Monday 30 September 2013

San Leon Energy Plc
("San Leon" or the "Company")

Interim Results for the six months ended 30 June 2013

San Leon Energy Plc ("San Leon"), the AIM listed company focused on oil and gas exploration in Europe and North Africa today announces its interim results for the six months ended 30 June 2013.

HIGHLIGHTS:

Corporate

- Excellent progress in building a balanced portfolio offering both high impact exploration and near-term production
- Successful merger with Aurelian Oil & Gas plc at the beginning of the year, contributing net assets of €62 million (including cash of €31.9 million) to San Leon and further increasing acreage in Poland, which remains a key focus
- Post period end, announced the $4.0 million acquisition of 75%of Alpay Enerji AS ("Alpay") in Turkey, which has proven reserves and producing assets with immediate and significant cash flow potential
- Simultaneously announced the placing of ordinary shares to raise gross proceeds of £31 million, subject, in part, to EGM approval, which will allow the Company to unlock the full potential of this new project
- Post period end announced proposed sale to Ardilaun Energy of entire Irish asset base (excluding NPI in Barryroe) for US$3 million together with shares equivalent to 20 per cent of the enlarged issued share capital of Ardilaun post-completion of the proposed transaction and prior to Ardilaun's intended listing

Poland

- Regained 100% ownership of the Gdansk W and Braniewo S concessions and increased interest to 50% in the Szczawno concession in the Baltic Basin
- Executed successful hydraulic fractures in Lewino-1G2 (Gdansk W) and Rogity-1 (Braniewo S) wells, Poland
- Encouraging results in the Braniewo S Concession, where oil accumulated at surface following the first frack in the Cambrian section of the Rogity-1 well.
- Signed MOU with Halliburton to develop a strategic relationship jointly exploring and developing the Carboniferous unconventional gas potential in Wschowa, Gora, and Rawicz Concessions, SW Carboniferous basin
- Performed three Diagnostic Fracture Injection Tests across two intervals in the Carboniferous tight gas sand in Siciny-2, with results appearing to confirm the fractured nature of the reservoir

Morocco

- Moroccan authorities approved the Cairn Energy and Genel Energy farm-out agreements; both companies have contracted rigs for upcoming drilling operations
- Signed a MOU in Morocco granting San Leon exclusive rights to the Timahdit Oil Shale Deposit
- Recent analysis by Enefit OutotecTechnology confirmed the Timahdit oil shale has commercial potential

Albania

- Signed second amendment to Petroleum Sharing Contract for the Durresi Block, offshore Albania, effective 31 July 2013; Company now has two full years to begin drilling operations

Financial

- Revenue for the six months to 30 June 2013 was €0.54m (H1 2012: €1.16m) due to no seismic services being provided to third parties in the latter period, compared with €0.66m being generated from third party activity in the former
- Profit before tax of €1.11m for the six months to 30 June 2013, compared with profit before tax of €0.79m in the six months to 30 June 2012.
- Cash and cash equivalents at 30 June 2013 amounted to €11.2m (31 December 2012: €1.8m)

Oisin Fanning, Chairman of San Leon, commented:

"We have made excellent progress during the period in strategically building a balanced portfolio offering shareholders both high-impact exploration and near-term production. We started the year with the acquisition of Aurelian and we have made considerable progress across our core areas of operation through our drilling programme in Poland and through attracting new farm-in partners. Our acquisition in Turkey, announced post-period end, will also create significant value for shareholders through generating cashflows from 2014 and allowing us to reinvest profits across core areas of our existing portfolio. I look forward to updating shareholders further in due course in what promises to be an active and exciting period for the Company."

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Qualified person

Joel Price, who has reviewed this update, has 19 years' experience in the oil & gas industry and is a member of the Society of Petroleum Engineers. He holds a BA in Natural Sciences from Cambridge University, an MEng from Heriot-

Watt University, and an MBA from Durham University. Joel is currently the Head of Engineering for San Leon Energy and is based in San Leon's London office.

30 September 2013

San Leon Energy Plc

Interim Results for the six months ended 30th June 2013

Chairman's statement

2013 began with the successful completion of our merger with Aurelian Oil & Gas Plc, a transaction which contributed net assets of €62 million (including cash of €31.9 million) to San Leon. The Company has continued to make significant progress in its core areas of operations, through the drilling and fracking of a number of wells in Poland and by attracting new farm-in partners that help de-risk assets and accelerate work programmes across the portfolio.

In recent days, we have also reached agreement to add a new Turkish asset to our portfolio, through the acquisition of a 75% interest in Alpay Enerji AS, which has proven reserves and producing assets with immediate and significant cash flow potential. We believe this acquisition can transform San Leon from being an 'exploration' company to a fully-fledged exploration and production company.

The potential value attainable from this acquisition has been underpinned by investor support for the simultaneous placing of ordinary shares to raise gross proceeds of GBP 31.0 million (subject, in part, to EGM approval), which will allow the Company to unlock the full potential of this new project.

Poland

While Turkey is a new and exciting addition, Poland remains a key focus for the Company. San Leon has regained 100% ownership of the Gdansk W and Braniewo S concessions, and increased its interest to 50% in the Szczawno concession in the Baltic Basin. It has executed successful hydraulic fractures ("frack" or "fracks") in its Lewino-1G2 (Gdansk W) and Rogity-1 (Braniewo S) wells.

