Trapoil
Unlocking potential

Interim Report 2011

Interim Report 2011

Company Highlights

March

17

Successful IPO raises £60 million

In extremely challenging market conditions, Trapoil successfully concluded an IPO raising £60m from a number of blue-chip institutions.

19

Options exercised

Options were exercised to strengthen equity positions in Bordeaux, Brule and Crazy Horse assets.

April

19

Orchid farm in secured

Against strong competition Orchid Prospect secured.

May

26

Executive team strengthened

Executive Team further enhanced with the appointments of David Kemp as Finance Director and Martin David as Technical Director.

July

1

Reach Oil and Gas acquired

Reach Oil and Gas Limited acquired for £30m, delivering a mature portfolio with seven near-term wells likely to be drilled, many of which will be carried by our partners.

Outlook for the next 6 months

First prospect will be drilled, with the Orchid well due to spud later this year.

Active management of our asset portfolio with swaps, acquisitions and divestments.

Seek to acquire producing assets to secure future cashflow and bring tax synergy to our investment plans.

First oil anticipated from the Lybster field at the end of 2011.

Chief Executive's Report

Mark Groves-Gidney
15 September 2011

Introduction

The months following our AIM admission have seen significant levels of corporate and operational activity and we have been successful in achieving a number of our short term objectives. I am particularly pleased that, following the completion of our IPO and £60m (gross) fundraising which was supported by first-rate UK institutional investors and Swiss institutions, we were able to move swiftly to exercise our zero cost options over much of the existing portfolio, thereby gaining a stronger asset base before drilling the prospects next year. We were also able to secure a 10% equity partcipations in the Orchid well, alongside Valiant Petroleum and Atlantic Petroleum. Orchid represents a modest risk exploration play for approximately 40mmboe, with Summit Petroleum Limited (Sumitomo UK) as operator. Orchid, being drilled in Q4 this year, will be our first well in what we anticipate being a 14+ well programme over the next 2.5 years.

As early as July 2011 we made our first acquisition with the successful takeover of Reach Oil and Gas Limited ("Reach"), a private company, for a total consideration of £30m, (£20m cash and £10m in new ordinary shares). Reach has a drill-ready exploration portfolio providing Trapoil with seven wells (out of our planned 14+ well programme) and offers substantial commercial advantages.

The Reach asset portfolio comprises largely appraisal assets and exploration prospects with a small amount of near term production. It comprises predominantly carried interests in a total of 14 exploration licences governing 24 Blocks and part Blocks in the UKCS covering in aggregate an area of approximately 2,000km².

This acquisition more than doubled the size of Trapoil's existing exploration portfolio and expected near term drilling activity, which included a 5% carried interest in the promising Orchid well, in addition to the 10% mentioned above. Through Reach we expect to increase the number of near term wells to be drilled in 2012 by four with three additional wells in 2013, providing the Company with further potential net risked resources of approximately 15mmboe (unaudited estimate provided by Trapoil's management). Trapoil will also benefit from Reach's existing carried interests with estimated carried drilling costs of approximately £17m in respect of the seven wells on which we have visibility.

The exposure to Reach's high quality drill-ready opportunities, together with our existing portfolio, completes one of our two cornerstone IPO objectives: which is to be involved in circa eight wells a year with significant equity participation. When assessing the Reach acquisition cost of £30m (£20m cash and £10m in new ordinary shares), it is important to consider that the level of carried activity and likely farm out income from which Trapoil will benefit over the coming two years may exceed £20m.

Board Changes

Prior to the acquisition of Reach, we put into effect some management changes, all of which were planned at the time of the IPO. We welcome David Kemp to the Board as Finance Director and express our thanks to John Church who was integral to the success of the IPO. John stays with the Trapoil executive management team as Financial Controller and Company Secretary. David brings a wealth of oil and gas experience and commercial expertise to the Board. He joined us from Technip SA, a world leader in project management, engineering and construction for the energy industry where he was Vice President Finance. Martin David also joined the Board as Technical Director replacing Dr Peter Smith, who retired on 26 May 2011. Martin was previously Exploration Director for Suncor's entire North Sea portfolio. The Board would like to thank Peter for all his hard work and dedication from the inception of Trapoil some three and a half years ago. We wish him well in his retirement and hope to continue to benefit from his input to the technical team as a proven oil finder, in his capacity as a consultant to the Board.

Financials

Our financial results for the first half of 2011 show a loss of £1,795,259 reflecting principally exploration and administrative expenditure. As at 30 June 2011, cash reserves were £53.8m. These results are in line with our expectations and do not yet reflect the acquisition of Reach, which was completed after 30 June 2011.

Strategy

The Group's growth strategy is to build a mid cap oil and gas exploration, appraisal, development and production business with a significant portfolio of assets through the discovery and exploitation of oil and gas reserves. To this end, Trapoil's management is at present focused on two key goals:

Production assets
The first priority is to deliver on our second IPO objective, which centres on securing a production purchase that provides a sustainable cash flow and brings tax efficiencies as we enter our extensive drilling programme. Trapoil has been steadfastly pursuing this objective and discussions are progressing well on a number of the opportunities identified. Whilst we are committed to delivering on our production goal, we have strict acquisition criteria in place. We will only acquire assets where the deal terms are value accretive for the Company. We may target attractive assets within a corporate sales packages, however it is our clear intention to avoid auctions and data rooms, which lead to competitive bidding scenarios.

Trapoil emerged relatively unscathed from the tax increases included in the 2011 Budget. In the short to medium term we anticipate that these changes will be of benefit to us as purchase prices for producing assets have reduced and we now require less production barrels in order to achieve the same tax benefits. As a significant investor in the UKCS, we are also likely to benefit from any further changes designed to stimulate activity, including the recently announced increase to Exploration Expenditure Supplement.

