15 August 2014

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CAP ENERGY PLC (“Cap” or the “Company”)

Unaudited Interim Report for the six months ended 30 June 2014

The Directors of Cap Energy PLC, the ISDX Growth Market company focused on upstream oil and gas exploration in sub-Saharan Africa, are pleased to announce the Company’s unaudited Interim Results for the six month period ended 30 June 2014.

FINANCIAL HIGHLIGHTS TO 30 JUNE 2014

- Over $3 million (£1.9 million) invested in exploration during the period
- Costs contained at £473,000 (2013: £364,000) despite major increase in activity

OPERATIONAL HIGHLIGHTS

- 3700 Km 2D survey of Senegal Block Djiffere completed. Interpretation due H2 2014
- Adjacent blocks operated by Cairn Energy currently being drilled: first results due imminently
- Guinea Bissau 2D survey with Virtual Drilling analysis reveals significant leads in Block 5B
- 3D survey of Guinea Bissau Block 5B: preparations being finalised
- Move to AIM : planning phase underway

Lina Haidar, CEO of Cap, commented:

“As we move towards our goal of building a credible regional company with valuable prospects, we are entering a very exciting phase. The interpretation of the seismic work done so far – particularly Block 5B off Guinea Bissau – has encouraged the Block partners to move forward with 3D acquisition as soon as is feasible. Meanwhile, the drilling taking place on the two blocks adjacent to our Senegal Block Djiffere will start to give results very soon.”

Tim Hearley, Chairman of Cap added:

“There is no doubt in my mind that Cap has the capability and energy to be a serious player in the junior E&P space. Its combination of high level regional contacts and access through its operating partners to the Rex proprietary technologies is unique and its investment appeal will be significantly enhanced by the planned move to AIM.”

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Change of Registered Office

Effective immediately, the Company's Registered Office has changed to:
Cap Energy PLC
Ten Dominion Street
London
EC2M 2EE

Interim Results

Chairman's Statement

Operational review

Further to the recent AGM statement, the Company (together with its subsidiaries, the "Group") is progressing with its plan to move to the AIM market and is having discussions with various professionals to gauge the best approach and timing in order to maximise shareholder value.

Meanwhile, operations have been focused on seismic activities in the Group's three exploration assets offshore West Africa.

The Group's exploration assets and participations consist of:

- Guinea Bissau Block 1 in shallow waters (0-100 metres water depth /m w.d.) Participation 24 %
- Guinea Bissau Block 5B in water depths ranging from conventional (200 m w.d.) to deep and ultra deep (4000 m w.d.) Participation 27 %
- Senegal Block Djiffere in shallow waters (0-100 m w.d.) Participation 44.1 %.

Guinea Bissau Block 1

Beicip-Franlab (independent consultants, part of Institut Français du Pétrole) carried out the interpretation of the 2D seismic data collected during the 2013 survey. This interpretation is being revised by the Group's technical team at GM&P, while Trace Atlantic Oil Limited (TAOL) has begun to reprocess the seismic data to enable a Virtual Drilling analysis to be carried out during the second half of 2014.

In order to obtain better definition of the identified leads from the re-interpretation of the seismic data, the Block 1 Joint Venture has succeeded in obtaining the data relevant to the Sinapa 2 and Sinapa 2z wells from the partners of the Block 2 Joint Venture. The results of these analyses will define the strategy for this block.

Guinea Bissau Block 5B

Beicip-Franlab carried out the interpretation of the 2D seismic data collected during the 2011 and 2013 surveys and, at the same time, Rex Technology Management performed a Virtual Drilling analysis. This work has resulted in the identification of several well-defined leads. A further refinement of this analysis is being conducted that will feed into the final design of the upcoming 3D survey.

Senegal Djiffere Block

A 2D seismic survey (3700 line km full fold) was conducted over the Block between the end of April 2014 and the beginning of June 2014. The processing of the data acquired is in progress. This will be followed in H2 by the interpretation and a Virtual Drilling analysis, both to be completed by year-end.

Capital raised

During the period under review, the Company announced that it had raised $1.5 million of equity through a private placing with one investor at a price of 148 pence per share. Since the end of the period, , two directors have loaned the Company a total of $1.38 million to fund current operational needs.

New subsidiary and associated company

In February this year, the Company created a new subsidiary, Sencap Ltd., which purchased 49% of TAOL Senegal (Djiffere) Ltd. ("TAOL Djiffere") in February this year. TAOL Djiffere is the licence-holder of Block Djiffere, with a 90% participation interest.

