Northcote Energy Ltd ('Northcote Energy' or 'the Company')
Interim Results

Northcote Energy (AIM: NCT), an onshore US oil and gas exploration and production company, is pleased to announce its interim results for the six month period ended June 30 2013.

Highlights:

- Rapidly advancing strategy of building an extensive low-risk onshore oil and gas production company
- Quadrupled production since January 2013 to 100boepd
- Increased net acreage by 500% to 2,895 net mineral acres since listing
- Current P1 reserves with an NPV of US$61.9m based on approximately half of acreage held– upgrade expected in the coming months
- Development programme in place to rapidly increase production and reserves
- Targeting in excess of 250 boepd by mid 2014
- Partnership agreement to provide non dilutive capital on an attractive risk basis to participate in field development
- Evaluating additional opportunities to consolidate our position in Oklahoma and to expand into other prospective US onshore locations

Northcote Energy Managing Director Randall Connally said, "In our first 6 months since listing we have made dramatic progress in increasing our net acres, reserves and production. Our current focus is in the state of Oklahoma where we have built an excellent platform for further rapid growth in the right address. With already increased production and a steep development curve projected, we expect a re-rating of our stock which is currently trading at a 66% discount to P1 reserves for only half of our portfolio. With reserve upgrades targeted in the second half and with a production target of in excess of 250 boepd next year, we expect to build on the rapid progress made to date and generate considerable value for shareholders."

CHAIRMAN'S STATEMENT

Since our Admission to AIM in January 2013 we have quadrupled our daily production, in the process hitting our 100 BOEPD 12 month target five months ahead of schedule, increased our net leasehold position by 500% to over 3,000 net mineral acres, and almost doubled our proven reserves to US$61.9million. Achieving all this during our first six months as a listed entity demonstrates our ability to rapidly and significantly increase net production, reserves and acreage in the Mississippi Lime formation, our focus area in Oklahoma, as we look to build Northcote into a leading producer of oil and gas in the region.

The Board believes that this growth has been impressive and is especially pleased that the Company's net attributable reserves have increased from 0.94million barrels of oil equivalent ("BOE") at IPO to 1.699million BOE. This does not include any reserves from our interests in the new projects, such as Oklahoma Energy and Mathis. We expect to announce additional reserves and P1 PV10 later this year after reserve reports have been prepared for these additional projects. This will significantly add to our reserves per share and demonstrates the potential within our current asset portfolio. This significant growth results from the successful implementation of operational initiatives such as hydraulic fracture stimulation programmes, new wells and workover campaigns, and the acquisition of additional assets which consolidate and leverage our position in Osage County, where we believe our management team provides a significant competitive advantage to the Company. Our reserves are detailed in the table below:

(Grand Total) As of November 1, 2012									
	Gross Reserves		**Net Reserves**		**Net Cash Flow**				
	Oil & Condensate	**Natural Gas**	**Oil & Condensate**	**Natural Gas**	**Future Net Reserve**	**Future Net OPEX & Taxes**	**Future Net Capital**	**Future Net Cash Flow**	**NPV Disc @ 10%**
Reserve Class / Category	**(MbbI)**	**(MMcf)**	**(MbbI)**	**(MMcf)**	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
Proved Developed Producing	418	1,413	40	192	4,314	2,530	-	1,784	1,178
Proved Developed Behind Pipe	2,491	6,571	1,030	2,714	102,920	13,777	1,854	87,290	56,372
Proved Shut in	300	944	1	2	57	8	-	48	33
Proved Undeveloped	3,464	9,830	111	199	10,625	1,587	949	8,089	4,359
Total Proved	**6,672**	**18,758**	**1,181**	**3,107**	**117,916**	**17,902**	**2,803**	**97,211**	**61,942**
Probable Undeveloped	1,800	5,366	3	8	259	38	41	179	102
Total Probable	1,800	5,366	3	8	259	38	41	179	102
Total 2P	**8,472**	**24,124**	**1,184**	**3,115**	**118,175**	**17,940**	**2,844**	**97,390**	**62,044**
Possible Undeveloped	2,100	6,210	3	9	300	44	48	208	117
Total Possible	2,100	6,210	3	9	300	44	48	208	117
Total 3P	**10,572**	**30,335**	**1,187**	**3,124**	**118,475**	**17,984**	**2,892**	**97,598**	**62,161**

CHAIRMAN'S STATEMENT

We are focused on the Mississippi Lime formation, a proven and producing hydrocarbon formation, due to both the highly attractive economics it offers and the excellent access to infrastructure, making it an ideal environment for rapid expansion. At between US$2.5million and US$4.0million, drilling costs are relatively low in the Mississippi Lime and third party commentators believe it has one of the lowest breakeven oil prices among onshore US plays. In recent years, US independents such as Chesapeake Energy, Devon Energy Corp. and SandRidge Energy have successfully built a strong presence in the Mississippi Lime. Northcote also actively seeks to take advantage of the multiple pay zones that exist in its focus area and as such is actively developing other objectives including the Layton and Bartlesville sands.