Managing our existing portfolio
The second priority is to 'work and manage' our portfolio prior to the drilling campaign in 2012. We are currently in discussions with several interested parties on our two 'promote' blocks where we have the Kew and Lytham drilling opportunities. We are also looking to farm out/sell/swap equity in the Sienna and Lacewing drilling opportunities and there are currently several ongoing discussions.

Outlook

We expect a busy next six months with the drilling of our first exploration well on Orchid and first production expected to come from the Lybster field before the end of the year. During August, testing operations were concluded on Lybster. It flow tested at rates up to 1,900 barrels of oil per day of 38 degree API oil through a variable choke set at 36/64th. This testing formed part of a sample collection and assay programme aimed at establishing the suitability of the crude oil for export facilities later this year. Anticipated cashflow from Lybster, combined with cash generated from portfolio management should help offset overhead expenditure. However, capital expenditure will rise next year as we move into an active drilling campaign of at least 7 wells. Our ongoing operating and capital costs will only be covered once we secure production levels as set out at the time of our IPO.

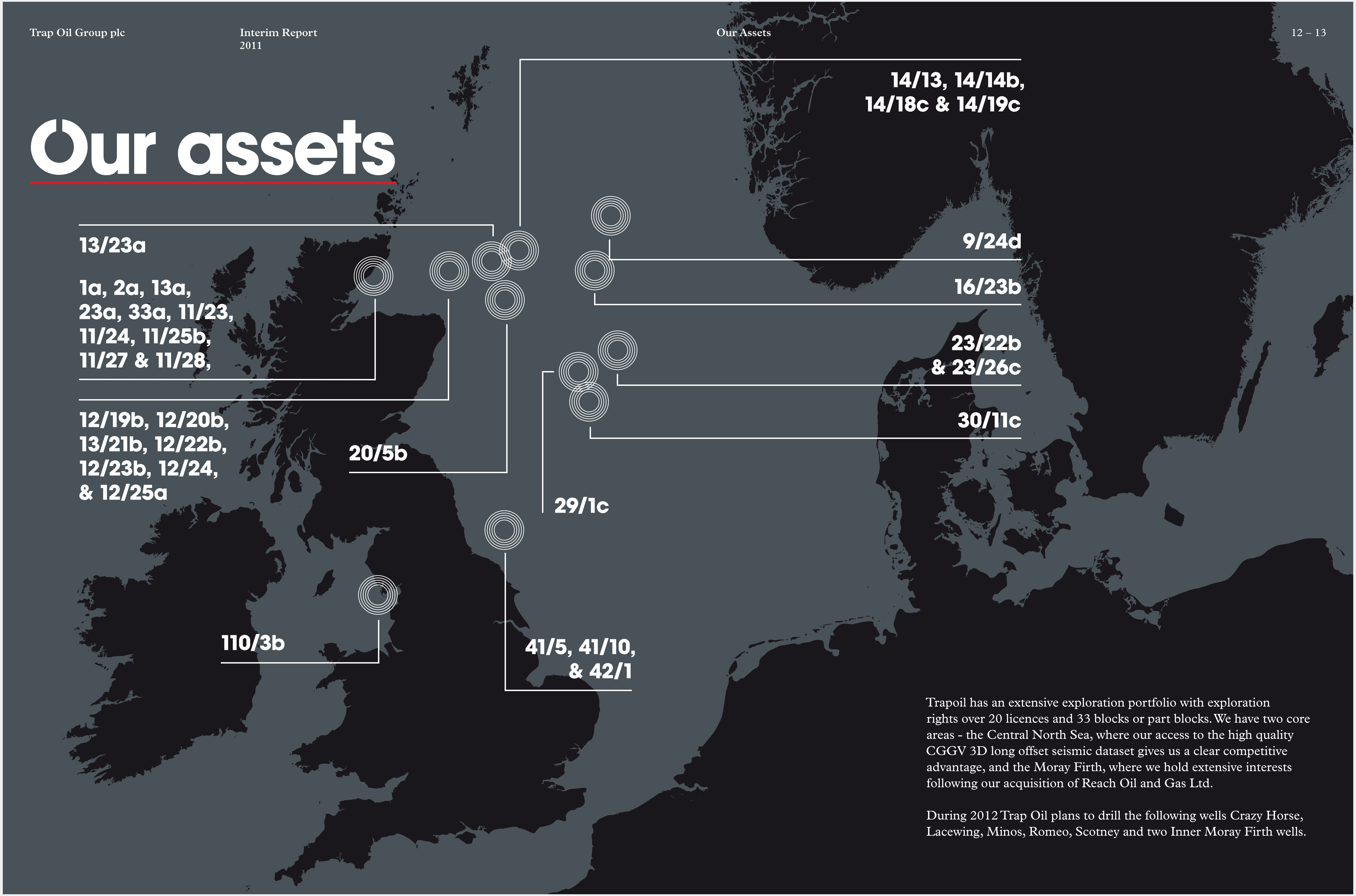
We also have a very exciting drilling programme in 2012 that includes wells from the original Trapoil portfolio, as well as locations acquired via Reach. In 2012 we anticipate drilling on Romeo, Scotney, Minos, Crazy Horse, Lacewing and two Inner Moray Firth wells. Much of the drilling programme cost is carried by our partners and consequently, capital expenditure is minimised. We will be carried on Romeo and Scotney (both operated by Suncor Energy UK Limited) and on the Minos area (operated by Dana Petroleum PLC). In these wells our carried interest is at the 10% to 12.5% level. At Crazy Horse where we will be drilling a moderate cost wildcat well with Norwegian Energy Company UK Limited ("Noreco") for an unrisked resource target of circa 100mmbbls, we have a combined carried and working interest (together representing 22%). At Lacewing, where drilling will be expensive, we anticipate participating for 10%. We also anticipate two wells, one exploration and one appraisal, to be drilled in the Inner Moray Firth, with Caithness Oil as operator. Again we will be carried on both these wells and will have a 35% carried interest.

