MX Oil / Ticker: MXO / Index: AIM / Sector: Oil & Gas
MX OIL PLC
"MX Oil" or the "Company"

Half-yearly 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 unaudited half-yearly results for the six month period ended 30 June 2015 ("H1 2015").

Highlights for H1 2015

- Significant progress made regarding the onshore conventional field bidding round in Mexico
- Access granted to the data room in June 2015 - analysis and due diligence on-going, ahead of the anticipated award of concessions in December 2015
- Terms of joint venture with local partner in Mexico, Geo Estratos ("Geo") amended, increasing MX Oil's interest in any concessions awarded to 55% and removing obligation to fund Geo's share of costs post contract award in return for limiting Geo's exclusivity to a minimum of two concessions
- Commencement of due diligence on investment in 5% interest in the Aje Field offshore Nigeria ("Aje")

Post-Period Highlights

- Invested in a 5% indirect, non-operating interest in Aje - a substantial late stage development project offshore Nigeria with proven, flow tested discoveries and exploration potential
- Commencement of multi-phase development project underway at Aje, part of the OML 113 licence – initial two well programme underway targeting first oil by December 2015 and peak production of 11,000 bopd
- Aje expected to provide short term cash flow
- Multiple exploration prospects identified on Nigerian licence which lies adjacent to the 774mmboe (P50 gross recoverable resources) Ogo structure on block OPL 310

MX Oil's Chief Executive Officer Stefan Olivier said,

"2015 has so far been a transformational period for the Company, one in which we have secured our first asset in the form of a 5% interest in the Aje field offshore Nigeria, which is expected to be producing by Q4 2015, and also accessed the data room for the onshore concessions in Mexico. With first oil at Aje and the award of concessions in Mexico expected in December 2015, the second half of the year is likely to be game-changing for MX Oil. Depending on progress made, we could have a portfolio of company-making assets in Mexico and Nigeria. We are delivering on our objective to build a leading oil and gas investment company and I look forward to providing further updates on our progress."

Chairman's Statement

MX Oil was set up to capitalise on the reopening of Mexico's vast energy sector to international companies. The Mexican Government has made it a strategic priority to unlock its huge untapped hydrocarbon reserves and reverse the decline in the country's oil and gas production. To achieve this, it recognises the need to gain access to substantial foreign capital. With our extensive contacts and expertise in both financial and energy markets, MX Oil is ideally placed to source capital. The six months under review, and the period that immediately followed, have seen us prove our capital-raising credentials, specifically via our investment in the OML 113 licence, offshore Nigeria, which includes the Aje field, a substantial late stage development project. This investment rapidly brings forward the point at which MX Oil becomes cash generative and reserves-backed, providing an excellent platform from which the company-making assets we are looking to secure in Mexico in the near term can be developed.

The 5% interest in Aje highlights management's ability to source projects that fit our criteria, secure highly attractive terms, and access keenly priced development capital. Aje is an oil, condensate and liquids-rich gas discovery with multiple reservoirs in the Turonian, Cenomanian and Albian sandstones, similar to the prolific Jubilee field offshore Ghana. An on-going two well drilling programme, Phase 1 of a three phase field development plan, is targeting peak production of 11,000 bopd from the Cenomanian oil reservoir and is on course for first oil in December 2015. Phase 2 of the development will target an increase in production from the same reservoir to 19,000 bopd through the drilling of two additional production wells, while a third phase will focus on the development of the Turonian gas condensate reservoir. Aje is not, however, just a development project, it also offers exploration prospectivity. Based on historic seismic data, we are advised that there is the potential for the Ogo discovery structure on the contiguous block OPL 310, which has P50 gross recoverable resources estimated at 774mmboe, to extend into OML 113.