Our core portfolio currently consists of the Horizon Project (51% working interest ("WI")), the contiguous Mathis Project (100% WI), and the OKE Project (100% WI), where our 100% acquisition conferred Northcote with operator status in the region. We also have smaller working interests in the Bird Creek Project, Osage County (3.125% WI), the De Agua Project, Woods County (0.125% WI) and the South Weslaco Gas Unit, Hidalgo County, Texas (up to 25% WI). With this in mind, we have set a new production target of reaching 250 BOEPD by the end of July 2014 to be met through an aggressive work programme on existing properties that will consist of continuation of the fracture stimulation programme, new drilling and exploitation of existing well bores.

We have a highly experienced team on the ground, led by our CEO Randy Connally, who was involved in the successful formation of Eagle Energy Company of Oklahoma ("Eagle"). In less than 3 years Eagle was transformed from a small, gas focused E&P company to a significant player, which was acquired by Midstates Petroleum for US$650 million in October 2012. The Board plans to utilise Randy's experience to build Northcote in the mid term.

Horizon Project, Osage County (51% WI)

The Horizon Project currently produces from 10 wells with one further well pending completion. The project has excellent infrastructure for continued low cost development in the area. The significant and on-going progress we have made at this asset reflects our multi-faceted approach to increasing our exposure to the proven substantial reserves.

Since listing we have increased our WI in Horizon from 28% to 51% through the exercise of options at minimal cost to the Company, which automatically enhanced our P1 PV10 and proven reserves considerably.

CHAIRMAN'S STATEMENT

We initiated our operational campaign through a workover programme at Horizon which centred on four wells not scheduled for fracture stimulation in the near term. This involved increasing water disposal capacity through a pipeline project, re-acidizing, pumping down fluid levels and in some cases installing larger submersible pumps. This low cost work had a positive impact on overall production. The pipeline project in particular has provided significant production gains and we continue to see additional production gains as the water is pumped down.

We elected to participate in the deepening of the Burkhart#1 well, which was originally drilled to and produced from the Mississippi Chat formation, and it has successfully reached its target depth of 4,226 feet. This well will be completed in the Mississippi Lime formation and plans are currently being discussed with our working interest partners in the well.

Initially we plan to complete our hydraulic fracturing campaign at Horizon. We have completed fracks at Big Hill #1 and Big Hill #2, which were deemed our worst two performing wells when we acquired our interest in the project. We chose to frack these two wells first to gain an understanding of the variables associated with fracking in this area; optimization of a frac depends on a number of variables associated with the well, but also the characteristics of the formation in a particular region. Big Hill #1 returned positive results from the frack which contributed towards hitting our 100 BOEPD target. We reported an open flow rate of up to 1,210 Mcf/day of natural gas (215.5 boepd gross, 88.4 net to Northcote). These numbers are highly encouraging and have demonstrated that the fracture stimulation has enabled the well bore to open up unexploited reservoir.

We experienced significant technical issues with the frack at Big Hill #2. Remedial action has been taken and the well is back on test and is currently producing approximately 120 thousand cubic feet per day of natural gas. However, management believes that given the issues associated with the well, specifically split casing and a damaged submersible pump that were discovered immediately after the frac, there is a significant likelihood that the frac did not adequately stimulate the well and the reservoir remains, in effect, unfracked. The performance of this well will be closely scrutinised but, at this stage, it seems likely that it will be a candidate for further stimulation at a future date.

We have also advanced our share of the funds to secure the frack of the next two wells, both of which are fully funded. The third frack is anticipated to commence in early October subject to completion of certain work, which is underway, on the surface location as required by regulatory authorities, with the fourth frack following shortly thereafter. We plan to frack 4 wells total in 2013, and will continue our programme across all the wells in our portfolio in 2014.

CHAIRMAN'S STATEMENT

Mathis Project (100% WI)

In June 2013 we completed the acquisition of a 100% working interest in leases covering an additional 960 acres (`Mathis') contiguous to the our Horizon Project for a relatively small payment of US$325,000.