In the Group's consolidated financial statements presented below, TAOL Djiffere is accounted for as an Associated Company.

Dividends

The Directors do not propose a dividend for the six month period ended 30 June 2014.

Tim Hearley
Chairman

Unaudited consolidated statement of comprehensive income
For the six month period ended 30 June 2014

	Note	Unaudited Six months ended 30 June 2014 £'000	Unaudited Six months ended 30 June 2013 £'000	Audited Year ended 31 December 2013 £'000
Continuing operations				
Administrative expenses		(473)	(364)	(625)
Operating loss		(473)	(364)	(625)
Interest receivable		-	-	1
Interest payable		-	-	-
		(473)	(364)	(624)
Share of losses of associated company		(8)	-	-
Loss before taxation		(481)	(364)	(624)
Income tax expense	5	-	-	-
Loss for the period		(481)	(364)	(624)
Attributable to:				
- Owners of the Parent:		(469)	(364)	(625)
- Non-controlling interests		(12)	-	1
		(481)	(364)	(624)
Total comprehensive loss		**(481)**	**(364)**	**(624)**
Basic and diluted loss per share (pence):				
Attributable to owners of the Parent	3	(1.63)	(6.22)	(5.47)

Unaudited consolidated statement of financial position
As at 30 June 2014

	Note	Unaudited As at 30 June 2014 £'000	Unaudited As at 30 June 2013 (restated) £'000	Audited As at 31 December 2013 £'000
ASSETS				
Non-current assets:				
Property, plant and equipment		14	5	19
Investment in associated company	6	82	-	-
Intangible assets		4,383	1.816	2,508
		4,479	1,821	2,527
Current assets:				
Other receivables, deposits and prepayments		88	35	32
Cash and cash equivalents		11	5	881
		99	40	913
Total assets		**4,578**	**1,861**	**3,440**
Equity and liabilities				
Share capital	7	1,452	338	1,421
Share premium account	7	1,467	1,580	596
Own shares		-	-	-
Distributable reserve		3,470	-	3,470
Accumulated losses		(2,952)	(2,222)	(2,483)
Total equity attributable to the owners of the parent		3,437	(304)	3,004
Non-controlling interests		231	242	243
Total equity		3,668	(62)	3,247
Current liabilities:				
Trade payables		216	384	25
Amounts due to shareholders		11	656	26
Other payables		11	1	13
Accruals and deferred income		672	2	129
Convertible loan notes		-	880	-
		910	1,923	193
Total liabilities		**910**	**1,923**	**193**
Total equity and liabilities		**4,578**	**1,861**	**3,440**

Unaudited consolidated statement of changes in equity
For the six month period ended 30 June 2014

	Attributable to owners of the parent							
	Share capital £'000	Share premium £'000	Own shares £'000	Accumulated losses £'000	Distributable reserve £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2014	**1,421**	**596**	**-**	**(2,483)**	**3,470**	**3,004**	**243**	**3,247**
Comprehensive loss for the period	-	-	-	(469))	-	(469)	(12)	(481)
Issue of shares	31	871	-	-	-	902	-	902
Balance at 30 June 2014	**1,452**	**1,467**	**-**	**(2,952)**	**3,470**	**3,437**	**231**	**3,668**
Balance at 1 January 2013	**238**	**1,580**	**-**	**(1,858)**	**-**	**(40)**	**-**	**(40)**
Comprehensive loss for the period	-	-	-	(364)	-	(364)	-	(364)
Issue of shares	100	-	-	-	-	100	-	100
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	-	-	242	242
Balance at 30 June 2013	**338**	**1,580**		**(2,222)**	**-**	**(304)**	**242**	**(62)**
Balance at 31 December 2012	**238**	**1,580**	**-**	**(1,858)**	**-**	**(40)**	**-**	**(40)**
Loss for the year	-	-	-	(625)	-	(625)	1	(624)
Issue of ordinary shares	1,222	2,447	-	-	-	3,669	-	3,669
Cancellation of deferred shares	(39)	-	-	-	39	-	-	-
Capital reduction	-	(3,431)		-	3,431	-	-	-
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	-	-	242	242
Balance at 31 December 2013	**1,421**	**596**	**-**	**(2,483)**	**3,470**	**3,004**	**243**	**3,247**

Unaudited consolidated statement of cash flows
For the six month period ended 30 June 2014

