Interim results 2010

San Leon Energy, the AIM listed international oil and gas company with assets in Poland, Ireland, Morocco, Albania, Italy, and the Netherlands is pleased to announce its interim results for the period ending 30 June 2010.

Highlights:

- JV agreement with Talisman Energy for shale gas exploration in Poland - San Leon carried through seismic programme and potential 6 well programme – an estimated investment of US$80-$100 million
- Construction phase on the Tarfaya Oil Shale Pilot plant in Morocco is now underway
- Acquisition of Island Oil & Gas plc
- The Slyne 3D seismic acquisition off the west coast of Ireland was completed under budget – confirming the significant Inishmore prospect and additional prospective structures
- Award of Nida and Szczawno concessions in Poland
- JV agreement with Al Meinaa Oil Services of Iraq
- Successful placings to raise £5.55 million for operational expenses.
- Board strengthened through specialist appointments
- Appointment of new Broker, Auditor and International Legal Advisers - Macquarie Capital, KPMG & Herbert Smith respectively

OisínFanning, Chairman of San Leon, commented:

"***2010 has been a very positive year for San Leon. The Company has made significant achievements and progress in the ongoing development across all of its assets. I am also delighted that our shareholders continue to show their support for this exciting business through the two successful placings that we have completed.***

The Company has continued to strengthen the business and develop its exciting portfolio; building a very strong platform for growth. Shareholders can very much look forward to the future and a portfolio which we are confident will deliver value."

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Qualified person

Philip Thompson has over twenty five years' experience in the oil & gas industry. He has an M.Sc. in Geophysics from Southern Methodist University and a B.Sc. in Geophysics from Texas A&M University.

Chairman's Statement

San Leon continues to grow from strength to strength. In the six months to 30 June 2010 and since the period end, we have completed a number of acquisitions, signed two joint venture agreements, continued the development of our existing assets, raised over £5.5 million from new and existing investors and have strengthened our Board with a number of appointments.

Our mission is, and has always been, to bring value to our shareholders and grow the company in a systemic and sustainable manner. The achievements so far this year continue to demonstrate how San Leon is constantly striving to reach those goals.

In January, our 100% owned Polish subsidiary, Vabush Energy, was awarded the Nida Concession for oil and gas reconnaissance and exploration. The concession is located in the Malpolska Block in southern Poland, totalling 1,167.7km2 and is valid for up to five years.

In May, our 100% owned Polish subsidiary, Oculis Investments, was awarded the 603.4 km2 Szczawno Concession in the Baltic Basin, onshore northern Poland, for oil and gas reconnaissance and exploration. This is a highly prospective area for significant gas production from the Palaeozoic shales and we are pleased to continue to grow our access into the highly sought after shale gas areas in Poland.

In February, San Leon signed a farm-out and joint operating agreement with Talisman Energy for the exploration of shale gas in the Baltic Basin onshore Poland. Talisman is a leader in shale gas exploration and development making this agreement a positive move forward for San Leon. Under the agreement, Talisman will pay 60% of the initial seismic acquisition program (480 km). Based upon our initial technical evaluation of the shale gas potential of the Silurian and Ordovician rocks in the Baltic Basin the play has an estimated potential of 4.0-6.0 TCF of recoverable natural gas across our acreage.

In order to support our growing presence in Poland, we continue to expand our office in Warsaw to provide technical and operational expertise for the Polish assets and to analyse and interpret data from our international projects.

During the period, San Leon also signed a joint venture agreement with Al Meinaa Oil Services for the reciprocal referral and joint evaluation of oil and gas projects in Iraq. This exclusive partnership provides San Leon with an early entry point into a very exciting market and, through an excellent local resource, will help provide access to numerous opportunities available across Iraq.

In May the fallout of the oil spill in the Gulf of Mexico was felt in Italy where new department of environment laws were introduced to protect coastal waters, leaving many exploration companies there in a stalled and ambiguous position. Offshore exploration has been suspended but we are by no means certain, whether this is a permanent or long-term situation, as the debate is still ongoing. We are hopeful that there will be more clarity in due course. In the interim we have suspended our activity offshore Italy and will continue to maintain and progress our onshore assets in the gas rich Po valley.

Also in May, we completed the acquisition of Island Oil and Gas, a leading Irish-based oil and gas exploration company, whose assets provide an excellent strategic fit. Island was grossly undervalued given the depth of its assets and we believe their development will provide significant value to our shareholders.

Since the period end, we have completed the 300 km2 3D seismic acquisition programme covering the Slyne Basin along the Atlantic Margin, offshore Ireland. This programme was completed in 15 days with 100% of the proposed survey successfully acquired under budget. Whilst the final results for interpretation are expected in December, the initial review of the preliminary 3D volume confirms the existence of the Inishmore prospect with estimated mean case recoverable reserves of 1.3 TCF.