The Mathis Acquisition comprises 1,280 gross acres, inclusive of 320 gross acres previously acquired via farm-in. This acquisition adds 960 acres contiguous to two of the Company's existing wells acquired as part of the Horizon Project in Osage County, Oklahoma. The approximate 320 acres held by the Steele and Steinberger producing wells were held by Northcote in the Mississippian only, but with this acquisition Northcote acquires rights to drill to all formations on those leases. The acquisition is therefore highly strategic, allowing us to consolidate our regional position and also further leverage our existing field infrastructure at Horizon going forward.

Twenty Two vertical well bores exist on the property and its production directly offsets the Steele and Steinberger, which are two of the best performing wells on the Horizon Project. 3-D seismic exists covering a portion of the leasehold and the Company has already identified two potential horizontal well locations with two additional locations possible, subject to further geologic analysis. Significantly, all of the leases are part of a "unit" and as such, production on any part of the unit holds the entire lease by production.

Oklahoma Energy Project ("OKE") (100% owned)

We completed the acquisition of a 100% working interest in the 1,040 acre OKE Project in April 2013 for a total sum of US$700,000, of which US$250,000 was settled in equity and a further US$200,000 earn-out to be paid from production.

On completion of the acquisition of OKE, Northcote gained operator status and capacity to operate projects in Osage County, Oklahoma. This project has huge potential and we have already commenced work to unlock this potential. The first stage of our work programme has been completed and was highly successful increasing production by 150% since acquisition to 37 BOPD.

The second stage of the workover programme is now underway and targeting an increase in gross production at OKE to 50 bopd by the end of 2013. In conjunction, we are evaluating additional Mississippian opportunities on the acreage to significantly enhance production and reserves with at least one well scheduled to be drilled within the next twelve months. Importantly, the project has the required infrastructure in place to support increased production.

These initiatives to increase production will be highly beneficial to Northcote as we aim to accelerate the pay-out of the 41.5% BlueRock term royalty inherited on acquisition. BlueRock's royalty will expire when it has received US$1.23 million and an internal rate of return on that amount of 15% from its share of the Project’s revenues. On expiry of BlueRock's royalty, our net revenue interest will increase to 80% and leave us well positioned to develop all zones within our tenure.

Bird Creek Prospect, Osage County: (average 3.125% working interest)

We acquired a 3.125% working interest in the Bird Creek Prospect shortly after listing. We have already elected to participate in the drilling of two wells, one of which, the Bray #1, has been drilled to target depth of 1,820 feet and encountered good oil shows across 10 feet of pay from 1,704 to 1,714 feet. While the results from the well, together with well data from nearby wells suggested we were on the outer edge of a structure, the porosity was less than desired. We next participated in drilling the Keese #1 well which is complete and a second Keese well (third overall), the Keese #2, is currently being completed. On completion of the second well, work will begin to install the necessary production facilities in order to permit production from the wells, at which point production data will be announced. The Bray #1 will be completed as a salt water disposal well.

DeAgua Project, Woods County: (average 0.348 % working interest)

This smaller working interest in the DeAgua Project enables us to participate in wells alongside Chesapeake and Midstates, two of the leading operators in the Mississippi Lime.The pace of drilling on this project has been a disappointment as the operator has been focused on other acreage in their portfolio. However, one well, the Cook 1H-12, in which Northcote has an approximate 1.0% working interest, is being completed and results will be announced in due course.

Partnerships

In July 2013 we were pleased to announce the formation of our first partnership vehicle, Northcote Drilling Partners LLP (‘the Partnership’). This enables U.S. investors to participate with Northcote in the development of oil and gas assets located onshore US, initially in Oklahoma. Full details of the partnership can be found in the announcement dated 4 July 2013, but in essence, the Partnership will de-risk Northcote's development programme by providing it with a non-dilutive source of capital that offers direct upside participation in additional assets, whilst also providing opportunities to optimize our portfolio by sharing the costs associated with higher risk, but also high reward. Importantly, our subsidiary, Northcote Energy Development, is managing general partner of the Partnership and receives a participation in the revenues generated by the partnership for this role.

CHAIRMAN'S STATEMENT

Financial Review

Gross production at Horizon during the period averaged over 100 BOEPD, significantly less than the full potential of the project. During the period under review, production was affected by the work programme across the project, which resulted in production at a number of the wells at our Big Hill and Little Drum units being temporarily suspended whilst work was completed. We look forward to reporting substantially increased revenues in our year end accounts, as the full year effects of our work programme are shown through increased production.