	Unaudited Six months ended 30 June 2014 £'000	Unaudited Six months ended 30 June 2013 £'000	Audited Year ended 31 December 2013 £'000
Cash flow from operating activities			
Loss before taxation	(481)	(364)	(624)
Adjustments for:-			
Share of losses of associated company	8	-	-
Depreciation of property, plant and equipment	10	1	7
Interest income	-	-	(1)
Interest charges	-	-	-
Operating cash flow before working capital changes	(463)	(363)	(618)
Increase in other receivables and deposits	(55)	(31)	(29)
Increase /(decrease) in trade payables	191	127	(232)
Loans advanced by / (repaid to) shareholders (net)	(15)	428	(202)
Issue of convertible loans (net of redemptions)	-	880	-
Decrease in other payables	(2)	(32)	(19)
Increase / (decrease) in accruals and deferred income	543	(1)	126
	199	1,008	(974)
Interest income	-	-	1
Interest charges	-	-	-
Net cash flow from operating activities	199	1,008	(973)
Cash flow used in investing activities			
Purchase of property, plant and equipment	(5)	(4)	(24)
Funds used in exploration and evaluation	(1,876)	(188)	(561)
Net cash consideration on acquisition of subsidiary	-	(911)	(1,130)
Acquisition of Associated company	(90)	-	
Net cash flow used in investing activities	(1,971)	(1,103)	(1,715)
Cash flows from financing activities			
Proceeds from issue of shares	902	100	3,568
Net (decrease) / increase in cash and cash equivalents	(870)	5	880
Cash and cash equivalents at beginning of period	881	-	1
Cash and cash equivalents at end of period	**11**	**5**	**881**

Notes to the unaudited interim report

For the six months ended 30 June 2014

1. General information

Cap Energy PLC is an independent upstream oil and gas company focused on the exploration, production and development of conventional oil and gas assets in sub-Saharan Africa. The principal activity of the Company is that of a parent holding company which manages the Group's strategic direction and underlying subsidiaries.

The Company was re-registered in England on 12 December 2013 as a public company limited by shares and is domiciled in England and incorporated and registered in England and Wales. The Company's shares are listed on the Growth Market of ICAP Securities & Derivatives Exchange ("ISDX"). The address of its registered office is Ten Dominion Street, London, EC2M 2EE. The registered number of the Company is 05351398.

2. Basis of preparation

The interim financial information has been prepared on the basis of the accounting policies set out in the annual report and accounts for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards as adopted for use by the European Union.

The interim financial information is unaudited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The interim financial information has been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ended 31 December 2014. Any new standards that will be adopted in full for the first time in the year-end financial statements did not have a material impact on this interim financial information.

The statutory financial statements for the year ended 31 December 2013, which have been filed at Companies House, were prepared under IFRS and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRS. The auditors reported on those financial statements; their Audit Report was unqualified, did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006 but contained an emphasis of matter in respect of the Group's ability to continue as a going concern.

The interim financial information for the six months ended 30 June 2014 was approved by the Board on 14 August 2014.

3. Loss per share

The calculation of loss per share is based on the following:

	Unaudited Six months ended 30 June 2014 £'000	Unaudited Six months ended 30 June (restated) 2013 £'000	Audited Year ended 31 December 2013 £'000
Loss after tax attributable to owners of the			

Parent :	(469)	(364)	(625)
Weighted average number of shares: Basic and diluted	28,817,537	5,850,884	11,403,078

In calculating the weighted average number of ordinary shares outstanding for the period ended 30 June 2013, an adjustment has been made to decrease the number of shares resulting from the consolidation of shares made in August 2013 (as described in the Annual Report for the year ended 31 December 2013). The comparative number of shares has also been reduced to reflect the exclusion of shares held by the Employee Benefits Trust. Both of these adjustments are described in detail in the Company's Annual Report for the year ended 31 December 2013.

4. Segmental analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (which takes the form of the board of directors of the Company) as defined in IFRS 8, in order to allocate resources to the segment and to assess its performance.

The Group's business involves exploring for hydrocarbon liquids and gas. As at 30 June 2014, there are two reportable operating segments: Africa and Head Office. Intangible assets and operating assets and liabilities are located in Africa, whilst the majority of current assets are carried at Head Office. The Group has not yet commenced production and therefore has no revenue. Each reportable segment adopts the same accounting policies. In compliance with IFRS 8 'Operating Segments' the following table reconciles the loss before tax for the year of each reportable segment with the consolidated figures presented in this Interim Financial Information, with comparatives for the six months ended 30 June 2013 and the year ended 31 December 2013, and the net assets together with comparative figures as at 30 June 2013 and 31 December 2013.