Gas was flared at surface in our Lewino-1G2 well, which was a hydraulic fracturing operation performed in partnership with United Oilfield Services. A new international record (excluding North America) was set for the pump rate at pressure, of 120 barrels per minute. Based on initial results, the team has finalised the design for a re-frack and an additional frack, which are planned for Q4 2014.

Similarly encouraging results were achieved in the Braniewo S Concession, where oil accumulated at surface following the first frack in the Cambrian section of the Rogity-1 well. Two further fracks in the Silurian and Ordivician sections are scheduled over the coming weeks.

The Rogity-1 well three-stage frack is part of the work programme agreed under a farm-out agreement signed with Wisent Oil & Gas Plc, under which Wisent will fully design, perform, and fund the costs of the frack programme as well as any subsequent testing in the well. Following completion of the three-stage frack, Wisent will have the option to fully fund the drilling, completion and testing of a multi-staged horizontal fractured well on Braniewo S, in return for earning a 45% interest in the Concession.

Significant progress was also made in the SW Carboniferous basin of Poland where San Leon signed an MOU with Halliburton to develop a strategic relationship jointly exploring and developing the Carboniferous unconventional gas potential in San Leon's Wschowa, Gora, and Rawicz Concessions.

Three Diagnostic Fracture Injection Tests ("DFIT"s) have since been performed across two intervals in the Carboniferous tight gas sand in Siciny-2. The results appear to confirm the fractured nature of the reservoir, and indicate effective permeability of 25 microDarcies, and frackable rock. These results are in line with highly attractive tight gas sand plays in the US.

Halliburton now has the option to perform and part fund a minimum two-stage vertical hydraulic fracture in the Siciny-2 well, which if completed, gives Halliburton the right to earn up to a 25% working interest in the Carboniferous and deeper sections by fully funding two vertical exploration wells.

San Leon Energy is continuing to see encouraging results in its Main Dolomite oil play in the SW Carboniferous Basin. Based upon the positive data obtained during the acid wash performed in May this year on Czaslaw-1, we now plan to undertake one or more additional acid fracture treatments on the well.

We have also announced an agreement, subject to completion, to take over the Jany C1 well. Drilling results encountered oil in the Main Dolomite over a 43-meter thick section. Given that this well was not drilled on a structural high, strong oil shows and encouraging petrophysical analysis in the Jany C1 well underscore the regional nature of the Main Dolomite play.

San Leon Energy also announced the signing of a Letter of Intent with Horizon General Limited, an affiliate of Aspect Energy, whereby, subject to completion, San Leon could be carried on the drilling of two exploration wells in its Torzym and Cybinka concessions in Q1 2014.

Morocco

The Company is very pleased with the progress being made in onshore and offshore Morocco. The Moroccan authorities approved the Cairn Energy Plc ("Cairn") and Genel Energy Plc ("Genel") farm-out agreements earlier this year and both companies have now contracted rigs for upcoming drilling operations.

Cairn is expected to spud a well in the Foum Draa Block in the coming weeks while Genel is planning to spud a well in the Sidi Moussa Block in H1 2014. These two wells carry significant upside potential for San Leon, where Company costs are being carried for both wells, up to a certain cap.

San Leon has also announced that it has signed a Memorandum of Understanding in Morocco, which grants San Leon exclusive rights to the Timahdit Oil Shale Deposit. Timahdit's shale oil yield in the awarded area is considered to be the highest in Morocco with an average of 99 l/t in the rich layers, and has significantly less moisture content than many other international oil shale deposits (reducing the energy required for processing).

Recent analysis by Enefit OutotecTechnology ("Enefit") has confirmed that the Timahdit oil shale has commercial potential using surface retorting process and further raw shale oil upgrading. Enefit has existing operations in Estonia using this technology.

Turkey

We believe Turkey is a game changer for San Leon Energy as it adds producing assets, cash flow which we expect to ramp up quickly (and which can be used to unlock value in our existing high impact portfolio) and significant opportunity for scaling up.

As detailed in our announcement dated 25 September 2013, San Leon has entered into an agreement to acquire 75 per cent of the issued share capital of Alpay Enerji AS ("Alpay").

Alpay is a Turkish oil and gas company which currently holds a 100 per cent participating interest in seven conventional oil and gas licences in Turkey together covering 842,094 acres. These licences have gross proved and probable gas reserves of 46.6 BCF (8 MMBOE) and the Company believes that additional gross proved and probable contingent gas resources of 140.7 BCF (24.3 MMBOE) can be unlocked with a low-risk drilling programme.

The agreement also provides for the transfer of a further nine additional conventional oil and gas licences into Alpay, which, if completed, will make Alpay the second largest private acreage holder in the country.

San Leon estimates that existing production could be increased to 10 MMCFD and 100 BOPD by the end of Q1 2014 which would generate monthly revenue of approximately US$ 3 million, and we see further upside from the 440 BCF of contingent and prospective resources estimated within the licences. The Company believes that it has the expertise to deliver on these targets and Turkey will enable the Group to achieve overall positive cash flow in 2014.

Albania

In the six-month period under review, San Leon confirmed the signing of the second amendment ("Amendment") to its Petroleum Sharing Contract ("PSC") for the Durresi Block, offshore Albania, where the Company holds a 100% operating interest. The Amendment became effective on 31 July 2013 following Council of Ministers' approval and publication in the country's Official Gazette.

