

**BLACK ROCK OIL & GAS PLC**  
**INTERIM REPORT**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

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**BLACK ROCK OIL & GAS PLC**

**GROUP INFORMATION**

**FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

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<b>Directors:</b>	Antony Brian Baldry M.A, L.L.B, M.P. <i>Chairman</i> (appointed 1 August 2005) Alan Ivan Roy Burgess <i>Managing Director</i> John Michael Bottomley (resigned 6 January 2006) John Malcolm Cubitt, B.Sc, Ph.D. C.Geol <i>Technical Director</i> (appointed 15 September 2005) Peter John Hughes M.B.A, F.C.A. <i>Finance Director</i> (appointed 6 February 2006)
<b>Company Secretary:</b>	Brian James Hallett, F.C.A. (Watlington Securities Ltd)
<b>Registered Office:</b>	36 Elder Street London E1 6BT
<b>Company number:</b>	04128401
<b>Nominated Adviser:</b>	Beaumont Cornish Limited 5 <sup>th</sup> Floor 12 Copthall Avenue London EC2R 7DE
<b>Broker</b>	Keith Bayley Rogers & Co Limited Sophia House 76-80 City Road London EC1Y 2EQ
<b>Group Auditors:</b>	UHY Hacker Young St Alphage House 2 Fore Street London EC2Y 5DH
<b>Share Registrars:</b>	Computershare Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH

## **BLACK ROCK OIL & GAS PLC**

### **CHAIRMAN'S STATEMENT**

#### **FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

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Black Rock Oil & Gas PLC ("the Company") maintains a bi-polar focus on Colombia and North Sea which was instigated during 2005. The Company plans an active appraisal and development programme during 2006. Little effort will be placed on exploration activities during the coming period. With this in mind the Directors are seeking further funding for the Company's assets set out below and intend to deploy such funding in a manner that is likely to provide cash flow in the shortest time frame.

In Colombia, where Black Rock has 50% equity in all its projects, the Company plans to complete Arce-2 appraisal well as a produce/injector well. Equipment has been ordered and is being manufactured in California USA which will enable steam injection into the Arce Oil Field. This technique is commonly used in Colombia and often results in a significant increase in oil production without increasing water volume. Our Joint Venture Operator, Kappa Resources Colombia Ltd has the necessary expertise, experience and local knowledge to undertake a successful steam flood of the Arce Oil Field. If this operation is successful, the Company can expect cash flow from the field during 2006.

Colombia is regarded as one of the most attractive petroleum investment targets in South America. Exploration successes in the Magdalena and Llanos Basins have transformed Colombia from a potential net importer to an exporter of oil. A direct consequence of these discoveries has been a rapid reorganisation of the petroleum transportation system with new gathering, processing, storage and pipeline infrastructure in these remote but highly potential basins.

The Baul Oil Field located in the southern part of Las Quinchas association block is also being investigated. That well was on oil production during the 1960's but was shut-in because of the then low oil price. If in good condition the Joint Venture will recomplete one of the wells drilled into the field and establish test production from that well. Alternatively, a further well may be drilled into the Baul Oil Field.

Closer to home and during the summer months the Company plans to participate in its first North Sea well. The Operator Wintershall will drill an appraisal well into Monterey Gas Field. The discovery well drilled by ARCO intersected a 185 foot gas column and the field is estimated to contain a 165 BCF of recoverable gas. Black Rock has 15% equity in this venture. If successful, it is planned to sub-sea-complete and the gas will piped to the nearby Markham Gas Field and from there to Netherlands.

These projects have the potential to transform Black Rock.

Subsequent to period end, Peter Hughes joined the Board as Finance Director and I welcome him. The Company recently raised £609,996 to assist with initial funding of the above projects.

Should you desire to contact myself or the Managing Director please do not hesitate to do so.