During the period the Group reported a loss of $2,183,000 of which $1,273,000 (2012: $Nil) related to a one-off goodwill impairment related to the reverse acquisition completed in January 2013. In addition the loss includes IPO costs of $366,000 and non-cash share based payments of $64,000 (2012: $Nil).

During the period, Northcote raised a total of $3.9million via placing. The funds raised, both on admission and post admission, are being used to accelerate our work programmes across both our original and expanded portfolio of projects. As part of the placings we were delighted to welcome Cape Bouvard Equities Pty Ltd, one of Australia's largest private investment companies, to our shareholder register.

Outlook

We have significantly grown Northcote during the first six months of the year, our first as a public entity. We now have a strong core portfolio with excellent upside potential, operator status in Osage County and an exciting and de-risked development campaign to considerably bolster our production to 250 BOEPD and build on our already sizeable reserves by the end of July 2014. In tandem with this, our experience and network in Osage County will help us secure further value accretive opportunities to consolidate our position, a proven strategy which will substantially enhance Northcote's value, and build the Company into a leading oil and gas company in the State of Oklahoma. We have set, and are confident of meeting, the following operating targets:

- 5,000 net acres by 31 December 2013; and
- 250 boepd production by 31 July2014.

I would like to take this opportunity to thank our Board, management and advisers for their hard work during this exciting period, which has seen us achieve the first of our annual production targets, 5 months early, and we look forward to the next 12 months as we continue to deliver our growth plans by the execution of our ongoing work programme.

Ross Warner
CHAIRMAN

Consolidated statement of comprehensive loss (unaudited)

	Six months ended 30 June 2013 (unaudited) US$'000s	Nine months ended 31 Dec 2012 (unaudited and restated) US$'000s	Six months ended 30 June 2012 (unaudited) US$'000s
Revenue	**360**	113	-
Cost of sales	**(234)**	(53)	-
Gross profit	**126**	60	-
Administrative expenses			
- Impairment of goodwill	**1,273**	-	-
- Other administrative expenses	**1,133**	241	-
Total administrative expenses	**(2,406)**	(241)	-
Operating loss	**(2,280)**	(181)	-
Finance income	**125**	-	-
Finance costs	**(28)**	-	-
Loss before tax	**(2,183)**	(181)	-
Income tax expense	**-**	-	-
Loss after tax attributable to equity holders of the parent	**(2,183)**	(181)	-
Exchange differences arising on translating foreign operations	**(166)**	3	12
Total comprehensive loss for the period attributable to equity holders of the parent	**(2,349)**	(178)	12
Weighted average number of shares	**874,756,198**	102,870,880	14,950,001
Basic and diluted loss per share	**0.2 cents**	0. 2 cents	-

Consolidated statement of financial position (unaudited)

	30 June 2013 (unaudited) US$'000s	31 Dec 2012 (unaudited and restated) US$'000s	30 June 2012 (unaudited and restated) US$'000s
Assets			
Non-current assets			
Intangible Oil & Gas assets	**1,550**	400	-
Tangible Oil & Gas assets	**4,080**	978	-
Total non-current assets	**5,630**	1,378	-
Current assets			
Receivables	**241**	111	-
Cash and cash equivalents	**1,420**	11	31
Total current assets	**1,661**	122	31
Total assets	**7,291**	1,500	31
Liabilities			
Non-current liabilities			
Promissory notes	**50**	476	-
Provisions	**72**	-	-
Total non-current liabilities	**(122)**	(476)	-
Current liabilities			
Trade and other payables	**323**	80	62
Other loans	**343**	250	-
Provisions	**128**	-	-
Total current liabilities	**(794)**	(330)	(62)
Total liabilities	**(916)**	(806)	(62)
Net assets	**6,375**	694	(31)
Capital and reserves			
Share capital	-	38	15
Share premium	**15,588**	1,421	529
Shares to be issued	**1,888**	-	-
Foreign currency translation reserve	**(189)**	(23)	(14)
Reverse acquisition reserve	**(8,202)**	-	-
Accumulated loss	**(2,710)**	(742)	(561)
Total equity attributable to the parent entity	**6,375**	694	(31)

Consolidated statement of changes in equity (unaudited)