The market for purchasing production assets is very competitive, with high commodity prices affecting vendors' pricing expectations. If oil prices remain in excess of $100/bbl, the cost of acquisitions will remain high and it will make life tough, as we are committed to enhancing shareholder value with each acquisition. However, it is Management's view that once the financial markets settle and recessionary forces recede, there will be a strong return to a 'demand led' economy. There has clearly been a setback in oil supply caused by the effects of the Arab Spring, even after the IEA opening up supplies in an attempt to dampen the oil price. The geopolitically driven event may have backfired as in the process the US has risked upsetting the only real swing supplier, Saudi Arabia. All this means we can expect strong commodity prices for some time. Even gas has come back into favour with demand driving European prices upwards to track global oil prices rather than the LNG price domain, which is overridden by US shale gas economics.

Organic growth in the exploration and appraisal market continues unabated. We are working vigorously with our contracted partners, Petro-Canada UK Limited and Noreco, in preparation for the 27th UK Licensing Round early next year. We expect the consortium to be pro-active in the bidding round and in line with this objective, all parties have agreed to bring in a fourth party. To this end, discussions with a number of potential candidate companies are in progress. As part of this plan we have strengthened our management team with the appointments of James Storey as Exploration Manager and Jonathan Hayes as Joint Venture Accountant. We expect to hire at least one further technical professional before the end of the year but our overheads will be kept in check with income generated from the addition of a fourth party to the consortium.

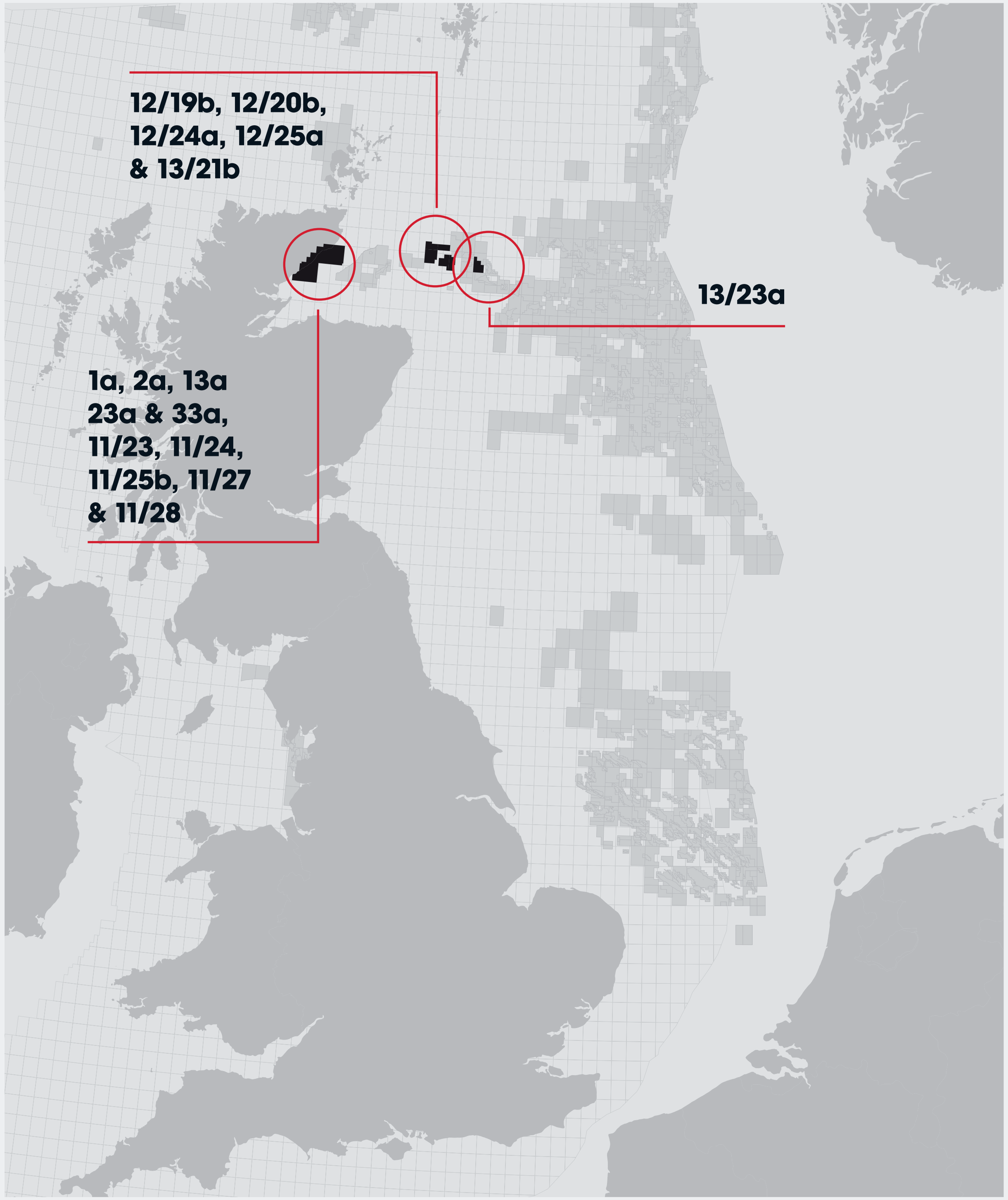
Our objective is to focus on our core areas where we have state of the art 3D seismic data and management expertise which places us favourably to become one of the most active drillers in the UKCS. By managing the risk and financial exposure we aim to maintain a sustainable business where the shareholders will have numerous opportunities to increase their returns through the drill bit. With a number of promising opportunities in the pipeline, we look forward to the next phase of Trapoil's growth and development. This activity combined with the onset of the drilling programme should, I hope, lead to more active trading in our stock.