2010 has been a busy year and in keeping with the ongoing development of San Leon. Our enthusiasm has been further underpinned by the two successful placings that raised in excess of £5.5 million. We are very pleased that new investors as well as our existing shareholders recognise the potential for value creation and we are delighted to have this continued support.

In addition, we have made a number of additions to the Board of the Company. Dr John Buggenhagen, who leads our team in Poland has been appointed as Director of Exploration. Daniel Martin is a London-based commercial lawyer and has joined us as a non-executive director. More recently, we have appointed Vincent Barry as CFO. We are pleased to welcome all three to the team and look forward to working with them and drawing on their expertise.

We have also strengthened the adviser team and I am very pleased with the recent appointments of Macquarie Capital as our Brokers, KPMG as our Auditors and Herbert Smith as our International Legal advisers, all noteworthy internationally acclaimed companies.

It has been a challenging but very positive year so far and we are pleased with the progress San Leon has made. I am grateful for the calibre of our staff and the expertise of the global team we employ. Together, we continue to strive to bring value to our shareholders and maintain our strategy of exploration and monetising our assets.

I am pleased to report that the Company is in a strong position and that we are excited by the ongoing development opportunities that exist across our portfolio.

Oisín Fanning
Chairman
San Leon Energy

The following financial information on San Leon Energy Plc represents the Group's interim results for the 6 months ended 30 June 2010.

Consolidated Income Statement

For the six months ended 30 June 2010

		Un-audited	**Un-audited**	**Audited**
	Notes	**30/06/10**	**30/06/09**	**31/12/09**
		€	€	€
Revenue		131,163	-	-
Cost of sales		(490,720)	-	-
Gross (loss)		(359,557)	-	-
Administrative Expenses		(2,434,231)	(589,610)	(4,269,008)
Other income	**2**	1,500,000	-	-
Operating (loss)		(1,293,788)	(589,610)	(4,269,008)
Finance expense		(409,925)	(220,723)	(450,574)
Finance income		3,308	6,792	11,618
Share based payment cost		-	-	(808,314)
(Loss) before income tax		**(1,700,405)**	**(803,541)**	**(5,516,278)**

Income tax		(1,066)	-	(4,448)
(Loss) for the period attributable to equity holders of the parent		**(1,701,471)**	**(803,541)**	**(5,520,726)**
Loss per share (cent):				
Loss per ordinary share – basic and diluted		(0.49)c	(0.29)c	(1.92)c

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

		Un-audited	**Un-audited**	**Audited**
		30/06/10	**30/06/09**	**31/12/09**
		€	€	€
(Loss) for the period attributable to equity holders of the parent		**(1,701,471)**	**(803,541)**	**(5,520,726)**
Currency translation adjustments		817,053	-	-
Total comprehensive loss for the period		**(884,418)**	**(803,541)**	**(5,520,726)**

Consolidated Balance Sheet

As at 30 June 2010

	Notes	Un-audited	Un-audited	Audited
		30/06/10	**30/06/09**	**31/12/09**
		€	€	€
Assets				
Non-current assets				
Goodwill	**3**	18,736	-	-
Exploration and evaluation assets	**4**	67,939,737	34,217,372	36,478,500
Property, plant and equipment	**5**	1,363,900	13,737	118,650
Total non-current assets		69,322,373	34,231,109	36,597,150
Current assets				
Trade and other receivables	**6**	2,751,794	2,372,934	558,234
Cash and cash equivalents		485,416	442,042	2,138,088
		3,237,210	2,814,976	2,696,322
Total assets		**72,559,583**	**37,046,085**	**39,293,472**

Equity and Liabilities				
Capital and Reserves				
Issued share capital	**10**	20,150,474	113,954,968	16,059,196
Share premium account	**10**	37,224,020	19,249,251	23,976,523
Share based payment reserve		2,321,035	1,512,721	2,321,035
Other reserves		-	170,785	-
Currency translation reserve		817,053	-	-
Retained earnings		(11,024,836)	(4,606,180)	(9,323,365)
Total equity attributable to equity Holders of the Company		**49,487,746**	**30,281,545**	**33,033,389**
Non-Current Liabilities				
Provision for decommissioning	**9**	4,666,428	-	-
Other loans	**8**	13,073,643	5,000,000	2,750,000
		17,740,071	5,000,000	2,750,000
Current Liabilities				
Trade and other payables	**7**	5,331,766	1,764,540	3,510,083
Total Liabilities		**23,071,837**	**6,764,540**	**6,260,083**
Total Equity and Liabilities		**72,559,583**	**37,046,085**	**39,293,472**