	Share capital US$'000s	Share premium US$'000s	Shares to be issued US$'000s	Foreign currency translation reserve US$'000s	Reverse acquisition reserve US$'000s	Accumulated loss US$'000s	Total equity US$'000s
Balance at 1 January 2012	15	529	-	(26)	-	(561)	(43)
Total comprehensive loss for the period	-	-	-	12	-	-	12
Balance at 30 June 2012	15	529	-	(14)	-	(561)	(31)
Total comprehensive loss for the period	-	-	-	(9)	-	(181)	(190)
Issue of share capital	22	880	-	-	-	-	902
Share-based payments	1	12	-	-	-	-	13
Balance at 31 December 2012	38	1,421	-	(23)	-	(742)	694
Total comprehensive loss for the period	-	-	-	(166)	-	(2,183)	(2,349)
Issue of shares	-	15,014	1,888	-	-	-	16,902
Conversion of debt to equity	-	250	-	-	-	-	250
Share issue costs	-	(443)	-	-	-	-	(443)
Reverse acquisition adjustment	(38)	(503)	-	-	(8,202)	-	(8,743)
Share options issued	-	-	-	-	-	60	60
Share warrants issued	-	(151)	-	-	-	155	4
Balance at 30 June 2013	**-**	**15,588**	**1,888**	**(189)**	**(8,202)**	**(2,710)**	**6,375**

Consolidated statement of cash flows (unaudited)

	Six months ended 30 Jun 2013 (unaudited)	Nine months ended 31 Dec 2012 (unaudited and restated)	Six months ended 30 Jun 2012 (unaudited and restated)
	US$'000s	US$'000s	US$'000s
Cash flows from operating activities:			
Net loss for the period	**(2,183)**	(181)	-
Items not involving cash:			
Depreciation of property, plant and equipment	**24**	-	-
Impairment of goodwill	**1,273**	-	-
Share-based payment expense	**64**	-	-
Net interest expense	**27**	-	-
Net foreign exchange	**(124)**	-	-
Change in working capital items:			
(Increase)/Decrease in receivables	**(90)**	(107)	-
Increase/(Decrease) in trade and other payables	**1**	5	-
Net cash used in operations	**(1,008)**	(283)	-
Cash flows from investing activities			
Acquisition of subsidiary	**(450)**	-	-
Purchases of property, plant and equipment	**(1,826)**	-	-
Payments to acquire intangible assets	**(325)**	-	-
Interest received	**3**	-	-
Net Cash acquired on reverse acquisition/acquisitions	**577**	-	-
Net cash used in investing activities	**(2,021)**	-	-
Cash flows from financing activities			
Proceeds from issue of convertible loans	**-**	250	-
Proceeds from issue of share capital	**5,243**	13	-
Share issue costs	**(442)**	-	-
Proceeds from borrowing	**363**	-	-
Repayments of loans	**(696)**	-	-
Loan and bank interest paid	**(30)**	-	-
Net cash generated by financing activities	**4,438**	263	-
Net increase/(decrease) in cash and cash equivalents	**1,409**	(20)	-
Cash and cash equivalents, beginning of period	**11**	31	31
Effect of foreign exchange rate changes	**-**	-	-
Cash and cash equivalents, end of period	**1,420**	11	31

Significant non-cash transactions relate to the issue of shares on reverse acquisition of Northcote Energy and issue of shares as consideration for Oil & Gas acquisitions during the period.

Notes to the consolidated financial statements (unaudited)
For the six months ended 30 June 2013
(Stated in U.S. dollars)

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The interim financial information set out above does not constitute statutory accounts. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2012 were approved by the Board of Directors on 22 May 2013. The report of the auditors on those financial statements was unqualified.

The 2013 interim financial report of the Company has not been audited or reviewed by the Company's auditor, PKF Littlejohn LLP.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 30 June 2013.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2012 Annual Report and Financial Statements, a copy of which is available on the Group's website: www.northcoteenergy.com. The key financial risks are liquidity risk, foreign exchange risk, credit risk, price risk and interest rate risk.

Critical accounting estimates

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2012 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

Presentation currency

Upon completion of the RTO the presentational currency of the Group and its comparatives was made US$. This change was made as the Directors considered the US$ to most faithfully represent the economic effects of the underlying transactions, events and conditions in the Company. As a consequence of this change in presentational currency the financial information for the period ended 30 June 2012 and the period ended 31 December 2012 has been presented in US$ and has been described as "unaudited and restated".

2. Accounting Policies

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2012 except for the impact of the adoption of the Standards and interpretations described below.

Changes in accounting policy and disclosures

(a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2013 but not currently relevant to the Group.

