MX Oil / Ticker: MXO / Index: AIM / Sector: Oil & Gas

30 September 2014

MX Oil plc ('MX Oil' or the 'Company')
Interim Results

MX Oil plc, the AIM quoted oil and gas investing company focused on the re-opening Mexican energy sector, is pleased to announce its interim results for the six month period ended 30 June 2014.

Highlights

- Successfully raised £1.05 million to pursue opportunities in the natural resources sector in line with its investment policy, specifically in the vast Mexican energy sector which is being reopened to international private companies to attract greater foreign investment and expertise to develop its substantial hydrocarbon reserves
- Legislation required to reopen Mexico's energy industry to the private sector approved post period end by the President and Congress
- Established joint venture with Geo Estratos S.A. de C.V. ("Geo"), an established oil services business in Mexico, to jointly evaluate, explore, develop, and produce hydrocarbons in Mexico to the private sector
    - Joint venture company incorporated post period end and permitted to participate in the E&P bidding rounds scheduled to begin during the second week of November
- Discussions on-going with Mexican authorities and Pemex, the state-owned national oil company, with regard to making an application for a production sharing agreement in respect of three assets in Mexico, each of which have company-making potential
- Board appointments provide attractive mix of expertise in the London capital markets and the Mexican energy sector
- £2 million raised post period end via oversubscribed placing to provide working capital ahead of the upcoming Mexican licencing rounds

MX Oil's Chief Executive Officer Stefan Olivier said, "Having partnered with a first class local operator, incorporated a JV company qualified to participate in the upcoming licensing rounds in Mexico, and commenced discussions with regards to securing production sharing agreements for three highly attractive assets, much has been achieved in a short space of time. We have successfully exposed our shareholders to the company-making opportunities offered by the reopening of the vast Mexican energy sector. We are confident we will build on the momentum we have established and look forward to providing further updates on our progress, as we focus on generating substantial value for shareholders by positioning MX Oil as the go-to vehicle for investors looking for material exposure to the Mexican oil and gas sector."

Chairman's Statement

The six months under review have been a transformational period for the Company. We started the year as Astar Minerals plc, a resources focused company evaluating a number of suitable investment opportunities across the sector and the globe. Today we are MX Oil, a company well placed to be an early mover in the vast Mexican energy sector, which for the first time since the 1930s is being reopened to international private companies.

Already we have secured an established and well-connected partner in Mexico and, via our in country joint venture company ("JV"), we have commenced discussions with both the Mexican authorities and Pemex, the national state oil company, with a view to being awarded production sharing agreements ("PSA") with company-making prospectivity. With the reform of the energy sector a central keystone of the Mexican Government's legislative programme, all parties are working hard to ensure that the first contracts are delivered as quickly as possible. The next six months therefore promise to be an exciting period for MX Oil.

Mexico is currently the world's ninth largest oil producer but production has been in steady decline for a number of years. Having been as high as 3.847 million barrels of oil per day ("bopd") as recently as 2004, daily production stood at 2.9 million bopd in 2013 (source US Energy Information Administration). The decline in production is not wholly due to the natural depletion of reserves but is also a result of a sustained period of underinvestment in the industry combined with a lack of access to advanced technologies and techniques that have transformed both flow and recovery rates across the border in the US. The Government of Mexico recognises this and also the benefits the US economy as a whole has gained from a rebounding energy sector that has given a significant boost to the competitiveness of its industrial sector. That Mexico has vast quantities of untapped reserves has never been in doubt. According to the Oil & Gas Journal, as at the end of 2013, Mexico's proven oil reserves stood at 10 billion barrels. What Mexico's energy sector requires is capital and access to modern technology and we believe MX Oil is ideally placed to deliver these requirements.

Our strategy is twofold. Firstly, our JV is working directly with Pemex on specific targets ("Bid round 0.5") that can benefit from the technical expertise and knowledge that our JV has (via Geo Estratos). Due to these technical capabilities, these negotiations are anticipated to be non-competitive and these contracts or PSAs could be deliverable in the coming months. Secondly, our JV is preparing to participate in the forthcoming government tender process, the first of which are expected to offer 169 fields during Q2 2015 ("Bid round 1"). We are equally well placed to go down both routes and it is our belief that any single success has company making prospects. It is our ambition to secure multiple assets.