This Amendment alleviates the tight timelines that existed in the original PSC and San Leon now has two full years from 31 July 2013 to begin drilling operations.

Ireland

Subsequent to the period to date, San Leon announced a proposed transaction with Ardilaun Energy Limited to sell its entire Irish asset base, excluding San Leon Energy's Net Profit Interest in the Barryroe Licence, which will be retained by the Company.

Under the terms of the proposed transaction which is subject to any necessary approvals and consents, Ardilaun has agreed to pay San Leon Energy US$3 million and issue to San Leon Energy, shares equivalent to 20 per cent of the enlarged issued share capital of Ardilaun post-completion of the proposed transaction and prior to its intended listing on an international exchange.

This transaction is part of San Leon's wider strategy to divest non-core assets and concentrate on the core areas of Poland, Morocco and Turkey.

Financial Review

Revenue for the six months to 30 June 2013 was €0.54m compared with €1.16m for the six months to 30 June 2012. The decrease is a result of no seismic services being provided to third parties in the latter period, compared with €0.66m being generated from third party activity in the former.

Other income in the period of €6.76m relates to the gain arising on the acquisition of Talisman Polska Sp z o.o whereby San Leon received cash and other assets as detailed in note 14 (b) of the interim financial results.

San Leon generated a profit before tax of €1.11m for the six months to 30 June 2013, compared with profit before tax of €0.79m in the six months to 30 June 2012. Administration costs increased for the 6 month period to €5.2m, (2012 H1: €4.7m), primarily due to non-recurring costs of approximately €0.75m associated with the Aurelian acquisition. Earnings per share for the period are 0.06 cent per share (2012 H1: earnings per share of 0.07 cent per share).

Cash and cash equivalents at 30 June 2013 amounted to €11.2m (31 December 2012: €1.8m).

On 25 September 2013, San Leon announced a Placing of Ordinary Shares to raise gross proceeds of GBP31.0m to be completed in two tranches. The first tranche involves the issue of 110,000,000 new Ordinary Shares at GBP0.0475 to raise gross proceeds of GBP5.22m, with the shares expected to be admitted to trading on AIM on 30 September 2013. The second tranche of the Placing involves the issue of 542,631,579 new Ordinary Shares at GBP0.0475 to raise gross proceeds of GBP25.78m. The Second Placing is conditional on shareholder approval at an extraordinary general meeting to be held on the 18 October 2013 and admission to trading on AIM is expected on 21 October 2013.

Corporate

Dr John Buggenhagen, who joined the Company as Exploration Director four years ago, stepped down from the board during the period under review. Dr Buggenhagen helped generate a compelling exploration and appraisal portfolio but recently decided to return to the US to pursue new opportunities. He continues to contribute to San Leon via an on-going consultancy agreement and as an advisor to the Board on strategic decisions.

Since period end, San Leon Energy announced that it has appointed Piotr Rozwadowski to the Board of Directors as a Non-Executive Director. Piotr has over 25 years' experience working in the energy sector in Poland and he was also a former Vice Minister of State for the Treasury in Poland where he was responsible for Energy and Telecoms.

Piotr brings with him a wealth of experience and his industry and regional knowledge of the energy market in Poland will be vital for the Company going forward.

Outlook

San Leon is strategically building a balanced portfolio that offers shareholders high impact exploration and near-term production.

The Company has built a very large conventional and unconventional asset base with over 12 million net acres under licence. While our primary focus is on our core areas, we continue to advance our projects in countries such as Romania, Spain and Albania to the benefit of our shareholders. However, we equally recognise the requirement to monetise assets, either through disposal or farm outs, so that we can remain focussed on key value drivers for our shareholders

We believe our agreed acquisition in Turkey will create significant value for our shareholders, not just through the cash flows expected in 2014 and beyond, but by also allowing the Company to reinvest generated profits into further exploration and development across its existing portfolio. Our shareholders can look forward to some significant value catalysts over the coming months.

Qualified person

Joel Price, who has reviewed this update, has 19 years' experience in the oil & gas industry and is a member of the Society of Petroleum Engineers. He holds a BA in Natural Sciences from

Cambridge University, an MEng from Heriot-Watt University, and an MBA from Durham University. Joel is currently the Head of Engineering for San Leon Energy and is based in San Leon's London office.

The following financial information on San Leon Energy Plc represents the Group's un-audited interim results for the 6 months ended 30 June 2013.

Consolidated income statement

For the six months ended 30 June 2013

	Notes	Un-audited 30/06/13 €	Un-audited 30/06/12 €	Audited 31/12/12 €
Continuing operations				
Revenue		**537,835**	1,164,172	1,370,590
Cost of sales		**(362,635)**	(739,104)	(816,900)
Gross profit		**175,200**	425,068	553,690
Other income	2	**6,764,751**	5,338,951	5,339,031
Administrative expenses		**(5,219,826)**	(4,675,383)	(6,012,944)
Profit / (loss) from operating activities		**1,720,125**	1,088,636	(120,223)
Finance expense		**(600,192)**	(359,660)	(2,549,620)
Finance income		**31,612**	72,210	3,170,110
Share of loss of equity-accounted investments		**(41,151)**	(13,621)	(29,403)
Profit before income tax		**1,110,394**	787,565	470,864
Income tax expense		**(7,429)**	(9,691)	(10,197)

