-	-
Gross profit		-	-	-
Administrative expenses		<b>(431)</b>	(425)	(1,485)
Operating loss		<b>(431)</b>	(425)	(1,485)
Impairment charge		-	-	(1,658)
Finance revenue		<b>24</b>	-	26
Loss on ordinary activities before taxation		<b>(407)</b>	(425)	(3,117)
Income tax (expense)		-	-	-
Retained Loss on ordinary activities after taxation		<b>(407)</b>	(425)	(3,117)
Loss per share (pence)				
Basic and diluted	2	(0.01)	(0.01)	(0.08)

**COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

		<b>Six months ended</b>	Six months ended	18 months ended
		<b>30 June 2014 (Unaudited)</b>	30 June 2013 (Unaudited)	31 December 2013 (Audited)
		<b>£ 000's</b>	£ 000's	£ 000's
Loss for the period		<b>(407)</b>	(425)	(3,117)
Currency translation differences		-	-	-
Total comprehensive income		<b>(407)</b>	(425)	(3,117)

**COMPANY STATEMENT OF FINANCIAL POSITION  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

	As at 30 June 2014 (Unaudited) £ 000's	As at 30 June 2013 (Unaudited) £ 000's	As at 31 December 2013 (Audited) £ 000's
<b>Non-current assets</b>			
Intangible assets	9,693	10,065	8,449
Available for sale assets	816	-	816
<b>Total non-current assets</b>	<b>10,509</b>	<b>10,065</b>	<b>9,265</b>
<b>Current assets</b>			
Trade and other receivables	1,180	2,048	1,291
Cash and cash equivalents	936	2,140	1,956
<b>Total current assets</b>	<b>2,116</b>	<b>4,188</b>	<b>3,247</b>
<b>Total assets</b>	<b>12,625</b>	<b>14,253</b>	<b>12,512</b>
<b>Current liabilities</b>			
Trade and other payables	(167)	(151)	(116)
<b>Total liabilities</b>	<b>(167)</b>	<b>(151)</b>	<b>(116)</b>
<b>Net assets</b>	<b>12,458</b>	<b>14,102</b>	<b>12,396</b>
<b>Equity</b>			
Share capital	478	454	460
Deferred share capital	1,831	1,831	1,831
Share premium reserve	20,303	19,558	19,852
Foreign exchange reserve	-	143	-
Warrant reserve	-	33	-
Share-based payments	696	747	696
Retained loss	(10,850)	(8,664)	(10,443)
<b>Total equity attributable to equity holders of the parent</b>	<b>12,458</b>	<b>14,102</b>	<b>12,396</b>

**COMPANY STATEMENT OF CASH FLOW  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2014**

	<b>Six months ended 30 June 2014 (Unaudited) £ 000's</b>	Six months ended 30 June 2013 (Unaudited) £ 000's	18 Months ended 31 December 2013 (Audited) £ 000's
<b>Cash outflow from operating activities</b>			
Operating loss	(431)	(425)	(1,485)
Adjustments for:			
Share-based payments	-	-	240
Decrease/(increase) in receivables	111	(1,344)	(421)
(Decrease)/increase in payables	51	129	(1,054)
Cash used in operating activities	<u>(269)</u>	<u>(1,640)</u>	<u>(2,720)</u>
<b>Net cash (outflow) from operating activities</b>	<b><u>(269)</u></b>	<b><u>(1,640)</u></b>	<b><u>(2,720)</u></b>
<b>Cash flows from investing activities</b>			
Interest received	24	-	26
Payments to acquire intangible assets	(1,244)	(1,231)	(1,446)
Payments to acquire Available for sale investment	-	-	(516)
<b>Net cash outflow from investing activities</b>	<b><u>(1,220)</u></b>	<b><u>(1,231)</u></b>	<b><u>(1,936)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds on issuing of ordinary shares	499	5,000	6,878
Cost of issue of ordinary shares	(30)	(297)	(378)
<b>Net cash inflow from financing activities</b>	<b><u>469</u></b>	<b><u>4,703</u></b>	<b><u>6,500</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,020)</b>	<b>1,832</b>	<b>1,844</b>
Cash and cash equivalents at beginning of period	1,956	308	112
Foreign exchange differences on translation	-	-	-
<b>Cash and cash equivalents at end of period</b>	<b><u>936</u></b>	<b><u>2,140</u></b>	<b><u>1,956</u></b>