Our assets



Trapoil has an extensive exploration portfolio with exploration rights over 20 licences and 33 blocks or part blocks. We have two core areas - the Central North Sea, where our access to the high quality CGGV 3D long offset seismic dataset gives us a clear competitive advantage, and the Moray Firth, where we hold extensive interests following our acquisition of Reach Oil and Gas Ltd.

During 2012 Trap Oil plans to drill the following wells Crazy Horse, Lacewing, Minos, Romeo, Scotney and two Inner Moray Firth wells.



KEY: D. DISCOVERIES / PR. PROSPECTS / P. PLAN

12/19b, 12/20b & 12/24a

P.1266 Blocks 12/19b, 12/20b & 12/24a
Trapoil 5%, Operator – KNOC
- D None
- PR None
- P Relinquish

12/25a & 13/21b

P.1267 Blocks 12/25a & 13/21b (Surprise)
Trapoil 5%, Operator – KNOC
- D Surprise, Nutmeg –two well defined oil discoveries at 2 stratigraphic levels (Early Cretaceous Punt & Coracle Sandstone Members)
- PR None
- P Increase equity, develop Surprise & Nutmeg

1a, 2a, 13a 23a & 33a

PEDL158 Blocks 1a, 2a, 13a, 23a & 33a (Onshore)
Trapoil 35% (carried), Operator – Caithness
- D None
- PR None
- P Required for location of production facilities to allow development of offshore Lybster field

11/24

P.1270 Block 11/24
Trapoil 35% (carried), Operator – Caithness
- D Lybster, Knockinnon
- PR Burrigill - low relief prospect at Lower Cretaceous Valanginian level east of the Knockinnon field, Braemore - fault closed feature mapped at Beatrice sand level & Whaligoe - downthrown prospect mapped at Late Jurassic, Volgian level
- P Develop Lybster, appraise Knockinnon and mature exploration prospects to drillable status

11/23, 11/27 & 11/28

P.1286 Blocks 11/23, 11/27 & 11/28
Trapoil 35% (carried), Operator – Caithness
- D None
- PR None
- P Acquire 2D seismic data, evaluate acreage

11/25b

P.1287 Block 11/25b
Trapoil 35% (carried), Operator – Caithness
- D None.
- PR Berriedale - small four-way dip closure mapped at Volgian level, up dip from the 11/25-1 well
- P Acquire 2D seismic data, evaluate acreage

13/23a

P.1610 Block 13/23a (Minos)
Trapoil 10% (carried), Operator – KNOC
- D None.
- PR Minos - structural-stratigraphic play. Magnolia - stratigraphic play. Both mapped at early Cretaceous level
- P Mature prospect to drill in 2012

14/13

P.1650 Block 14/13 (Crazy Horse)
Trapoil 22% (5% carried), Operator – Noreco
D None
PR Crazy Horse - stratigraphic play mapped at Lower Cretaceous Scapa and Captain Sandstone levels
P Drill Cazy Horse in 2012

20/5b

P.1658 Block 20/5b (Scotney)
Trapoil 12.5% (carried), Operator – Suncor
D None
PR Scotney - well defined four way dip closure mapped at the Base Cretaceous Unconformity (BCU) targeting Late Jurassic Buzzard sands
P Drill Scotney in 2012

12/22b

P.1701 Block 12/22b
Trapoil 50% (subsurface operator), Operator – Caithness
D None
PR None
P It is planned to evaluate fully the acreage

12/23b

P.1723 Block 12/23b (String of Pearls)
Trapoil 50% (subsurface operator), Operator – Caithness
D None
PR A, B, C, D and E - small downthrown four-way dip closures formed by minor fault inversion along the Smith Bank Fault
P It is planned to evaluate fully the acreage to mature a prospect to drillable status