Antony Brian Baldry  
31 March 2006

**BLACK ROCK OIL & GAS PLC**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

	(Unaudited) six months ended 31 December 2005	(Unaudited) six months ended 31 December 2004	(Audited) Year ended 30 June 2005
Note	£		£
Group turnover	-	-	-
Cost of sales	-	-	-
<b>Gross profit</b>	-	-	-
Administrative expenses before impairment of exploration expenditure and goodwill	(354,124)	(172,106)	(637,858)
Impairment of exploration expenditure and goodwill	(480,030)	(835,004)	(837,760)
<b>Group operating loss</b> - continuing	(834,154)	(1,007,110)	(1,475,618)
<b>Loss on ordinary activities before interest</b>	(834,154)	(1,007,110)	(1,475,618)
Interest receivable	5,549	9,582	11,313
<b>Loss on ordinary activities before taxation</b>	(828,605)	(997,528)	(1,464,305)
Taxation	3	-	-
<b>Loss on ordinary activities after taxation</b>	(828,605)	(997,528)	(1,464,305)
<b>Loss for the financial period</b>	(828,605)	(997,528)	(1,464,305)
Dividends	-	-	-
<b>Retained loss for the period</b>	(828,605)	(997,528)	(1,464,305)
Loss per ordinary share			
Basic	2	(0.23p)	(0.40p)
		(0.53p)	

**BLACK ROCK OIL & GAS PLC**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

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	<b>(Unaudited) six months ended 31 December 2005 £</b>	<b>(Unaudited) six months ended 31 December 2004 £</b>	<b>(Audited) year ended 30 June 2005 £</b>
<b>Retained loss for the period</b>	(828,605)	(997,528)	(1,464,305)
Exchange differences	1,196	15,440	(51,477)
<b>Total losses recognised for the period</b>	<u>(827,409)</u>	<u>(982,088)</u>	<u>(1,515,782)</u>

**BLACK ROCK OIL & GAS PLC**

**CONSOLIDATED BALANCE SHEET**

**AS AT 31 DECEMBER 2005**

	Note	(Unaudited) 31 December 2005 £	(Unaudited) 31 December 2004 £	(Audited) 30 June 2005 £
<b>Fixed assets</b>				
Intangible assets	4	908,744	284,580	675,964
Tangible assets	5	8,622	5,352	6,012
		<u>917,366</u>	<u>289,932</u>	<u>681,976</u>
<b>Current assets</b>				
Debtors		30,521	6,475	15,032
Cash at bank and in hand		33,207	722,779	773,175
		<u>63,728</u>	<u>729,254</u>	<u>788,207</u>
<b>Creditors: amounts falling due within one year</b>		<u>(255,794)</u>	<u>(36,308)</u>	<u>(39,646)</u>
<b>Net current (liabilities)/assets</b>		<u>(192,066)</u>	<u>692,946</u>	<u>748,561</u>
<b>Total assets less current liabilities</b>		<u>725,300</u>	<u>982,878</u>	<u>1,430,537</u>
<b>Net assets</b>		<u>725,300</u>	<u>982,878</u>	<u>1,430,537</u>
<b>Capital and reserves</b>				
Called up share capital	6	1,836,336	1,447,650	1,795,767
Share premium account	7	5,623,003	4,908,164	5,541,400
Merger reserve	7	212,023	212,023	212,023
Profit and loss account	7	(6,946,062)	(5,584,959)	(6,118,653)
Shareholders' funds	8	<u>725,300</u>	<u>982,878</u>	<u>1,430,537</u>