Standard	Impact on initial application	Effective date
IAS 12 (Amendment)	Deferred tax: recovery of underlying assets	1 January 2013
IFRS 13	Fair value measurement	1 January 2013

(*b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2013 and not early adopted*

Standard		Effective date
IFRS 10	Consolidated financial statements	1 January 2013*[1]
IFRS 11	Joint arrangements	1 January 2013*[1]
IFRS 12	Disclosure of interest in other entities	1 January 2013*[1]
IAS 19 (Amendment 2011)	Employee benefits	1 January 2013*[2]
IAS 27 (Amendment 2011)	Separate financial statements	1 January 2013
IAS 28 (Amendment 2011)	Investments in associates and joint ventures	1 January 2013*[1]
IAS 32 (Amendment 2011)	Offsetting financial assets and financial liabilities	1 January 2014
IFRS 9	Financial instruments	1 January 2015*[2]
IFRS 7	Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities	1 January 2013*[2]

1 Effective date 1 January 2014 for the EU.
2. Not yet endorsed by the EU

3. Reverse acquisition of Northcote Energy Limited

On 14 January 2013 the Company acquired 100% of the issued share capital of Northcote Energy Limited, Cayman Islands ("Northcote CI"), a US focused on-shore oil and gas company, for a consideration of US$10.4 million to be satisfied by the issue of 645,084,519 new Shares to the Sellers. Northcote Energy Limited was incorporated as an investment vehicle focused on the completion of a natural resources acquisition. The Directors identified and completed the acquisition of Northcote CI in line with this strategy and to further the business interests of the Company.

In accordance with IFRS 3 (Revised) the acquisition represents a reverse acquisition and the details of the reverse acquisition are below:

Total consideration	**$000's**
Equity instruments in issue (5,995,841 ordinary shares at 17.012p each)	1,645
Recognised amounts of identifiable assets acquired and liabilities assumed	
ASSETS	
Receivables	40
Cash and cash equivalents	574
Total identified net assets	614
LIABILITIES	
Trade and other payables	(242)
Total identified liabilities	**(242)**
Total identified net assets	**372**
Goodwill	**1,273**

3. Reverse acquisition of Northcote Energy Limited (continued)

In a reverse acquisition the acquisition date fair value of the consideration transferred by Northcote Energy Limited is based on the number of equity instruments that Northcote CI would have had to issue to the owners of Northcote Energy Limited to give the owners of Northcote Energy Limited the same percentage of equity interests that results from the reverse acquisition. The cost of the combination was calculated using the fair value of all the pre-acquisition issued equity instruments of Northcote Energy Limited at the date of acquisition. The fair value of the share consideration was based on the latest share transaction of Northcote Energy CI from October 2012 of £0.17 immediately prior to the acquisition. Goodwill of $1,273,000 was be expensed immediately on acquisition and all the acquisition related costs will also be expensed in accordance with IFRS 3 (Revised).

The costs of the reverse acquisition of Northcote CI totalled $690,000; of this amount $366,000 was charged to the income statement in the period under review, with the remaining amount being recorded in the prior period ended 31 December 2012

4. Acquisition of Oklahoma Energy

Effective 1 April 2013 the Group acquired a 100% interest in Oklahoma Energy LLC ("OKE") , a US company with Oil & Gas assets in Oklahoma in exchange for consideration totaling $900,000 comprising $500,000 payable to the vendor and a $400,000 payment to BlueRock Capital LLC, a third party.

Prior to Northcote agreeing to purchase OKE, OKE had sold a term overriding royalty interest (`Royalty') to BlueRock Capital, LLC (`BlueRock'). The Royalty confers a direct NRI on BlueRock in the project assets. Northcote has agreed to pay BlueRock US$400,000 at completion to reduce the outstanding balance of the Production Payment to US$1.23 million.

The consideration for the acquisition is as follows:

1) US$50,000 in cash (`OKE Cash Consideration');

2) US$250,000 to be settled by the issue of 9,523,809 new Ordinary Shares at 1.75 pence per new Ordinary Share (`OKE Consideration Shares'); and

3) up to a maximum payment of US$200,000 in cash payable at the rate of US$10 per boed produced up until 4 March 2020.