While our investment in OML 113 is expected to become a sizable asset in its own right, Mexico remains our focus. In our view, the reopening of the Mexican energy sector for the first time since the 1930s represents a rare opportunity to secure assets in a vast, proven but underdeveloped hydrocarbon province, and an enormous value creating opportunity for international companies such as MX Oil. We spotted this huge opportunity early which allowed us to partner with a leading oil and gas services company , Geo, through the establishment of a Joint Venture ("JV") company to acquire and develop concessions. We are not the only party to regard Geo so highly, as they have since received approaches from other international companies to jointly bid for assets. Our JV with Geo was entered into on an exclusive basis, during the period we agreed to amend the terms of the JV to allow Geo to bid with other parties once they have delivered a minimum of two assets to the JV. In return we have secured more favourable terms for MX Oil: our interest in any concessions or E&P contracts the JV wins increases to 55% from 51%; while our obligation to fund Geo's share of costs from the point of contract award has been removed, thereby significantly reducing MX Oil's investment requirement.

These changes to the terms of the JV increase MX Oil's interest at the same time as significantly reducing our share of development costs, ensuring more value is retained for our shareholders. Through Geo, the JV has an established relationship with Pemex, the state-owned oil company, proven expertise in the provision of oil and gas services to local operators, and a comprehensive database on onshore Mexican concessions.. As a result, we have a first class bid team in place, and we are highly confident we will secure assets in the latest phase of the bid round which closes in December 2015.

Having both been formally recognised by the National Hydrocarbons Commission ("CNH") as interested parties in tendering for mature onshore concessions, we, along with Geo, are currently in the data room carrying out due diligence on concessions which match our investment criteria. Our focus is on onshore conventional concessions, specifically those with existing discoveries requiring development, as well as those with mature fields in need of secondary interventions to enhance hydrocarbon recovery rates. This places us at the lower end of the risk spectrum for the assets available and provides us with a faster, more visible route to generating cash flows which can be reinvested into additional assets. These conventional fields are relatively low cost and therefore can break even at lower oil prices and are estimated to be profitable at the current oil price.

Financial Review

The Group made a total comprehensive loss of £718,000 (2014: £234,000) during the six months to 30 June 2015. This reflects the costs of the increased activity in Mexico and the initial work carried out in connection with the Aje opportunity.

In July 2015, we successfully invested US$3 million in the OML 113 licence through the issue of issue of 43,380,325 new ordinary shares in MX Oil and concurrently raised a further £6 million through the issue of 133,333,333 new ordinary shares. Both share issues were priced at 4.5p per share.

Outlook

As demonstrated by the securing of a 5% interest in the Aje field, and our gaining access to the data room for conventional onshore fields in Mexico as part of the latest phase of Bid Round 1, the excellent momentum behind the Company continues to build. This is just the start. Subject to the results of the two well drilling programme currently underway on Aje, MX Oil's assets could start to be revalued from as early as December 2015 with revenues expected to follow in the first quarter of 2016. This would be an excellent platform from which to develop a portfolio of what we believe will be company-making assets in Mexico and Nigeria and, in the process, generate substantial value for our shareholders in the near term.

Andrew Frangos
Chairman
30 September 2015

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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	Unaudited 6 months ended 30 June 2015 £'000	Unaudited 6 months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Continuing operations				
Administrative expenses		(455)	(268)	(613)
Share based payment expense		–	–	(237)
Operating loss		(455)	(268)	(850)
Share of joint venture losses		(247)	–	(279)
Investment income		38	6	22
Other gains and losses	2	(54)	28	(42)
Loss on ordinary activities before taxation		(718)	(234)	(1,149)
Taxation		–	–	–
Loss for the period from continuing activities		(718)	(234)	(1,149)
Loss for the period from discontinued activities		–	–	(28)
Loss for the period and total comprehensive loss		(718)	(234)	(1,177)
Basic and diluted loss per share	3			
From continuing operations		(0.36)p	(0.35)p	(0.84)p
From continuing and discontinued operations		(0.36)p	(0.35)p	(0.86)p