Profit for the period attributable to equity holders of the Group	**1,102,965**	777,874	460,667

Consolidated statement of comprehensive income

for the six months ended 30 June 2013

	Un-audited 30/06/13 €	Un-audited 30/06/12 €	Audited 31/12/12 €
Profit for the period	**1,102,965**	777,874	460,667
Foreign currency translation differences – foreign operations	**(4,973,485)**	2,169,779	2,596,068
Fair value movements in available-for-sale financial assets	**337,827**	-	(436,721)
Total comprehensive income for the period	**(3,532,693)**	2,947,653	2,620,014
Earnings per share:			
Basic earnings per ordinary share	**0.06 cent**	0.07 cent	0.04 cent
Diluted earnings per ordinary share	**0.06 cent**	0.07 cent	0.04 cent

Consolidated statement of changes in equity

For the period ended 30 June 2013

	Share Capital	Share Premium	Currency Translation	Share Based Payment	Fair Value Reserve	Retained Earnings	Attributable To Equity Holders	Non-Controlling Interest	Total Equity
	€	€	€	€	€	€	€	€	€
Period ended 30 June 2012									
Balance at 1 January 2012	**56,658,591**	**122,891,220**	**1,298,049**	**5,461,488**	**-**	**3,085,780**	**189,395,128**	**2,523,181**	**191,918,309**
Total comprehensive income for period									
Profit for the period	-	-	-	-	-	777,874	777,874	-	777,874
Other comprehensive income									
Foreign currency translation differences – foreign operations	-	-	2,169,779	-	-	-	2,169,779	-	2,169,779
Total comprehensive income for period	-	-	2,169,779	-	-	777,874	2,947,653	-	2,947,653
Transactions with owners recognised directly in equity									
Contributions by and distributions to owners									
Share warrants exercised	8,250	17,404	-	-	-	-	25,654	-	25,654
Share based payment	-	-	-	1,994,646	-	-	1,994,646	-	1,994,646
Effect of share options lapsed	-	-	-	(574,088)	-	378,356	(195,732)	-	(195,732)
Shares issued to Realm shareholders on conversion of exchangeable shares	364,354	639,023	-	-	-	-	1,003,377	(1,003,377)	-
Total transactions with owners	372,604	656,427	-	1,420,558	-	378,356	2,827,945	(1,003,377)	1,824,568
Balance at 30 June 2012	**57,031,195**	**123,547,647**	**3,467,828**	**6,882,046**	**-**	**4,242,010**	**195,170,726**	**1,519,804**	**196,690,530**

Consolidated statement of changes in equity

For the period ended 30 June 2013

Period ended 30 June 2013

	Share Capital €	Share Premium €	Currency Translation €	Share Based Payment €	Fair Value Reserve €	Retained Earnings €	Attributable To Equity Holders €	Non-Controlling Interest €	Total Equity €
Balance at 1 January 2013	**61,471,639**	**131,511,450**	**3,894,117**	**7,974,447**	**(436,721)**	**4,295,235**	**208,710,167**	**1,440,050**	**210,150,217**
Total comprehensive income for period									
Profit for the period	-	-	-	-	-	1,102,965	1,102,965	-	1,102,965
Other comprehensive income									
Foreign currency translation differences – foreign operations	-	-	(4,973,485)	-	-	-	(4,973,485)	-	(4,973,485)
Fair value movements in available-for-sale financial assets	-	-	-	-	337,827	-	337,827	-	337,827
Total comprehensive income for period	-	-	(4,973,485)	-	337,827	1,102,965	(3,532,693)	-	(3,532,693)
Transactions with owners recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares related to business combination	32,126,485	29,002,133	-	-	-	-	61,128,618	-	61,128,618
Share based payment	-	-	-	2,293,917	-	-	2,293,917	-	2,293,917
Effect of share options cancelled	-	-	-	(282,671)	-	-	(282,671)	-	(282,671)
Shares issued to Realm shareholders on conversion of exchangeable shares	327,643	574,638	-	-	-	-	902,281	(902,281)	-
Total transactions with owners	32,454,128	29,576,771	-	2,011,246	-	-	64,042,145	(902,281)	63,139,864
Balance at 30 June 2013	**93,925,767**	**161,088,221**	**(1,079,368)**	**9,985,693**	**(98,894)**	**5,398,200**	**269,219,619**	**537,769**	**269,757,388**