4) payment to BlueRock $400,000

In accordance with IFRS 3 (Revised) the details of the acquisition are below:

Total consideration	**$000's**
Equity instruments in issue (9,523,809 ordinary shares at 1.75p each)	250
Earn-out provision ($10 per barrel of production to a maximum of $200,000)	200
Cash (including $400,000 BlueRock facility payment)	450
Total consideration	**900**

Recognised amounts of identifiable assets acquired and liabilities assumed	**$000's**
ASSETS	
Tangible Oil & Gas assets	87
Intangible Oil & Gas assets	850
Cash and cash equivalents	3
Total identified net assets	940
LIABILITIES	
Trade and other payables	(40)
Fair value of total net assets	**900**

5. Segmental analysis

In the opinion of the Directors, the operations of the Group comprise one single operating segment comprising production, development and sale of hydrocarbons and related activities. The Group operates in one geographic area, USA. The Group has head office operations in the UK but the quantitative thresholds of IFRS 8 are only met for the USA, which is therefore the Group's one reportable segment and the Directors consider that the primary financial statements presented substantially reflect all the activities of this single operating segment.

6. Oil & Gas assets

	Intangible assets	**Tangible assets**	**Total**
	$'000s	**$'000s**	**$'000s**
Cost			
At 1 January 2012 and 30 June 2012	-	-	-
Additions	400	978	1,378
At 31 December 2012	400	978	1,378
Additions	325	3,049	3,346
Acquired through business combination	850	87	940
At 30 June 2013	**1,550**	**4,114**	**5,664**
Depletion charge			
At 1 January 2012 and 30 June 2012	-	-	-
Charge for the period	-	-	-
At 31 December 2012	-	-	-
Charge for the period	-	24	24
At 30 June 2013	**-**	**24**	**24**
Net book value			
At 30 June 2013	**1,550**	**4,114**	**5,664**
At 31 December and 30 June 2012	400	978	1,378
Analysis of NBV by project:			
Oklahoma Energy	850	186	986
Other projects	700	-	700
Horizon Project	-	3,904	3,904
At 30 June 2013	**1,550**	**4,090**	**5,640**

On 13 February 2013 the Group acquired an additional 10% working interest in the Horizon project for US$800,000 satisfied by the payment of $107,500 cash and the issue of 18,083,183 fully paid Shares in Northcote with the issue of a US$192,500 promissory note.

On 13 February 2013 On 13 February 2013 the Group acquired an additional 2.2% royalty interest in the the Horizon Project for US$300,000 satisfied by cash of US$101,000, the issue of 5,424,955 fully paid Shares in Northcote and the issue of a US$49,000 promissory note.

On 22 March 2013 the group agreed to acquire an average 7.25% working interest in 10 wells at the Company's Horizon Project for consideration of US$600,000 to be satisfied by the issue of 22,857,143 new Ordinary Shares at a price of 1.75 pence per new share.

Additionally on 22 March 2013 the Company entered into an agreement with Horizon to acquire a further 6% working interest in the Horizon Project for US$480,000 payable in cash.

Acquisition of Oklahoma Energy ("OKE") is described in more detail in note 3.

7. Share capital

Authorised:

Unlimited number of ordinary shares of Nil par value

	Number	Pence per share	Share capital $'000s	Share premium $'000s
Allotted, called-up and fully paid:				
Balance as at 1 January and 30 June 2012	14,950,001	-	15	529
Shares issued	22,648,825	-	23	892
Balance at 31 December 2012	37,598,826	-	38	1,421
Reverse acquisition adjustment	65,272,054	-	(38)	(504)
Jan 13 – Placing at admission to AIM	100,000,000	1.0	-	1,612
Costs of placing	-	-	-	(383)
Jan 13 – Creditor and loan conversion	18,949,179	1.0	-	305
Jan 13 – acquisition at admission to AIM	645,084,519	1.0	-	10,403
Feb 13 – consideration shares	23,508,138	1.75	-	1,506
Apr 13 – Placing and other shares	101,000,000	1.5	-	2,278
Costs of placing	-	-	-	(211)
Balance at 30 June 2013	**991,412,716**	**-**	**-**	**15,588**

Shares to be issued

As at 30 June 2013 the Group had contracted to issue shares, which had not yet been allotted. On 3rd May 2013 the Group agreed to issue Cape Bouvard Equities 42,833,707 shares in exchange for consideration of A$1,000,000 or $1,032,399 at a price of 1.55 pence per share. On 22nd March 2013 the Group agreed to issue at a price of 1.75 pence per share 9,523,809 shares as consideration for the acquisition of Oklahoma Energy and also 22,857,143 shares at a price of 1.75 pence per share as consideration for the acquisition of an additional interest in Horizon Project.