**BLACK ROCK OIL & GAS PLC**

**CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

	Notes	(Unaudited) six months ended 31 December 2005 £	(Unaudited) six months ended 31 December 2004 £	(Audited) year ended 30 June 2005 £
<b>Net cash outflow from operating activities</b>	9	(145,026)	(369,252)	(906,583)
<b>Returns on investments and servicing of finance</b>				
Investment income		5,549	9,582	11,313
		(139,477)	(359,670)	(895,270)
<b>Acquisitions and disposals</b>				
Net funds for investing in exploration		(712,810)	(695,132)	(1,089,272)
Acquisition of tangible fixed assets		(9,853)	(7,645)	(8,862)
<b>Net cash outflow from acquisitions and disposals</b>		(722,663)	(702,777)	(1,098,134)
<b>Net cash outflow before financing</b>		(862,140)	(1,062,447)	(1,993,404)
<b>Financing</b>				
Proceeds from issue of shares		122,172	1,158,140	2,139,492
Issue costs		-	(60,313)	(60,312)
<b>Net cash inflow from financing</b>		122,172	1,097,827	2,079,180
<b>(Decrease)/increase in cash</b>	10	(739,968)	35,380	85,776

# BLACK ROCK OIL & GAS PLC

## NOTES TO THE FINANCIAL INFORMATION

### FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

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#### 1. **Basis of preparation**

The financial information is prepared in accordance with the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities".

The financial information has been prepared on the basis of a going concern. The Group's ability to continue as a going concern is contingent upon raising additional funds to cover appraisal and development activities and working capital requirements. In the absence of being able to raise funds, the going concern basis may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business at amounts different from those stated in the interim statement. No allowance for such circumstances has been made in the interim statement as the directors believe that the Group will be able to raise further funds in the future. The Company has raised £609,996 from placing after the period end to provide additional working capital and fund its exploration projects.

The results for the six months ended 31 December 2005 are unaudited and do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. They have been prepared using accounting bases and policies consistent with those used in the preparation of the financial statements of Black Rock Oil & Gas Plc for the year ended 30 June 2005.

The comparative figures for the year ended 30 June 2005 are extracted from the statutory financial statements which have been filed with the Registrar of Companies and which contain an unqualified audit report.

#### 2. **Loss per ordinary share**

The basic loss per ordinary share has been calculated using the loss for the financial period of £828,605 (six months to 31 December 2004 – loss of £997,528; year ended 30 June 2005 – loss of £1,464,305) and the average number of ordinary shares in issue of 367,207,080 (six months to 31 December 2004 – 250,124,987; year ended 30 June 2005 – 277,146,871).

No diluted loss per ordinary share has been disclosed because the conversion of share warrants would decrease the net loss per share.

#### 3. **Taxation**

No liability to UK or overseas taxation has arisen during the period and no provision for deferred tax was considered necessary.

**BLACK ROCK OIL & GAS PLC**

**NOTES TO THE FINANCIAL INFORMATION**

**FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

4. **Intangible assets**

The intangible assets can be summarised as follows:

	<b>Exploration and appraisal expenditure</b>	<b>Goodwill</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 July 2005	1,571,937	503,397	2,075,334
Additions	712,810	-	712,810
	<hr/>	<hr/>	<hr/>
At 31 December 2005	2,284,747	503,397	2,788,144
	<hr/>	<hr/>	<hr/>
<b>Impairment</b>			
At 1 July 2005	1,067,793	331,577	1,399,370
Impairment for the period	308,210	171,820	480,030
	<hr/>	<hr/>	<hr/>
At 31 December 2005	1,376,003	503,397	1,879,400
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2005	908,744	-	908,744
	<hr/>	<hr/>	<hr/>
At 30 June 2005	504,144	171,820	675,964
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. **Tangible assets**

The tangible fixed assets can be summarised as follows:

	<b>Plant and equipment</b>
	<b>£</b>
<b>Cost</b>	
At 1 July 2005	8,862
Additions	9,853
Disposals	(8,862)
	<hr/>
At 31 December 2005	9,853
	<hr/>
<b>Depreciation</b>	
At 1 July 2005	2,850
Charge for the period	1,231
Disposals	(2,850)
	<hr/>
At 31 December 2005	1,231
	<hr/>
<b>Net book value</b>	
At 31 December 2005	8,622
	<hr/> <hr/>
At 30 June 2005	6,012
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**BLACK ROCK OIL & GAS PLC**