Consolidated statement of changes in equity
For the period ended 30 June 2012

	Share Capital €	Share Premium €	Currency Translation €	Share Based Payment €	Fair Value Reserve €	Retained Earnings €	Attributable To Equity Holders €	Non-Controlling Interest €	Total Equity €
Year to 31 December 2012									
Balance at 1 January 2012	56,658,591	122,891,220	1,298,049	5,461,488	-	3,085,780	189,395,128	2,523,181	191,918,309
Total comprehensive income for year									
Profit for the year	-	-	-	-	-	460,667	460,667	-	460,667
Other comprehensive income									
Foreign currency translation differences – foreign operations	-	-	2,596,068	-	-	-	2,596,068	-	2,596,068
Fair value movements in available-for-sale financial assets	-	-	-	-	(436,721)	-	(436,721)	-	(436,721)
Total comprehensive income for year	-	-	2,596,068	-	(436,721)	460,667	2,620,014	-	2,620,014
Transactions with owners recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares on acquisition of equity accounted investments	4,271,283	7,610,716	-	-	-	-	11,881,999	-	11,881,999
Share warrants exercised	148,500	319,648	-	-	-	-	468,148	-	468,148
Share based payment	-	-	-	3,436,353	-	-	3,436,353	-	3,436,353
Effect of share options cancelled	-	-	-	(944,519)	-	748,788	(195,731)	-	(195,731)
Effect of warrants issued on loan note	-	-	-	21,125	-	-	21,125	-	21,125
Shares issued to Realm shareholders on conversion of exchangeable shares	393,265	689,866	-	-	-	-	1,083,131	(1,083,131)	-
Total transactions with owners	4,813,048	8,620,230	-	2,512,959	-	748,788	16,695,025	(1,083,131)	15,611,894
Balance at 31 December 2012	**61,471,639**	**131,511,450**	**3,894,117**	**7,974,447**	**(436,721)**	**4,295,235**	**208,710,167**	**1,440,050**	**210,150,217**

Consolidated statement of financial position
As at 30 June 2013

	Notes	Un-audited 30/06/13 €	Un-audited 30/06/12 €	Audited 31/12/12 €
Assets				
Non-current assets				
Intangible assets	**3**	**192,330,706**	150,502,186	165,390,968
Equity accounted investments	**4**	**22,135,810**	3,544,232	17,178,666
Property, plant and equipment	**5**	**10,792,225**	9,575,188	9,859,676
Other non-current assets		**4,627,069**	812,977	2,291,660
Financial assets – Barryroe NPI	**6**	**39,099,083**	39,197,977	38,761,256
		268,984,893	203,632,560	233,482,226
Current assets				
Inventory		**3,190,427**	861,236	590,211
Trade and other receivables	**7**	**9,822,984**	3,839,040	6,293,870
Other financial assets	**8**	**1,605,685**	520,276	928,452
Amstel royalty disposal proceeds receivable		**-**	9,900,000	**-**
Cash and cash equivalents		**11,184,623**	6,214,286	1,824,799
		25,803,719	21,334,838	9,637,332
Total assets		**294,788,612**	224,967,398	243,119,558
Equity and liabilities				
Equity				
Called up share capital	**13**	**93,925,767**	57,031,195	61,471,639
Share premium account	**13**	**161,088,221**	123,547,647	131,511,450
Share based payments reserve		**9,985,693**	6,882,046	7,974,447
Currency translation reserve		**(1,079,368)**	3,467,828	3,894,117
Fair value reserve		**(98,894)**	-	(436,721)
Retained profit		**5,398,200**	4,242,010	4,295,235
Attributable to equity holders of the Group		**269,219,619**	195,170,726	208,710,167
Non-controlling interest		**537,769**	1,519,804	1,440,050
Total equity		**269,757,388**	196,690,530	210,150,217
Non-current liabilities				
Derivative		**1,884,251**	-	1,884,251
Provisions		**5,345,211**	5,345,211	5,345,211
Loans and borrowings	**12**	**-**	579,416	-
Deferred tax liabilities		**9,329,447**	9,329,447	9,329,447
		16,558,909	15,254,074	16,558,909
Current liabilities				
Trade and other payables	**9**	**4,258,598**	6,438,317	7,732,906
Loans and borrowings	**10**	**2,719,130**	4,992,000	7,117,293
Provisions	**11**	**1,494,587**	1,592,477	1,560,233
		8,472,315	13,022,794	16,410,432
Total liabilities		**25,031,224**	28,276,868	32,969,341
Total equity and liabilities		**294,788,612**	224,967,398	243,119,558

Consolidated statement of cash flows

For the six months ended 30 June 2013

	Un-audited 30/06/13 €	Un-audited 30/06/12 €	Audited 31/12/12 €
Cash flows from operating activities			
Profit for the period before taxation	**1,110,394**	787,565	470,864
Adjustments for:			
Depletion and depreciation	**74,054**	102,535	135,930
Finance expense	**600,192**	359,660	2,549,620
Finance income	**(31,612)**	(72,210)	(3,170,110)
Share based payments charge	**199,923**	205,074	765,909
Foreign exchange	**(2,216,061)**	650,595	1,431,437
Gain on acquisition of Talisman Polska Sp. z o.o.	**(6,764,751)**	-	-
Gain on disposal of Amstel Royalty interest	**-**	(5,338,798)	(5,336,923)
Increase in other non-current assets	**(2,335,410)**	-	(1,478,683)
(Increase) / decrease in stocks	**(129,350)**	(103,567)	167,458
Decrease in trade and other receivables	**345,976**	4,251,407	2,888,703
(Decrease) in trade and other payables	**(5,895,806)**	(5,733,608)	(2,209,583)
Share of loss of equity-accounted investments	**41,151**	13,621	29,403
Tax (paid) / repaid	**(12,676)**	-	31,970
Net cash flows used in operating activities	**(15,013,976)**	(4,877,726)	(3,724,005)
Cash flows from investing activities			
Expenditure on exploration and evaluation assets	**(7,560,191)**	(12,405,504)	(26,459,867)
Joint venture partner share of exploration costs	**982,765**	491,233	719,951
Purchases of property, plant and equipment	**(1,548,508)**	(200,349)	(1,086,639)
Proceeds of Offshore Morocco farm-out	**1,210,217**	-	-
Net cash acquired on acquisition of subsidiaries (note 14)	**35,846,819**	-	-
Interest received	**28,525**	46,161	128,868
(Increase) of restricted cash	**(765,862)**	-	(533,956)
Acquisition of equity-accounted investments	**-**	-	(1,872,778)
Repayment from / (advances) to equity-accounted investments	**82,788**	(530,988)	(571,507)
Proceeds of Amstel Royalty disposal	**-**	-	9,898,125
Net cash generated from / (used) in investing activities	**28,276,553**	(12,599,447)	(19,777,803)
Cash flows from financing activities			
Proceeds from issue of share capital, net of costs	**-**	15,184	279,688
Proceeds from drawdown of other loans	**-**	-	3,186,024
Repayment of other loans	**(3,955,964)**	(2,418,532)	(3,918,569)
Interest paid	**(23,911)**	(300,909)	(572,113)
Net cash (used) in financing activities	**(3,979,875)**	(2,704,257)	(1,024,970)
Net increase / (decrease) in cash and cash equivalents	**9,282,702**	(20,181,430)	(24,526,778)
Effect of foreign exchange fluctuation on cash and cash equivalents	**77,122**	197,753	153,614
Cash and cash equivalents at start of period	**1,824,799**	26,197,963	26,197,963
Cash and cash equivalents at end of period	**11,184,623**	6,214,286	1,824,799