Having recognised the need and the size of the opportunity on offer in Mexico, step one involved successfully putting together a team that offers a combination of expertise in accessing global capital markets and a proven track record operationally on the ground. We recently welcomed Pat Mendoza and Sergio Lopez to the Board of MX Oil as non-executive directors, both of whom have direct experience of operating in Mexico's oil and gas industry. Thanks to these post period end appointments, the Board offers a mix of extensive experience in London's capital markets with first class knowledge of and relationships in both the Mexican oil and gas sector and the US onshore energy revolution. It is this highly credible team that enabled us to partner with Geo Estratos, a local energy services provider that has an extensive track record of working alongside leading operators in Mexico, including Pemex and FTSE listed Petrofac.

Step two is focused on securing MX Oil's participation in the Mexican oil and gas sector. Under the terms of our JV with Geo Estratos, which was incorporated post period end, MX Oil is responsible for providing access to capital, while Geo provides access to transactions and all its in-house data relevant to any targeted exploitation activities. Having successfully worked in the Mexican energy sector for many years, Geo has built and managed a comprehensive database covering all of Mexico's relevant licence areas. This, along with Geo's established relationship with a number of key players in the local industry, particularly Pemex, is a tremendous asset and one which we believe will lead to the JV securing highly attractive licences for development. Geo's standing and track record has allowed the JV to hit the ground running as soon as the energy industry reform package was passed into law. Discussions are currently on-going with Pemex and the authorities and we are highly encouraged by the progress made to date.

In addition to our partners Geo, MX Oil has a wide pool of expertise and experience from which to draw from. Operationally, this is not only provided by Pat and Sergio, but also through our strategic relationship with AIM quoted Northcote Energy plc ("Northcote"), operator of a number of US onshore projects. Northcote has played an important role in our progress to date, and going forward has the option to participate alongside MX Oil in any licences awarded to the JV. Aside from their operational expertise, Northcote has extensive contacts both in the US and Mexican energy sectors.

Financial Review

As a pre-production company, the Group made an operating net loss of £234,000 (H1 2013: £3,000) during the six months to 30 June 2014.

In March we successfully raised £1.05 million via the issue of 105,000,000 new ordinary shares at a price of 1 pence per share. Post period end in August, a further £2 million was raised by the issue of 66,666,666 new ordinary shares at a price of 3p per share to provide working capital ahead of the upcoming licencing rounds in Mexico. The Company has no Ordinary Shares held in treasury therefore the total number of voting rights in the Company following the Placing is 201,332,190.

Outlook

Opportunities to gain ground floor entry into what is effectively a new hydrocarbon frontier in a stable jurisdiction where vast quantities of proven reserves have already been identified, are extremely rare. We regard the reopening Mexican energy sector as one such opportunity and as a result we have therefore swiftly moved to position MX Oil among the first movers. In our view, not many companies can match MX Oil's highly attractive mix of access to capital markets, operational capability on the ground, and first class local partners. We believe we are well placed to deliver on our objective to build a leading Mexican focused oil and gas company and in the process generate substantial value for our shareholders.

Andrew Frangos
Chairman

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited 6 months ended 30 June 2014 £'000	Unaudited 6 months ended 30 June 2013 £'000	Audited Year ended 31 December 2013 £'000
Net gains on investments	28	–	–
Investment income	6	–	–
Total income	34	–	–
Other gains and losses	–	60	41
Administration expenses	(268)	(63)	(92)
Loss before taxation	(234)	(3)	(51)
Taxation	–	–	–
Loss for the period and total comprehensive income	(234)	(3)	(51)

Basic loss per share			
Continuing and total operations	(0.4p)	(0.02p)	(0.3p)
Diluted loss per share			
Continuing and total operations	(0.4p)	(0.02p)	(0.3p)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Called up share capital £'000	**Share premium account £'000**	**Reserve for options granted £'000**	**Reserve for warrants granted £'000**	**Retained deficit £'000**	**Total equity £'000**
Balance at 1 January 2013	3,939	12,755	172	254	(17,319)	(199)
Loss for the year and total comprehensive expense	–	–	–	–	(51)	(51)
Issue of new shares	224	112	–	–	–	336
Share issue costs	–	(15)	–	–	–	(15)
Lapsing of warrants	–	–	–	(254)	254	–
Balance at 31 December 2013	4,163	12,852	172	–	(17,116)	71
Loss for the period and total comprehensive expense	–	–	–	–	(234)	(234)
Issue of new shares	1,050	–	–	–	–	1,050
Share issue costs	–	(86)	–	–	–	(86)
Balance at 30 June 2014	5,213	12,766	172	–	(17,350)	801