The Group's profit / (loss) before tax and equity attributable to owners of the parent are detailed below.

	Africa £'000	Head Office £'000	Total £'000
30 June 2014: Loss before tax	(91)	(378))	(469)
Equity attributable to owners of parent	5,219	(1,782)	3,437
30 June 2013: Loss before tax	-	(364)	(364)
Equity attributable to owners of parent	1,949	(2,253)	(304)
31 December 2013: Profit/(loss) before tax	3	(628)	(625)
Equity attributable to owners of parent	2,724	280	3,004

5. Taxation

There is no current tax charge for the period as the Group has not yet generated any taxable income. No amounts are included for deferred tax assets in respect of carry forward unused tax losses as the Directors are unable to assess that there will be probable future taxable profits available against which the unused tax losses can be utilised.

6. Investment in associated company

On 19 February 2014, Sencap Limited ("Sencap"), a newly formed and wholly-owned subsidiary of the Company incorporated on 6 February 2014, acquired from Trace Atlantic Oil Limited ("TAOL") a 49 per cent interest in TAOL Senegal (Djiffere) Limited ("TAOL Djiffere"), the company holding the Djiffere Licence. TAOL Djiffere was incorporated in the British Virgin Islands. TAOL is the owner of the remaining 51 per cent interest in TAOL Djiffere and also the operating partner in TAOL Djiffere.

The total consideration for the acquisition of the 49 per cent interest in TAOL Djiffere was US$150,000 (equivalent to £90,000). At the same time Sencap made a shareholders' contribution of US$2 million payable to TAOL Djiffere, of which US$ 0.4 million was in respect of historic costs. The Djiffere Licence area covers approximately 4,459 km² in shallow waters in the Senegal Basin off the West African coast and is adjacent to the Block Rufisque Offshore area operated by Cairn Energy PLC.

The investment in TAOL Djiffere has been accounted for using the equity method of accounting whereby the investment is initially recognised at cost and the carrying value is increased or decreased to recognise the Group's share of the profit or loss of the associate after the date of acquisition. At 30 June 2014, the carrying value of the investment is summarised as follows:

	£'000
Cash consideration payable on acquisition	90
Group's share of post-acquisition losses	(8)
Carrying value	82

7. Called-up share capital

	30 June 2014 £'000	**30 June 2013 £'000**	**31 December 2013 £'000**
Allotted, called-up and fully paid:			
Ordinary shares of £0.05 each (30 June 2013: £0.005 each)	1,452	299	1,421
Deferred shares of £0.005 each	-	39	-
	1,452	338	1,421

The final US$1,500,000 tranche of the US$3,500,000 subscription agreement announced on 3 October 2013 was received on 26 February 2014 and 621,999 new ordinary shares of 5p each in the Company were issued at a total Sterling consideration equivalent to £902,000 (including share premium of £871,000).

8. Restatement of comparative amounts

Certain comparative figures have been restated so as to present the consolidated results, financial position, changes in equity and cash flows of the Group for the six month period ended 30 June 2013. The interim results previously presented for this period related to those of the parent company only. The effect of the restatement is summarised as follows:

As at 30 June 2013	**As previously reported**	**Effect of restatement**	**As restated**
	£'000	**£'000**	**£'000**
Statement of financial position (extract):			
NON-CURRENT ASSETS			
Fixed asset investments	1,577	(1,577)	-
Intangible assets	-	1,816	1,816
CURRENT ASSETS			
Cash and cash equivalents	2	3	5
NET LIABILITIES	**(304)**	**242**	**(62)**
CAPITAL AND RESERVES			
Non-controlling interests	**-**	242	242
TOTAL EQUITY	**(304)**	**242**	**(62)**

The restatement had no impact on the results for the period ended 30 June 2013 or equity attributable to the parent company.

9. Post Balance Sheet Event: Related party disclosures

On 2 July 2014, Lina Haidar and Alex Haly, Chief Executive of the Company and a Non-executive Director, respectively, agreed to loan a total of US$1.38 million (equivalent to approximately £812,000) to the Company in order to fund the Group's current operating requirements in Africa. This loan is not convertible, bears no interest and is repayable on or before 31 July 2015.

10. Seasonality of the Group's business operations

There are no seasonal factors which materially affect the operations of any company in the Group.