Consolidated Statement of Changes in Equity

As at 30 June 2010

	Share Capital	Share premium account	Shares to be issued as consideration	Share based payment reserve	Currency translation reserve	Retained loss	Total
	€	€	€	€	€	€	€
At 1st Jan 2009	13,566,469	18,312,892	114,653	1,512,721	-	(3,802,639)	29,704,096
(Loss) for the year	-	-	-	-	-	(5,520,726)	(5,520,726)
Recognition of share based payment	-	-	-	808,314	-	-	808,314
Proceeds from share issues	2,492,727	5,663,631	(114,653)	-	-	-	8,041,705
At 31st Dec 2009	**16,059,196**	**23,976,523**	**-**	**2,321,035**	**-**	**(9,323,365)**	**33,033,389**
(Loss) for the period	-	-	-	-	-	(1,701,471)	(1,701,471)
Currency translation adjustments	-	-	-	-	817,053	-	817,053
Share issues	4,091,278	13,247,497	-	-		-	17,338,775

At 30th June 2010	**20,150,474**	**37,224,020**	**-**	**2,321,035**	**817,053**	**(11,024,836)**	**49,487,746**

Consolidated Cash Flow Statement

For the six months ended 30 June 2009

		Un-audited	**Un-audited**	**Audited**
		30/06/10	**30/06/09**	**31/12/09**
		€	€	€
Cash flows from operating activities				
(Loss) for the period before taxation		(1,700,405)	(803,541)	(5,516,278)
Finance costs		422,114	213,931	
Other non-cash expenses		-	170,785	-
Investment income		(3,308)	-	(11,618)
Depreciation		388,094	2,676	99,157
Movement on share based payment reserve		-	-	808,314
Working capital adjustments				
(Increase) / decrease in debtors		(1,725,169)	3,685,536	5,500,236
Increase / (Decrease) in creditors		306,981	(345,689)	(854,594)
		(2,311,693)	2,923,698	25,217
Corporation tax		(5,514)	**-**	**-**
Net cash flows from operating activities		**(2,317,207)**	**2,923,698**	**25,217**

Cash flows from investing activities				
Interest Received		3,308	6,792	11,618
Payments for property, plant and equipment		(137,109)	-	(201,394)
Payments for exploration and evaluation assets		(1,251,900)	(3,646,532)	(5,907,660)
Acquisition of subsidiary, net cash acquired		244,092	-	-
Net cash used by investing activities		**(1,141,609)**	**(3,639,740)**	**(6,097,436)**
Cash flows from financing activities				
Proceeds from issue of share capital		2,265,914	1,210,205	8,041,705
Interest paid		(273,686)	(220,723)	-
Repayment of convertible loan		(200,000)	-	-
Net cash generated in financing activities		**1,792,228**	**989,482**	**8,041,705**
Net (decrease) /increase in cash		**(1,666,588)**	**273,440**	**1,969,486**
Translation adjustment		13,916	-	
Cash and cash equivalents at start of period		2,138,088	168,602	168,602
Cash and cash equivalents at end of period		**485,416**	**442,042**	**2,138,088**

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 2009.

The interim consolidated financial statements 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 2009 which are available on the Group's website www.sanleonenergy.com.

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

The following significant additional policies have also been adopted by the Group

1.1 Revenue recognition

Revenue from the sale of gas is recognised when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer. Revenue is stated net of value added tax.

1.2 Provision for decommissioning

Provision is made for decommissioning of oil and gas wells. The cost of decommissioning is determined through discounting the amounts expected to be payable to their present value at the date the provision is recognised and is reassessed at each balance sheet date. This amount is regarded as part of the total investment to gain access to future economic benefit and consequently capitalised as part of the cost of the asset and the liability is included in provisions. Such cost is depleted over the life of the asset and charged to the income statement. The unwinding of the discount is reflected as a finance cost in the income statement over the remaining life of the field or well.

2. Other income

Other income of €1.5m relates to the proceeds received by San Leon Energy Plc under the terms of the joint venture agreement entered into with Talisman Energy Inc. in March 2010 covering the Company's two existing Baltic Basin concessions (Braniewo & Gdansk W) and extending to a 3rd pending concession application in the Gdansk area.

3. Acquisition of subsidiaries

San Leon Energy Plc completed the acquisition of Island Oil and Gas Plc ("IOG"), an Irish registered company, on 10th May 2010 for a consideration of €14.35m. IOG was an AIM listed oil and gas company with exploration and production assets predominantly in Ireland and Morocco.

The acquisition has been accounted for by the purchase method of accounting with an effective date of 10th May 2010. The Group has consolidated the results of IOG from the date of acquisition.