**NOTES TO THE FINANCIAL INFORMATION**

**FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

6. **Share capital**

	<b>31 December 2005 £</b>	<b>30 June 2005 £</b>
<b>Authorised</b>		
40,000,000 ordinary shares of 0.5p each	<u>200,000,000</u>	<u>200,000,000</u>
<b>Allotted, called up and fully paid</b>		
At 1 July 2005	1,795,767	892,437
Shares issued	40,569	903,330
	<u>1,836,336</u>	<u>1,795,767</u>

The share capital and the warrants at the beginning and the end of the period are summarised below:

	<b>Number of shares</b>	<b>Number of warrants</b>
At 1 July 2005	359,153,826	40,531,178
Warrants exercised for cash	<u>8,113,486</u>	<u>(8,113,486)</u>
At 31 December 2005	<u>367,267,312</u>	<u>32,417,692</u>

7. **Reserves**

Movements in the share premium, merger reserve and profit and loss account during the period were as follows:

	<b>Share premium £</b>	<b>Merger reserve £</b>	<b>Profit and loss £</b>
At 1 July 2005	5,541,400	212,023	(6,118,653)
Issue of shares	81,603	-	-
Retained losses	-	-	(828,605)
Exchange differences	<u>-</u>	<u>-</u>	<u>1,196</u>
At 31 December 2005	<u>5,623,003</u>	<u>212,023</u>	<u>(6,946,062)</u>

The merger reserve arose a result of acquisition of Wildlook Enterprises Pty Limited for a share for share exchange and represents the difference between the fair value of the consideration given for the shares and warrants issued and the nominal value of those instruments.

**BLACK ROCK OIL & GAS PLC**

**NOTES TO THE FINANCIAL INFORMATION**

**FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

**8. Reconciliation of movements in shareholders' funds - equity only**

	(Unaudited) six months to 31 December 2005 £	(Unaudited) six months to 31 December 2004 £	(Audited) year ended 30 June 2005 £
Loss for the period	(828,605)	(997,528)	(1,464,305)
Dividends	-	-	-
	<u>(828,605)</u>	<u>(997,528)</u>	<u>(1,464,305)</u>
Issue of new shares for cash (net of expenses)	122,172	1,097,827	2,079,180
Issue of new shares for non cash	-	270,000	270,000
Issue of share warrants	-	32,023	32,023
Exchange differences	1,196	15,440	(51,477)
	<u>(705,237)</u>	<u>417,762</u>	<u>865,421</u>
Opening shareholders' funds	1,430,537	565,116	565,116
	<u>725,300</u>	<u>982,878</u>	<u>1,430,537</u>

**9. Reconciliation of operating loss to net cash outflow from operating activities**

	(Unaudited) six months to 31 December 2005 £	(Unaudited) six months to 31 December 2004 £	(Audited) year ended 30 June 2005 £
Group operating loss	(834,154)	(1,007,110)	(1,475,618)
Impairment of exploration expenditure	308,210	548,638	837,760
Impairment of goodwill	171,820	286,366	-
(Increase)/decrease in debtors	(15,489)	7,808	(749)
Increase/(decrease) in creditors/provisions	216,148	(222,687)	(219,349)
Foreign exchange differences	1,196	15,440	(51,477)
Loss on disposal of tangible fixed assets	6,012	-	-
Depreciation	1,231	2,293	2,850
	<u>(145,026)</u>	<u>(369,252)</u>	<u>(906,583)</u>

**BLACK ROCK OIL & GAS PLC**

**NOTES TO THE FINANCIAL INFORMATION**

**FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

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10. **Analysis of changes in net funds**

	<b>1 July 2005</b>	<b>Cash flow</b>	<b>31 December 2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	773,175	(739,968)	33,207

12. **Subsequent Events**

There were no major events subsequent to 31 December 2005, except for the placing of shares when a sum of £609,996 was raised.