14/14b, 14/18c & 14/19c

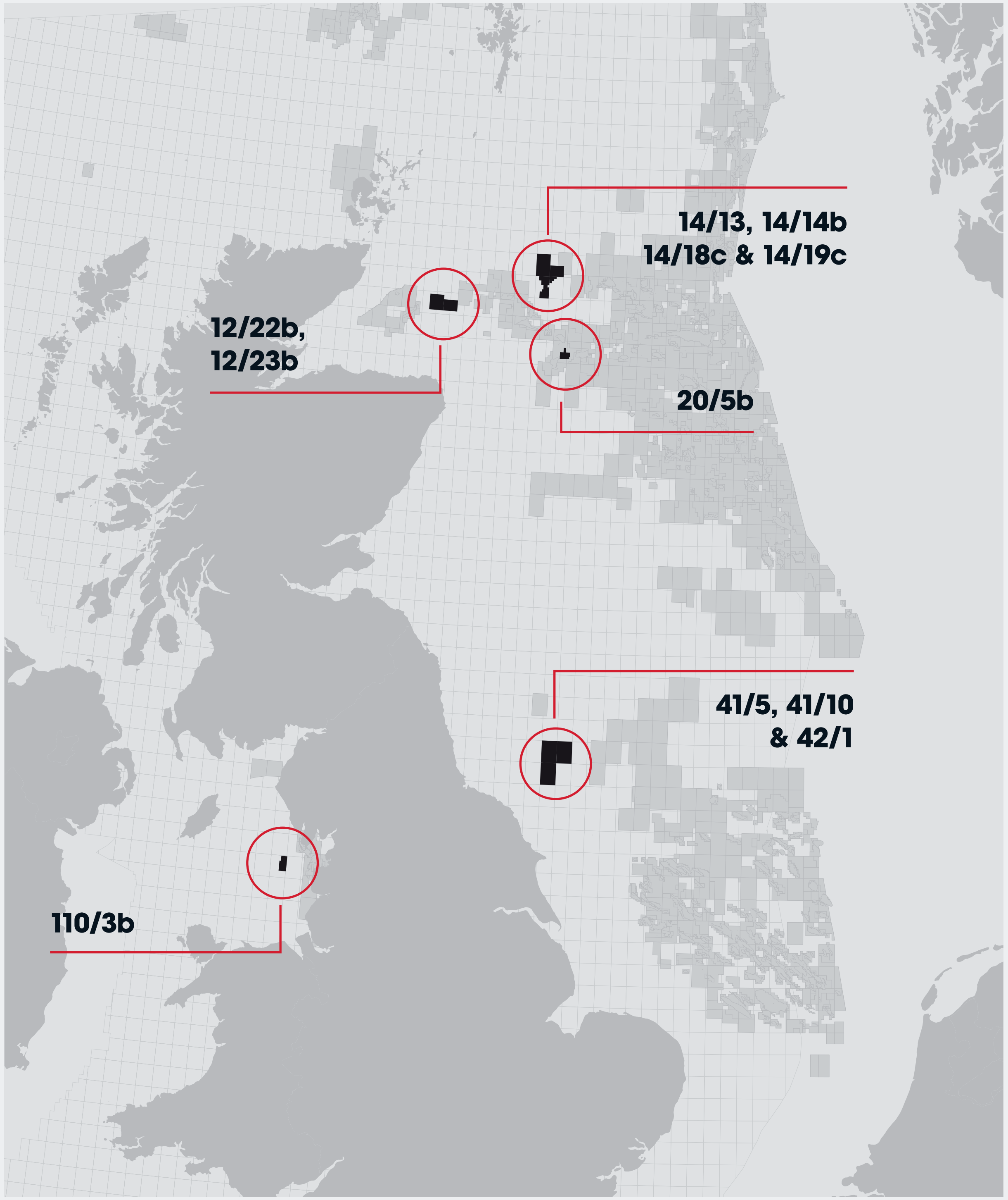
P.1768 Blocks 14/14b, 14/18c & 14/19c (Quad 14)
Trapoil 46% (6% carried), Operator – Noreco
D Bordeaux - well 14/18-1, (1978) which proved oil filled Late Jurassic Claymore Sandstone Member and Brule - well 14/14-1, (1977) encountered an oil column in Late Jurassic Sgiath Sandstone.
PR None
P Acquired 3D seismic in 2011. Evaluate block for appraisal drilling on Bordeaux and/ or Brule

41/5, 41/10 & 42/1

P.1856 Blocks 41/5, 41/10 & 42/1 (Quad 41)
Trapoil 75% (Operator)
D Lytham - four way dip closure mapped at 2 levels: Zechstein (Hauptdolomite) and Carboniferous
PR None
P Promote seismic reprocessing / drilling activity

110/3b

P.1547 Block 110/3b (Whitbeck)
Trapoil 30%, Operator – Centrica
D Whitbeck - small tilted fault block mapped at Triassic Sherwood Sandstone level
PR None
P It is planned to evaluate fully the Whitbeck discovery



23/22b

P.1181 Block 23/22b (Lacewing)
Trapoil 10%, Operator – Premier
- D Corrie (Jurassic)
- PR Lacewing - dipping horst block, mapped at Triassic level
- P Drill Lacewing in 2012

29/1c

P.1556 Block 29/1c (Orchid)
Trapoil 15% (5% carried), Operator - Summit
- D None
- PR Orchid – four way dip closure mapped at Plaeocene and Chalk stratigraphic levels
- P Drill Orchid in 2011

23/26c

P.1624 Block 23/26c (Forties Prospect A)
Trapoil 50% (subsurface operator), Operator – Caithness
- D None
- PR Prospects A & B – structural closures mapped at Palaeocene Forties Sandstone Member level
- P It is planned to evaluate fully the acreage to mature a prospect to drillable status