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Unaudited 6 months ended 30 June 2014 £'000	Unaudited 6 months ended 30 June 2013 £'000	Audited Year ended 31 December 2013 £'000
ASSETS			
Non-current assets			
Available for sale investments	671	–	–
Total non-current assets	671	–	–
Current assets			
Trade and other receivables	16	–	3

Cash and cash equivalents	220	181	104
Total current assets	236	181	107
Total assets	907	181	107
LIABILITIES			
Current liabilities			
Trade and other payables	(106)	(46)	(36)
Total current liabilities	(106)	(46)	(36)
Net assets	801	135	71
EQUITY			
Share capital	5,213	4,163	4,163
Share premium account	12,766	12,868	12,852
Reserve for options granted	172	172	172
Reserve for warrants granted	–	254	–
Retained losses	(17,350)	(17,322)	(17,116)
Total equity	801	135	71

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited 6 months ended 30 June 2014 £'000	Unaudited 6 months ended 30 June 2013 £'000	Audited Year ended 31 December 2013 £'000
Cash flows from operating activities			
Loss before tax	(234)	(3)	(51)
Adjustments for:			
Loss on disposal of investments	–	172	172
Movement in fair value of investments	(31)	–	–
Credit arising from CVA	–	(175)	(175)
Amounts written off post CVA creditors	–	(57)	(38)
Investment income	(6)	–	–
Finance expense	–	1	–
Operating cash flow before movements in working capital	(271)	(62)	(92)
Increase in trade and other receivables	(13)	–	(3)
Increase/(decrease) in trade and other payables	70	(93)	(122)
Net cash used by operating activities	(214)	(155)	(217)
Cash flows from investing activities			
Purchase of investments	(640)	–	–
Investment income received	6	–	–
Net cash used in investing activities	(634)	–	–
Financing activities			
Issue of ordinary share capital	1,050	336	336
Share issue costs	(86)	–	(15)

Net cash inflow from financing activities	964	336	321
Net increase in cash and cash equivalents	116	181	104
Cash and cash equivalents at beginning of period	104	–	–
Cash and cash equivalents at end of period	220	181	104

NOTES TO THE INTERIM REPORT

1. The financial information set out in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The group's statutory financial statements for the period ended 31 December 2013, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

   The interim financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and on the same basis and using the same accounting policies as used in the financial statements for the year ended 31 December 2013. The interim financial statements have not been audited or reviewed in accordance with the International Standard on Review Engagement 2410 issued by the Auditing Practices Board.

   The financial statements have been prepared on a going concern basis under the historical cost convention.
   The Directors believe that the going concern basis is appropriate for the preparation of the financial statements as the Company is in a position to meet all its liabilities as they fall due.

2. **Other gains and losses**

	Six months ended 30 June 2014 (unaudited)	Six months ended 30 June 2013 (unaudited)	Year ended 31 December 2013 (audited)
	£’000	£’000	£’000
Credit arising from CVA	–	175	175
Post CVA creditors written down	–	57	38
Loss on disposal of investment in subsidiaries	–	(172)	(172)
	–	60	41

3. The basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue.

   The weighted average number of shares in the period was:

	Six months ended 30 June 2014 (unaudited)	Six months ended 30 June 2013 (unaudited)	Year ended 31 December 2013 (audited)
Total	67,540,869	15,366,347	17,631,604
Loss attributable to equity shareholders of the Company	(£234,000)	(£3,000)	(£51,000)
	(0.4p)	(0.02p)	(0.3p)

Basic and diluted loss per share – from continuing and total operations	

4. No interim dividend will be paid.

5. Copies of the interim report can be obtained from: The Company Secretary, MX Oil plc, 4th Floor, 18 St Swithins Lane, London, EC4N 8AD and are available to view and download from the Company's website: www.mxoil.com.

*** * ENDS * ***

For further information please visit www.mxoil.co.uk or contact:

MX Oil PLC
Stefan Olivier, CEO +44 20 7710 9618

Cairn Financial Advisers LLP
(Nominated Adviser) +44 20 7148 7900
Jo Turner/Liam Murray

Hybridan LLP +44 20 3713 4581
(Lead Broker)
Claire Louise Noyce
Niall Pearson

Cornhill Capital +44 20 7710 9612
(co-Broker)
Nick Bealer

St Brides Media & Finance Ltd +44 20 7236 1177
(Financial PR)
Lottie Brocklehurst
Frank Buhagiar