Notes to the Interim Financial Information

1. Basis of preparation and accounting policies

The Group interim financial information has been prepared in accordance with International Financial Reporting Standards and the accounting policies adopted are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2012. The interim financial information was approved by the Board of Directors on 28 September 2013.

The interim consolidated financial statements do not constitute statutory financial statements and therefore do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012 which are available on the Group's website www.sanleonenergy.com.

The interim consolidated financial statements are presented in Euro ("€").

2. Other income

	Un-audited 30/06/13 €	**Un-audited 30/06/12 €**	**Audited 31/12/12 €**
Gain on disposal of Amstel Royalty interest	**-**	5,338,798	5,336,923
Gain arising on acquisition of Talisman Polska Sp. z o.o	**6,764,751**	-	-
Other	**-**	153	2,108
	6,764,751	5,338,951	5,339,031

3. Intangible assets

Cost and net book value	**Exploration and evaluation assets €**	**Royalty interests €**	**Total €**
At 1 January 2012	135,702,074	4,561,202	**140,263,276**
Additions	29,030,660	-	**29,030,660**
Exchange rate adjustment	658,234	-	**658,234**
Disposal of Royalty Interest	-	(4,561,202)	**(4,561,202)**
At 31 December 2012	165,390,968	-	**165,390,968**
Acquisitions (note 14)	22,860,065	-	**22,860,065**
Additions	8,044,451	-	**8,044,451**
Disposals	(1,210,217)	-	**(1,210,217)**
Exchange rate adjustment	(2,754,561)	-	**(2,754,561)**
At 30 June 2013	**192,330,706**	**-**	**192,330,706**

An analysis of exploration assets by geographical area is set out below:

	30/06/2013 €
Poland	119,010,300
Morocco	40,290,252
Ireland	18,742,145
Albania	5,862,645
Romania	5,848,661
Other areas	2,576,703
Total	192,330,706

The Directors have considered the licence, exploration and appraisal costs capitalised in respect of its exploration and evaluation assets, which are carried at historical cost. Those assets have been assessed for impairment and in particular with regard to remaining licence terms, likelihood of licence renewal, likelihood of further expenditures and on-going appraisals for each year. The directors are satisfied that there are no current indications of impairment, but recognise that the future realisation of these exploration and evaluation assets is dependent on future successful exploration and appraisal activities and the subsequent economic production of oil and gas reserves.

4. Equity accounted investments

	Un-audited 30/06/13 €	Un-audited 30/06/12 €	Audited 31/12/12 €
Opening balance	**17,178,666**	3,026,864	3,026,864
Acquisitions through business combinations (note 14)	**5,080,327**	-	13,754,775
Exchange adjustment and advances to entities	**(82,032)**	530,989	426,430
Share of loss of equity–accounted investments	**(41,151)**	(13,621)	(29,403)
Closing balance	**22,135,810**	3,544,232	17,178,666

5. Property, plant and equipment

	Plant & equipment €	Asset under construction €	Office equipment €	Motor vehicles €	Total €
Cost					
At 1 January 2012	3,387,110	5,895,647	371,428	225,371	9,879,556
Additions	444,560	365,446	384,666	109,856	1,304,528
Exchange rate adjustment	310,026	-	22,867	21,242	354,135
At 31 December 2012	4,141,696	6,261,093	778,961	356,469	11,538,219
Additions	1,446,181	106,151	332,313	95,236	1,979,881
Exchange rate adjustment	(248,392)	-	(22,610)	(21,663)	(292,665)
At 30 June 2013	**5,339,485**	**6,367,244**	**1,088,664**	**430,042**	**13,225,435**
Depreciation					
At 1 January 2012	401,944	-	177,557	21,447	600,948
Exchange rate adjustment	28,655	-	10,028	2,022	40,705
Charge for period	816,033	-	155,738	65,119	1,036,890
At 31 December 2012	1,246,632	-	343,323	88,588	1,678,543
Exchange rate adjustment	(72,456)	-	(11,381)	(5,384)	(89,221)
Charge for period	592,121	-	215,670	36,097	843,888
At 30 June 2013	**1,766,297**	**-**	**547,612**	**119,301**	**2,433,210**
Net book value					
At 30 June 2013	**3,573,188**	**6,367,244**	**541,052**	**310,741**	**10,792,225**
At 31 Dec 2012	2,895,064	6,261,093	435,638	267,881	9,859,676

Asset under construction relates to the Company's Oil Shale Project in Morocco.