30/11c

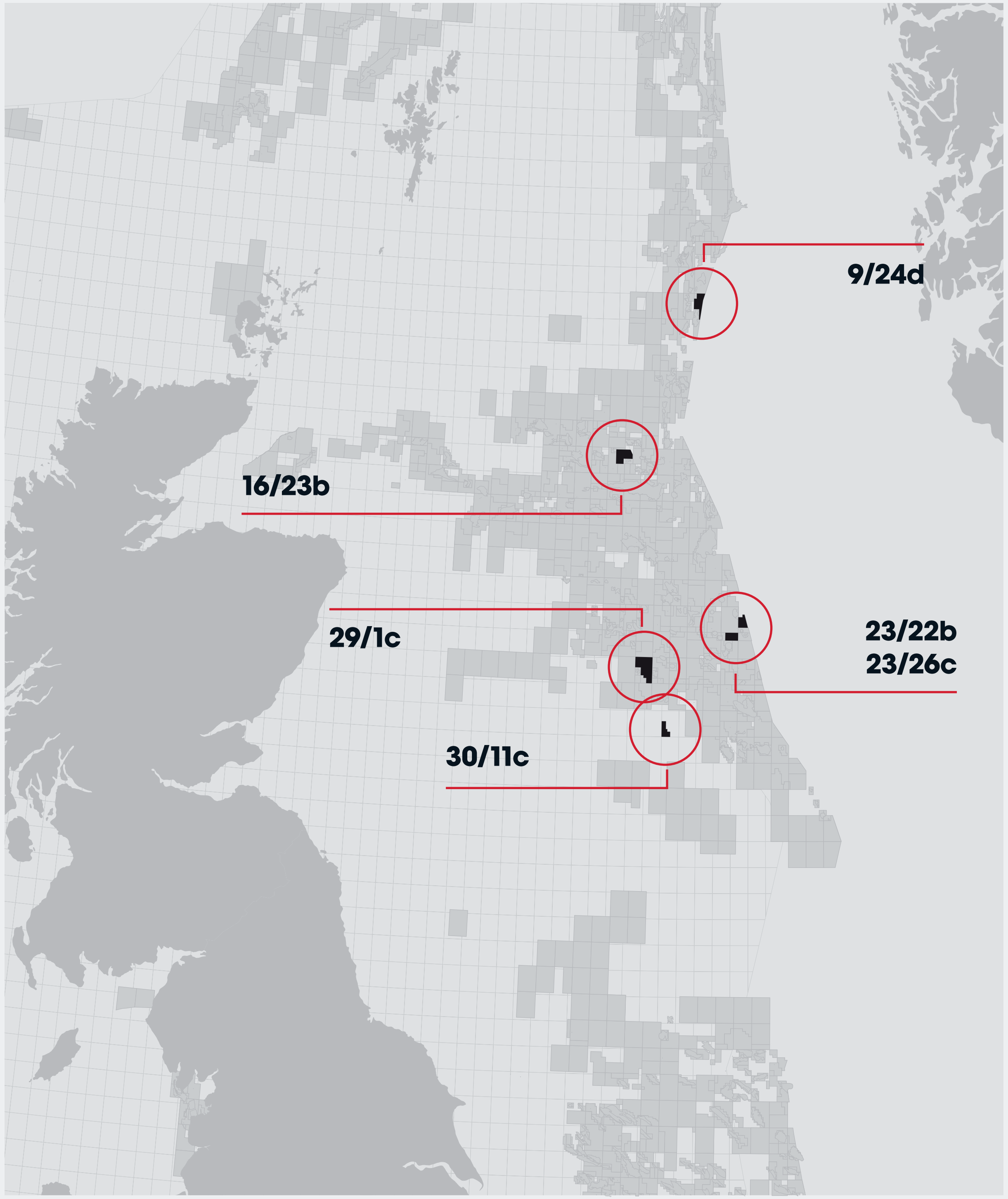
P.1666 Block 30/11c (Romeo)
Trapoil 12.5% (carried), Operator – Suncor
- D None
- PR Romeo - four-way dip closure mapped at BCU with Fulmar sands as the reservoir objective
- P Drill joint well with Total

16/23b

P.1776 Block 16/23b (Sienna)
Trapoil 10% (carried) with option for further 20%, Operator – Suncor
- D None
- PR Sienna – stratigraphic pinch out of the Brae / Miller sand sequence
- P Reprocess seismic, evaluate and mature Sienna to drillable status

9/24d

P.1864 Block 9/24d (Kew)
Trapoil 100% (Operator)
- D Kew - Brae fan play offering an appraisal opportunity to 9/24b-3 discovery
- PR None
- P Farm out and retain carried interest (20%) through drilling of a well



Consolidated Interim Statements

Consolidated income statement for the period ended 30 June 2011

	Notes	6 Months to 30/06/11 (unaudited) £	6 Months to 30/06/10 (unaudited) £	Year to 31/12/10 (audited) £
CONTINUING OPERATIONS				
Revenue		804,166	417,329	1,264,263
Cost of sales		(323,650)	(102,969)	(250,039)
GROSS PROFIT		480,516	314,360	1,014,224
Other operating income		–	–	–
Administrative expenses		(2,125,809)	(672,200)	(1,311,785)
OPERATING LOSS		(1,645,293)	(357,840)	(297,561)
Finance costs		(269,670)	(28,129)	(56,259)
Finance income		119,704	215	383
LOSS BEFORE INCOME TAX		(1,795,259)	(385,754)	(353,437)
Income tax		–	–	–
LOSS FOR THE PERIOD		(1,795,259)	(385,754)	(353,437)
OTHER COMPREHENSIVE INCOME		–	–	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,795,259)	(385,754)	(353,437)
Total comprehensive loss attributable to: Owners of the parent		(1,795,259)	(385,754)	(353,437)
Loss per share expressed in pence per share:	2			
Basic		(0.99)	(1.11)	(0.83)
Diluted		(0.99)	(1.11)	(0.83)

Consolidated balance sheet as at 30 June 2011

	Notes	30/06/11 (unaudited) £	30/06/10 (unaudited) £	31/12/10 (audited) £
Assets				
Non-Current Assets				
Intangible assets	3	2,756,796	3,119,933	2,919,546
Property, plant and equipment		21,511	–	1,771
		2,778,307	3,119,933	2,921,317
Current Assets				
Trade and other receivables		1,055,741	86,120	576,250
Cash and cash equivalents		53,814,970	341,224	307,451
		54,870,711	427,344	883,701
Total Assets		57,649,018	3,547,277	3,805,018
Equity				
Shareholders' Equity				
Called up share capital		1,821,697	7,880	9,040
Share premium		54,463,015	70,920	94,501
Share options reserve		1,280,124	–	–
Retained earnings		(3,392,942)	(1,630,000)	(1,597,683)
Reorganisation reserve		(382,543)	–	–
Total Equity		53,789,351	(1,551,200)	(1,494,142)
Liabilities				
Non-Current Liabilities				
Financial liabilities - borrowings				
Interest bearing loans and borrowings		–	709,200	992,700
Trade and other payable		3,268,412	4,000,000	4,000,000
		3,268,412	4,709,200	4,992,700
Current Liabilities				
Trade and other payables	4	591,255	389,277	306,460
Total Liabilities		3,859,667	5,098,477	5,299,160
Total Equity and Liabilities		57,649,018	3,547,277	3,805,018