The fair value of IOG detailed below is preliminary in nature and will be reviewed in accordance with the provisions of IFRS 3 – Business Combinations within the specified 12 month period from the completion date. Due to the inherently uncertain nature of the oil and gas industry, the assumptions underlying the preliminary assigned values are judgment in nature. To the extent the purchase consideration exceeds the aggregate fair value of the identifiable assets and liabilities of IOG, then goodwill has been recognised on the acquisition.

	Acquisition	**Acquisition**
	Book Value	**Fair Value(Preliminary)**
	€	€
Intangible exploration and evaluation assets	28,580,086	**28,580,086**
Property, plant and equipment	1,415,539	**1,415,539**
Current assets (excluding cash and cash equivalents)	410,156	**410,156**
Cash and cash equivalents	244,092	**244,092**
Trade and other payables	(2,086,822)	**(2,086,822)**
Borrowings and financial liabilities	(9,815,658)	**(9,815,658)**
Provision for liabilities and charges	(4,414,758)	**(4,414,758)**
Net assets	14,332,635	**14,332,635**
Goodwill arising in acquisition	18,736	**18,736**
Total Consideration settled by issue of shares	14,351,371	**14,351,371**
Net cash flow arising on acquisition		
Cash and cash equivalents acquired	244,092	**244,092**

IOG has contributed a loss of €578,000 to the Group results for the six month period to 30th June 2010.

4. Exploration and evaluation assets

	Europe	**Africa**	**America**	**Total**

	€	€	€	€
At 1 January 2010	5,398,379	28,461,698	2,618,423	36,478,500
Acquisition of subsidiaries	27,477,987	1,102,099	-	28,580,086
Additions	907,906	285,879	58,044	1,251,899
Currency adjustment	1,566,425	62,827	-	1,629,252
At 30 June 2010	**35,350,697**	**29,912,503**	**2,676,467**	**67,939,737**

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.

5. Property, plant and equipment

	Oil & Gas Properties €	**Computer equipment** €	**Motor vehicles** €	**Total** €
Cost				
At 1 January 2010	-	197,707	25,903	223,610
Acquisition of subsidiaries	1,415,539	-	-	1,415,539
Additions	-	137,127	-	137,127
Currency adjustment	80,695	-	-	80,695
At 30 June 2010	1,496,234	334,834	25,903	1,856,971
Depreciation				
At 1 January 2010	-	104,960	-	104,960
Charge	374,059	14,052	-	388,111
At 30 June 2010	374,059	119,012	-	493,071

Net book value				
At 30 June 2010	1,122,175	215,822	25,903	1,363,900
At 31 Dec 2009	-	92,747	25,903	118,650

6. Trade and other receivables

		Un-audited	**Un-audited**	**Audited**
		30/06/10	**30/06/09**	**31/12/09**
		€	€	€
Prepayments and accrued income		215,232	37,783	119,406
Other debtors		2,399,760	2,250,000	239,670
Vat recoverable		133,144	69,800	199,158
Corporation tax		3,658	15,351	-
		2,751,794	2,372,934	558,234

Other debtors at 30 June 2010 includes bank guarantees of €1.65m provided in relation to the Group's exploration licences in Morocco.

7. Trade and other payables (Due within one year)

		Un-audited	**Un-audited**	**Audited**
		30/06/10	**30/06/09**	**31/12/09**
		€	€	€
Trade creditors		3,260,354	240,659	315,995
Corporation tax		-	-	4,448
PAYE / PRSI		13,583	76,168	418,358

Directors' accounts		1,749,218	501,437	1,398,794
Other creditors		-	721,488	721,488
Accruals		308,611	224,788	651,000
		5,331,766	1,764,540	3,510,083

8. Trade and other payables (Due after one year)

		Un-audited	Un-audited	Audited
		30/06/10	**30/06/09**	**31/12/09**
		€	€	€
Convertible loan note		2,550,000	5,000,000	2,750,000
Amounts due to Delta Hydrocarbons B.V.		10,183,100	-	-
Other loans		340,543	-	-
		13,073,643	5,000,000	2,750,000

9. Provision for decommissioning

The provision represents the estimated decommissioning costs of the Seven Heads gas field acquired as part of the IOG acquisition.

10. Share capital

	Un-audited	Un-audited
	30/06/10	**30/06/09**
Authorised	€	€
750,000,000 ordinary shares of €0.05 each	37,500,000	37,500,000

Issued share capital	**No. Ordinary Shares**	**Share capital**	**Share premium**
At 1 Jan 2009	271,329,367	13,566,469	18,312,892
Issued in year	49,854,546	2,492,727	5,819,936
Share issue costs	-	-	(156,305)
At 31 Dec 2009	321,183,913	16,059,196	23,976,523
Issued in year	81,825,546	4,091,278	13,886,111
Share issue costs	-	-	(638,614)
At 30 June 2010	403,009,459	20,150,474	37,224,020