6. Financial assets – Barryroe Net Profit Interest

	Un-audited 30/06/13 €	Un-audited 30/06/12 €	Audited 31/12/12 €
Barryroe 4.5% Net Profit Interest			
Opening balance	**38,761,256**	39,197,977	39,197,977
Exchange rate adjustment	**337,827**	-	(436,721)
	39,099,083	39,197,977	38,761,256

In December 2011, San Leon Energy assigned its 30% working interest in Standard Exploration Licence 1/11 ("Licence" or "Barryroe") in the Celtic Sea, Ireland to Providence Resources Plc ("Providence") in exchange for a 4.5% Net profit interest ("NPI") in the full field. Under the terms of the arrangement, San Leon Energy will not pay any further appraisal or development costs on the Licence. The Directors have estimated the fair value of this NPI based on a technical evaluation of the licence area and with reference to a third party evaluation report prepared by RPS Energy in February 2011 for Lansdowne Oil & Gas plc, which estimated the net present value of 100% of the licence at USD 1.14 billion on a P50 case and NPV at a 10% discount rate.

The Directors note that Providence announced an update on the Barryroe licence area in April 2013 which stated " Following acquisition and interpretation of the new 2011 3D seismic data together with the subsequent drilling and testing of the 48/24-10z Barryroe appraisal well in 2012, Providence retained the services of Netherland Sewell & Associates Inc. (NSAI) to carry out a third party contingent resource audit (CPR) of the in place hydrocarbon and recoverable resources for the Basal Wealden oil reservoir. NSAI have reported that the Basal Wealden oil reservoir has a 2C in-place gross on-block volume of 761 MMBO with recoverable resources of 266 MMBO and 187 BCF of associated gas, based on a 35% oil recovery factor. A third party (CPR) audit of the overlying Middle Wealden, which was carried out by RPS Energy (RPS) in 2011, reported a 2C in-place gross on-block volume of 287 MMBO with technically recoverable resources of 45 MMBO and 21 BCF of associated gas, based on a 16% oil recovery factor. The total combined audited gross on block 2C recoverable resources at Barryroe therefore amount to 346 MMBOE, comprising 311 MMBO and 207 BCF. " The full text of the Providence announcement is set out on our website.

Notwithstanding the increased resource estimates set out by the licence operator, no further information has been made available regarding the revised development plan or development costs which are key inputs into the valuation model. On that basis the RPS report valuation remains the best estimate of fair value at year end. However having considered all available data and announcements made by the operator, in the opinion of the Directors, the recoverable amount of the NPI is not less than this estimated fair value.

7. Trade and other receivables

	Un-audited 30/06/13 €	Un-audited 30/06/12 €	Audited 31/12/12 €
Amounts falling due within one year:			
Trade receivables from joint operating partners	**680,709**	853,084	202,088
VAT and other taxes refundable	**4,619,445**	815,796	1,693,244
Other debtors	**4,072,188**	1,763,932	2,984,013
Prepayments and accrued income	**450,642**	406,228	1,414,525
	9,822,984	3,839,040	6,293,870

8. Other financial assets

	Un-audited 30/06/13 €	Un-audited 30/06/12 €	Audited 31/12/12 €
Restricted cash at bank	**1,605,685**	520,276	928,452
	1,605,685	520,276	928,452

Restricted cash at bank relates to deposit accounts held in support of bank guarantees required under the Moroccan exploration licences held by the group.

9. Trade and other payables

	Un-audited 30/06/13 €	Un-audited 30/06/12 €	Audited 31/12/11 €
Current			
Trade payables	**1,588,651**	2,437,732	4,975,802
PAYE / PRSI	**542,200**	212,232	640,330
Other creditors	**340,838**	39,134	132,740
Contingent liabilities on warrant holders	**-**	2,261,910	-
Accruals and deferred income	**1,786,909**	1,487,309	1,984,034
	4,258,598	6,438,317	7,732,906

10. Loans and borrowings

	Un-audited 30/06/13 €	Un-audited 30/06/12 €	Audited 31/12/12 €
Current			
Other loans	**2,548,420**	-	3,251,326
Delta Hydrocarbons B.V.	**170,710**	4,992,000	3,865,967
	2,719,130	4,922,000	7,117,293

11. Provisions

Certain Realm Energy International Corporation shareholders exercised rights of dissent under Canadian law not to accept the terms of acquisition. Under Canadian law, these dissenting shareholders are eligible to receive a cash payment equal to the fair value of their shareholding at acquisition. The provision represents the directors' estimate of the cash consideration to be paid to those shareholders taking account of the market price of the Realm shares at acquisition.