Consolidated statement of changes in equity for the period ended 30 June 2011

For the Six Months Ended 30 June 2011

	Called up Share capital £	Profit and loss account £	Share premium £	Share options reserve £	Reorganisation reserve £	Total equity £
Balance at 1 January 2011	9,040	(1,597,683)	94,501	–	–	(1,494,142)
Changes in equity						
Issue of share capital (note 5)	1,421,677	–	54,463,015	534,838	–	56,419,530
Group reorganisation	390,980	–	(94,501)	–	(382,543)	(86,064)
Total comprehensive income	–	(1,795,259)	–	745,286	–	(1,049,973)
Balance at 30 June 2011	1,821,697	(3,392,942)	54,463,015	1,280,124	(382,543)	53,789,351

For the Six Months Ended 30 June 2010

	Called up Share capital £	Profit and loss account £	Share premium £	Share options reserve £	Reorganisation reserve £	Total equity £
Balance at 1 January 2010	7,880	(1,244,246)	70,920	–	–	(1,165,446)
Changes in equity						
Total comprehensive income	–	(385,754)	–	–	–	(385,754)
Balance at 30 June 2010	7,880	(1,630,000)	70,920	–	–	(1,551,200)

For the year ended 31 December 2010

	Called up Share capital £	Profit and loss account £	Share premium £	Share options reserve £	Reorganisation reserve £	Total equity £
Balance at 1 January 2010	7,880	(1,244,246)	70,920	–	–	(1,165,446)
Changes in equity						
Issue of share capital	1,160	–	23,581	–	–	24,741
Total comprehensive income	–	(353,437)	–	–	–	(353,437)
Balance at 31 December 2010	9,040	(1,597,683)	94,501	–	–	(1,494,142)

Consolidated statement of cash flows for the period ended 30 June 2011

	Notes	6 Months to 30/06/11 (unaudited) £	6 Months to 30/06/10 (unaudited) £	Year to 31/12/10 (audited) £
Cash flows from operating activities				
Cash generated from operations	7	(1,705,500)	(170,154)	(460,067)
Net cash from operations		(1,705,500)	(170,154)	(460,067)
Cash flows from investing activities				
Purchase of intangible fixed assets		(87,250)	(19,170)	(68,783)
Purchase of tangible fixed assets		(20,828)	–	(2,656)
Interest received		119,704	215	383
Net cash from investing activities		11,626	(18,955)	(71,056)
Cash flows from financing activities				
Loan notes received/(repaid) in period		(992,700)	–	283,500
Interest paid		(139,373)	–	–
Share issue and reorganisation		56,333,466	–	24,741
Net cash from financing activities		55,201,393	–	308,241
Increase/(Decrease) in cash and cash equivalents		53,507,519	(189,109)	(222,882)
Cash and cash equivalents at beginning of Period	7	307,451	530,333	530,333
Cash and cash equivalents at end of period	7	53,814,970	341,224	307,451

1. ACCOUNTING POLICIES

Basis of Preparation
This half yearly financial report has been prepared under the historic cost convention, in accordance with International Financial Reporting Standards and IFRIC interpretations as adopted by the European Union ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The results for the six months ended 30 June 2011 and 30 June 2010 are unaudited and do not constitute statutory accounts as defined by the Companies Act. They have been prepared using accounting bases and policies consistent with those used in the preparation of the audited financial statements of the group for the year ended 31 December 2010 and those to be used for the year ending 31 December 2011. The financial statements for 31 December 2010 have been prepared and the auditors' report on those financial statements was unqualified, did not draw attention by way of emphasis of matter and did not contain a statement under section 498 of the Companies Act 2006.

New Statutory Holding Company
Trap Oil Group was incorporated and registered on 24 January 2011. On 11 February 2011, a new statutory holding company structure became effective by way of a share for share exchange between the shareholders of Predator Oil Ltd (the previous holding company) and Trap Oil Group (the new holding company) and the group became Trap Oil Group plc.

As a consequence of the reorganisation the results of Trap Oil Group (the 'Group') for the period ended 30 June 2011 comprise the results of Predator Oil Ltd for the 6 months ended 30 June 2011 consolidated with those of Trap Oil Group from 11 February 2011. The comparative figures for the period ended 30 June 2010 and the year ended 31 December 2010 are those of the group headed by Predator Oil Ltd.

Intangible Assets
The Group accounts for oil and exploration assets and data licence assets using IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Under this standard the exploration and appraisal activities are capitalised as intangible assets. Licence acquisition costs and direct costs of exploration are initially capitalised as intangible assets, pending determination of the existence of commercial reserves in the licence area. Such assets are classified as intangible assets based on the nature of the underlying asset, which does not yet have any proven physical substance. Exploration and appraisal costs are held, undepleted, until such a time as the exploration phase on the licence area is complete or commercial reserves have been discovered. If no discoveries are made, the accumulated capitalised costs will be written off through the income statement. Where the facts and circumstances indicate that exploration and evaluation costs exceed their recoverable amount, the intangible costs will be tested for impairment.

Intangible assets with an indefinite useful life are not amortised according to IAS38 but are subject to regular impairment reviews when required and the useful life of the asset is regularly re-examined to determine whether the circumstances continue to support the assessment that the useful life is indefinite.

Data licence costs - Over the life of the licence

Share Based Payments
The Group issues equity-settled, share based payments to certain employees, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The total amount to be expensed is determined by reference to the fair value of the options granted.

Recently Issued Accounting Pronouncements
International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee pronouncements (IFRICs)
The following amendments and revisions to IFRSs were effective for the first time in the period ended 30 June 2011 and did not have any material impact on the consolidated financial statements:

Amendments and revisions to IFRSs
IFRS 1 – First time adoption of international financial reporting standards
IFRS 2 – Share based payment
IFRS 3 and IAS 27 – Business Combinations
IAS 1 – Presentation of financial statements
IAS 12 – Income taxes

2. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of ordinary shares adjusted to assume the conversion of all dilutive potential ordinary shares.