**COMPANY STATEMENT OF CHANGES IN EQUITY**

	Share capital	Deferred share capital	Share premium	Share based payments	Warrant reserve	Accumulated losses	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Balance at 30 June 2012</b>	269	1,831	13,243	507	33	(7,410)	8,473
Loss for the period	-	-	-	-	-	(3,117)	(3,117)
<b>Total comprehensive income</b>	-	-	-	-	-	(3,117)	(3,117)
Share issue	191	-	6,987	-	-	-	7,178
Cost of share issue	-	-	(378)	-	-	-	(378)
Share options and warrants lapsed	-	-	-	(51)	(33)	84	-
Share-based payment charge	-	-	-	240	-	-	240
Total contributions by and distributions to owners of the Company	191	-	6,609	189	(33)	84	7,040
<b>Balance at 31 December 2013</b>	460	1,831	19,852	696	-	(10,443)	12,396
Loss for the period	-	-	-	-	-	(407)	(407)
<b>Total comprehensive income</b>	-	-	-	-	-	(407)	(407)
Share capital issued	18	-	481	-	-	-	499
Cost of share issue	-	-	(30)	-	-	-	(30)
Total contributions by and distributions to owners of the Company	18	-	451	-	-	-	469
<b>Balance at 30 June 2014</b>	478	1,831	20,303	696	-	(10,850)	12,458

## NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2014

### 1 BASIS OF PREPARATION

The financial information has been prepared under the historical cost convention and on a going concern basis and in accordance with International Financial Reporting Standards and IFRIC interpretations adopted for use in the European Union ("IFRS") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information for the period ended 30 June 2014 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the period ended 31 December 2013. The figures for the period ended 31 December 2013 have been extracted from these accounts, which have been delivered to the Registrar of Companies, and contained an unqualified audit report.

The financial information contained in this document does not constitute statutory accounts. In the opinion of the directors the financial information for this period fairly presents the financial position, result of operations and cash flows for this period.

This Interim Financial Report was approved by the Board of Directors on 29 September 2014.

#### *Statement of compliance*

These condensed company interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union with the exception of International Accounting Standard ('IAS') 34 – Interim Financial Reporting. Accordingly the interim financial statements do not include all of the information or disclosures required in the annual financial statements and should be read in conjunction with the Company's 2013 annual financial statements.

### 2 LOSS PER ORDINARY SHARE

The calculation of earnings per share is based on the loss after taxation divided by the weighted average number of share in issue during the period:

	Six months to 30 June 2014 (Unaudited)	Six months to 30 June 2013 (Unaudited)	18 Months ended 31 December 2013 (Audited)
Net loss after taxation (£ 000's)	(407)	(425)	(3,117)
Weighted average number of ordinary shares used in calculating basic earnings per share (millions)	4,607.6	4,088.7	3,960.3
Basic loss per share (pence)	(0.01)	(0.01)	(0.08)

As the inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered to be anti-dilutive and, as such, a diluted loss per share is not included.

### 3 EVENTS AFTER THE REPORTING DATE.

On 25 September 2014, the Company announced that it has drawn down the first US\$1 million of a US\$5 million 3-year debt facility secured on same date, and has closed a Placing of £760,000 at 0.95 pence per share and a conditional Placing of £1.5 million at 0.95 pence per share which relates to a Placing and an Equity Swap Agreement with YA Global Master SPV, Ltd. ("YAGM"). YAGM has agreed with the Company that they will not dispose of any shares acquired under their agreement for an initial 2 month period.

4 A copy of this interim statement is available on the Company's website [www.solooil.co.uk](http://www.solooil.co.uk)