8. Share options and warrants

The following is a summary of the share options outstanding and exercisable as at 30 June 2013, 31 December 2012 and 30 June 2012 changes during the period:

	30 June 2013		30 June 2012 and 31 December 2012	
	Number of options	**Weighted average exercise price (Pence)**	Number of options	Weighted average exercise price (Pence)
Outstanding at beginning of period	**-**	**-**	-	-
Warrants in Northcote Energy Ltd at acquisition	**1,000,000**	**1.00**	-	-
Warrants granted post acquisition	**20,669,046**	**1.15**	-	-
Options granted to Directors	**49,000,000**	**2.46**	-	-
Outstanding and exercisable, end of period	**70,669,046**	**2.06**	-	-

At 30 June 2013 the following share options were outstanding in respect of the ordinary shares:

Grant Date	Expiry Date	Number of Options b/fwd	Acquired/ Issued	**Number of Options Outstanding**	Exercise Price per Option	**Exercisable at 30 June 13**
14.01.13	14.01.16	-	1,000,000	**1,000,000**	1.00p	**1,000,000**
14.01.13	14.01.16	-	14,669,046	**14,669,046**	1.00p	**14,669,046**
22.03.13	22.03.16	-	6,000,000	**6,000,000**	1.50p	**6,000,000**
05.04.13	05.04.18	-	14,000,000	**14,000,000**	1.75p[1]	**-**
05.04.13	05.04.18	-	17,500,000	**17,500,000**	2.25p[2]	**-**
05.04.13	05.04.18	-	17,500,000	**17,500,000**	3.25p[3]	**-**
		-	70,669,046	**70,669,046**		**21,669,046**

1) Vests after 31.12.13 on condition that the Director is employed at that date and that net production is greater than 100 boepd;
2) Vests after 31.12.13 on condition that the Director is employed at that date and that net production is greater than 250 boepd;
3) Vests after 30.06.13 on condition that the Director is employed at that date and that net production is greater than 400 boepd;

The new options have been valued using Black-Scholes and the assumptions used are detailed below:

Grant date	Share price at grant	Exercise price	Volatility	Option life	Dividend yield	Risk-free investment rate	Fair value per option
14-01-13	1.00p	1.00p	60%	3 years	0%	1%	0.655cents
22-03-13	1.50p	1.50p	60%	3 years	0%	1%	0.922cents
05-04-13	1.48p	1.75p	40%	5 years	0%	1%	0.694cents
05-04-13	1.48p	2.25p	40%	5 years	0%	1%	0.523cents
05-04-13	1.48p	3.25p	40%	5 years	0%	1%	0.208cents

The Group recognised $215,000 (2012: $Nil) related to equity-settled share based payment transactions during the year, of which $151,000 was charged to share premium and $64,000 was expensed. There is a further $184,000 (2012: $Nil) to be recognised in the subsequent financial period, in relation to the above issue of options.

9. Loans and borrowings

	6% Bank Debt $'000s	4.5% Promissory notes $'000s	6% Promissory notes $'000s	**30 June 2013 $'000s**	31 Dec 2012 $'000s	30 June 2012 $'000s
Brought forward	-	-	-	**-**	-	-
Initial drawdown	350	49	669	**1,068**	-	-
Interest	3	1	29	**33**	-	-
Repayments	(10)	(50)	(648)	**(708)**	-	-
Carried at period end	343	-	50	**393**	-	-

Principal terms and the debt repayment schedule of the Group's loans and borrowings are as follows for 30 June 2013 and 31 December 2012

	Currency	**Interest rate**	**Year of maturity**
Bank loans	US$	6%	2014
Promissory notes	US$	4.5%	2016
Promissory notes	US$	6%	2016

The promissory notes are unsecured and shall be payable between issue and a maximum of five years from the date of issue. In the event that the loan hasn't been paid down by maturity the outstanding principal and interest will be fully payable at maturity.

10. Provisions

	30 June 2013 $'000s	31 Dec 2012 $'000s	30 June 2012 $'000s
Due within one year or less	**128**	-	-
Due after more than one year	**72**	-	-
Total provision	**200**	-	-

The provision is in respect of an earn-out provision payable to the vendor of Oklahoma Energy LLC. Up to a maximum payment of US$200,000 in cash payable at the rate of US$10 per boed produced up until 4 March 2020.

11. Events after the balance sheet date

Northcote Energy has entered into an agreement to acquire up to a 25% working interest (`WI') in certain producing leases at the South Weslaco Field, Hidalgo County, Texas. The effective date for the Acquisition will be 1 September 2013 and the consideration being paid consists of US$150,000 in cash and 12,348,372 new ordinary shares of no par value in the Company. The completion is pending and is contingent on the assignment of oil and gas leases to the Group but is expected to complete in the next few weeks.

There were no other events to report after the balance sheet date.