	Earnings £	Weighted average number of shares	Per-share amount pence
Period ended 30 June 2011 Basic & Diluted EPS Earnings attributable to ordinary shareholders	(1,795,259)	182,169,715	(0.99)
Period ended 30 June 2010 Basic & Diluted EPS Earnings attributable to ordinary shareholders	(385,754)	34,869,900	(1.11)
Year ended 31 December 2010 Basic & Diluted EPS Earnings attributable to ordinary shareholders	(353,437)	42,634,715	(0.83)

3. INTANGIBLE ASSETS

	Exploration Costs £	Data licence costs £	Totals £
Cost			
At 1 January 2010	17,431	4,000,000	4,017,431
Additions	19,170	-	19,170
At 30 June 2010	36,601	4,000,000	4,036,601
Additions	49,613	-	49,613
At 31 December 2010	86,214	4,000,000	4,086,214
Additions	87,250	-	87,250
At 30 June 2011	173,464	4,000,000	4,173,464
Amortisation			
At 1 January 2010	-	666,668	666,668
Amortisation for the period	-	250,000	250,000
At 30 June 2010	-	916,668	916,668
Amortisation for the period	-	250,000	250,000
At 31 December 2010	-	1,166,668	1,166,668
Amortisation for the period	-	250,000	250,000
At 30 June 2011	-	1,416,668	1,416,668

The table continues in the next page →

3. INTANGIBLE ASSETS

	Exploration Costs £	Data licence costs £	Totals £
Net book value			
At 30 June 2011	173,464	2,583,332	2,756,796
At 30 June 2010	36,601	3,083,332	3,119,933
At 31 December 2010	86,214	2,833,332	2,919,546

4. TRADE AND OTHER PAYABLES

Included in non current liabilities - other creditors of the Group is £3,000,000 and capitalised interest of £261,653 which relates to the consideration for the data licence obtained which has been capitalised under Intangible Assets. The term of the licence is for 8 years and the final liability is due on expiry of the licence, August 2016. On each and every success fee that is acquired from using the data from the licence, £300,000 - £350,000 becomes due immediately as part of the consideration. Any balance remaining when the licence expires is due on that date and shall attract interest at LIBOR plus 1%.

5. ISSUE OF SHARE CAPITAL

During the period Trap Oil Group underwent an IPO in which it raised net £55,287,463 in additional capital. Also the company issued new shares to the amount of £1,132,067 to redeem the shareholder loan notes and accrued interest held by the shareholders of Predator Oil Ltd.

6. SHARE BASED PAYMENTS

The company operates several share option schemes. Options are exercisable at prices shown in the table on the following page. Options are forfeited if the employee leaves the Group through resignation or dismissal before the options vest.

Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the date of grant or equity-settled share based payments is expensed on a straight line basis over the vesting period, based upon the group's estimate of shares that will eventually vest.

The total expense included within the operating profit in respect of equity-based share-based payments was £736,286 and £534,838 has been included within the share premium account as part of the cost of raising capital (2010: £nil).

The company share option scheme is open to all employees. Options under this scheme are detailed in the next page. →

Year of Grant	Exercise price per share	Period in which options exercisable	Number of shares for which options outstanding at 31 December 2010	Options granted during the period	Number of shares for which options outstanding at 30 June 2011
Under the Trap Oil Group 2011 Approved Share Option Plan 2011					
2011	1p	17/03/12 to 12/03/21	0	3,672,750	3,672,750
Under the Trap Oil Group 2011 Unapproved Share Option Plan 2011					
2011	43p	13/03/12 to 12/03/21	0	1,998,062	1,998,062
2011	43p	13/03/13 to 12/03/21	0	1,998,062	1,998,062
2011	43p	13/03/14 to 12/03/21	0	1,998,062	1,998,062

7. NOTES TO THE CONSOLIDATED STATEMENT OF CASHFLOWS

Reconciliation of Loss Before Income Tax to Cash Generated from Operations

	6 Months to 30/06/11 (unaudited) £	6 Months to 30/06/10 (unaudited) £	Year to 31/12/10 (audited) £
Profit (loss) before income tax	(1,795,259)	(385,754)	(353,437)
Depreciation charges	1,088	-	885
Amortisation charges	250,000	250,000	500,000
Share based payment	745,286	-	-
Finance costs	269,670	28,129	56,259
Finance income	(119,704)	(215)	(383)
	(648,919)	(107,840)	203,324
(Increase) in trade and other receivables	(479,491)	(61,012)	(551,141)
(Decrease) in trade and other payables	(577,090)	(1,302)	(112,250)
Cash generated from operations	(1,705,500)	(170,154)	(460,067)

Cash and Cash Equivalents

The amounts disclosed in the consolidated statement of cash flow in respect of cash and cash equivalents are in respect of these statements of financial position amounts:

Period ended 30 June 2011

	30/06/11 £	01/01/11 £
Cash and cash equivalents	53,814,970	307,451

Period ended 30 June 2010

	30/06/10 £	01/01/10 £
Cash and cash equivalents	341,224	530,333

Year ended 31 December 2010

	31/12/10 £	01/01/10 £
Cash and cash equivalents	307,451	530,333

8. POST BALANCE SHEET EVENT

On 1 July Trapoil acquired 100% of the share capital of Reach Oil and Gas Limited for a consideration of £30m (£20m cash and £10m in new ordinary shares).

Independent Review Report to Trap Oil Group Plc

INTRODUCTION

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011, which comprises the income statement, balance sheet, statement of changes in equity, statement of recognised income and expense, cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the basis of preparation set out in note 1.

OUR RESPONSIBILITY

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with the basis of preparation set out in note 1 and the AIM Rules for Companies.

PricewaterhouseCoopers LLP
Chartered Accountants
15 September 2011
Aberdeen

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