12. Loans and borrowings

	Un-audited 30/06/13 €	Un-audited 30/06/12 €	Audited 31/12/12 €
Non-current			
Delta Hydrocarbons B.V.	**-**	579,416	-
	-	579,416	-

13. Share capital

	Un-audited 30/06/13 €	Un-audited 30/06/12 €
Authorised		
2,500,000,000 (2012: 1,500,000,000) Ordinary shares of €0.05 each	125,000,000	75,000,000

Issued share capital	No. Ordinary Shares	Share capital €	Share premium €
At 1 Jan 2012	1,133,171,813	56,658,591	122,891,220
Issue of shares to non-controlling interest	7,865,318	393,265	689,866
Issue of shares on exercise of warrants	2,970,000	148,500	319,648
Issue of shares on acquisition of interests in equity accounted assets	85,425,654	4,271,283	7,610,716
At 31 December 2012	1,229,432,785	61,471,639	131,511,450
Issue of shares related to business combination	642,529,685	32,126,485	29,002,133
Issue of shares to non-controlling interest	6,552,863	327,643	574,638
At 30 June 2013	**1,878,515,333**	**93,925,767**	**161,088,221**

14. (a) Acquisition of Aurelian Oil and Gas Plc

San Leon acquired the entire issued and to be issued share capital of Aurelian Oil and Gas Limited (formerly Aurelian Oil & Gas PLC) ("Aurelian") by means of a Court-sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006, effective on 25 January 2013, for €62 million. Prior to the acquisition, Aurelian was listed on the AIM, with exploration assets based predominantly in Poland and Romania.

Under the terms of the acquisition, each Aurelian shareholder received 1.3 San Leon shares for each Aurelian share. The fair values of the assets and liabilities acquired as detailed below have been calculated on a provisional basis and any amendment to these acquisition fair values within the twelve month period post acquisition in accordance with the provisions of IFRS3: Business Combinations.

	Acquisition book value	Fair value adjustment	Acquisition fair value
	€	€	€
Exploration and evaluation assets	22,860,065	-	22,860,065
Property, plant and equipment	698,297	(444,638)	253,659
Equity accounted investments	5,080,327	-	5,080,327
Current assets excluding cash and cash equivalents	4,268,231	-	4,268,231
Cash and cash equivalents	31,897,712	-	31,897,712
Trade and other payables	(2,032,458)	(262,500)	(2,294,958)
Net assets acquired	**62,772,174**	**(707,138)**	**62,065,036**

Consideration paid:	
Issue of Ordinary shares of San Leon Energy	61,128,617
Contingent consideration on the fair value of Aurelian share option obligations assumed by San Leon (ii)	936,419
Total consideration (i)	**62,065,036**

(i) Excludes acquisition costs

(ii) Under the terms of the acquisition, San Leon agreed to grant Aurelian option-holders, and Aurelian staff with pending awards, replacement share options over San Leon shares, on certain terms no less favourable than under the historical Aurelian unapproved share option plan. The fair value is calculated using the Black Scholes model and assumptions consistent with those used in calculating the fair value of share based payments by the Company. The fair value charge recognised as part of the consideration reflects the extent to which the options awarded reflect past service by the relevant individuals. The portion of the fair value charge for options granted by San Leon that is related to future service requirement in accordance with the vesting terms of the options will be recognised as a post-acquisition charge in accordance with the requirements of IFRS 3.

	€
Net cash flow arising on acquisition	
Cash acquired with subsidiary	31,897,712

14 (b) Acquisition of Talisman Energy Polska Sp. z o.o.

In May 2013, San Leon signed a share purchase agreement with Talisman, whereby San Leon Energy B.V. acquired the entire issued share capital of Talisman's Polish subsidiary, Talisman Energy Polska Sp. z o.o. ("Talisman Polska"). In consideration, San Leon Energy B.V. assumed all assets and obligations of Talisman Polska. As a result of this transaction, San Leon has now regained 100% ownership of the Gdansk W and Braniewo S concessions and increased its interest to 50% on the Szczawno concession.

In February 2010, Talisman signed a farm-in agreement to earn a 30% working interest in the three concessions in return for performing certain commitments, including drilling one well in each concession, with the option to increase its interest to 60% by drilling a further well in each concession.

Prior to the completion of the transaction, Talisman had drilled one vertical well in each concession at a combined cost of approximately €27.8 million as detailed on the table below. Talisman had carried San Leon on all expenses related to the drilling of these three wells.

A summary of the book value of assets and liabilities acquired at the date of the transaction and the gain recognised by San Leon on the transaction is set out below:

	Book value at Transaction Date	**Asset value recognised by SLE**
	€	**€**
Exploration and evaluation assets	27,863,672	-
Inventory of drilling equipment, tubing and casing	2,344,090	2,344,090
Cash and cash equivalents	50,612	50,612
Trade and other receivables	603,344	603,344
Trade and other payables	(131,790)	(131,790)
Net assets acquired in Talisman Polska	30,729,928	2,866,256
Cash received by San Leon		3,898,495
Gain arising on acquisition		**6,764,751**

The Directors have considered the appropriate IFRS accounting treatment to be applied to the above transaction and have formed a preliminary view that the acquisition of Talisman Polska does not fulfil the criteria to be treated as a business combination in accordance with IFRS 3: Business Combinations. Accordingly we are precluded from recognising any asset value on the acquisition in respect of the Exploration and evaluation assets received on the transaction. This is due to the Group's existing policy whereby Exploration and Evaluation Assets are initially recognised at cost to the Group, with the cost deemed to be nil on this transaction as no consideration is payable by San Leon on the takeover of Talisman Polska.