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Ordinary share capital	Deferred share capital	Share premium	Reserve for options granted	Reserve for warrants issued	Retained deficit	Total equity
	£’000	£’000	£’000	£’000	£’000	£’000	£’000
At 31 December 2013	297	3,866	12,852	172	–	(17,116)	71
Loss for the year	–	–	–	–	–	(1,177)	(1,177)
Issue of new shares	1,716	–	1,334	–	–	–	3,050
Share issue costs	–	–	(219)	–	–	–	(219)
Issue of warrants	–	–	–	–	237	–	237
At 31 December 2014	2,013	3,866	13,967	172	237	(18,293)	1,962
Loss for the period	–	–	–	–	–	(718)	(718)
At 30 June 2015	2,013	3,866	13,967	172	237	(19,011)	1,244

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Unaudited 6 months ended 30 June 2015 £'000	Unaudited 6 months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
NON-CURRENT ASSETS			
Investment in joint venture	422	–	274
	422	–	274
CURRENT ASSETS			
Financial assets	60	671	214
Trade and other receivables	20	16	24
Cash and cash equivalents	800	220	1,520
	880	907	1,758
CURRENT LIABILITIES			
Trade and other payables	58	106	70
	58	106	70
NET CURRENT ASSETS	822	801	1,688
NET ASSETS	1,244	801	1,962
EQUITY			
Ordinary share capital	2,013	1,347	2,013
Deferred share capital	3,866	3,866	3,866
Share premium	13,967	12,766	13,967
Reserve for options granted	172	172	172
Reserve for warrants issued	237	–	237
Retained deficit	(19,011)	(17,350)	(18,293)
Equity attributable to owners of the Company and total equity	1,244	801	1,962

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Unaudited 6 months ended 30 June 2015 £'000	Unaudited 6 months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
OPERATING ACTIVITIES			
Loss for the period	(718)	(234)	(1,177)
Adjustments for:			
Share based payment expense	–	–	237
Loss/(profit) on disposal of investments	17	–	(6)
Movement in fair value of investments	57	(31)	29
Share of joint venture losses	247	–	279
Investment income	(38)	(6)	(22)
Operating cashflow before working capital changes	(435)	(271)	(660)
Decrease/(increase) in receivables	4	(13)	(21)
(Decrease)/increase in trade and other payables	(12)	69	34
Net cash outflow from operating activities	(443)	(215)	(647)
INVESTMENT ACTIVITIES			
Proceeds on disposal of investments	227	–	402
Purchase of investments	(147)	(639)	(639)
Advances to joint venture operation	(357)	–	(546)
Investment income	–	6	15
Net cash outflow from investment activities	(277)	(633)	(768)
FINANCING ACTIVITIES			
Continuing operations:			
Issue of ordinary share capital	–	1,050	3,050
Share issue costs	–	(86)	(219)
Net cash inflow from financing activities	–	964	2,831
Net (decrease)/increase in cash and cash equivalents from continuing operations	(720)	116	1,444
Net decrease in cash and cash equivalents from discontinued operations	–	–	(28)
Net (decrease)/increase in cash and cash equivalents from continuing and discontinued operations	(720)	116	1,416
Cash and cash equivalents at beginning of period	1,520	104	104
Cash and cash equivalents at end of period	800	220	1,520

NOTES TO THE HALF-YEARLY 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 2014, 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 2014. 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 2015 (unaudited) £'000	Six months ended 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Net (losses)/gains investments	(74)	28	(23)
Net loss on derivative contracts	20	–	(19)
	(54)	28	(42)

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.

	Six months ended 30 June 2015 (unaudited)	Six months ended 30 June 2014 (unaudited)	Year ended 31 December 2014 (audited)
Weighted average number of shares in the period	201,332,190	67,540,869	136,537,670
Loss from continuing operations	(£718,000)	(£234,000)	(£1,149,000)
Loss from discontinued operations	–	–	(£28,000)
Total loss attributable to equity shareholders of the Company	(£718,000)	(£234,000)	(£1,177,000)
Basic and diluted loss per share:			
From continuing operations	(0.36)p	(0.35)p	(0.84)p
From continuing and discontinued operations	(0.36)p	(0.35)p	(0.86)p

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.