

**WESSEX EXPLORATION PLC**  
**(AIM: WSX)**

**Half Yearly Report for the Period ended 31 December 2010**

Wessex Exploration PLC ("Wessex Exploration" or "the Company") is pleased to present this Half Yearly Report in respect of the six months ended 31 December 2010 highlighting continuing progress during the period being reported upon and to the present time.

**HIGHLIGHTS**

- AIM admission achieved in March 2011
- £1.875 million raised before expenses via open offer and placing in October 2010
- £3.0 million raised before expenses via institutional placing in March 2011
- Zaedyus prospect in French Guyane currently being drilled
- Competent Person's Report indicates Wessex Exploration net P50 volumetric potential in Southern England to be approximately 52 million barrels of oil, in 8 exploration leads

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**Chairman's Statement**

**INTRODUCTION**

The strategic objective of Wessex Exploration remains to add value by proving up leads and plays in the licence interests held by the Company having regard to the balance of risk and capital outlay.

Since my last statement to shareholders in October 2010 there have been several significant events within Wessex Exploration, both corporate and operational, to be commented upon.

The recent admission of Wessex Exploration to the London Stock Exchange plc on Wednesday 23 March 2011 has given the Board of Directors immense satisfaction. The AIM admission culminated following several months of excellent planning, guidance and advice from our adviser and broker, WH Ireland Limited.

The Company has successfully placed 100,000,000 new ordinary shares at 3 pence each with financial institutions raising £3 million before expenses.

The admission to AIM enables the Company to raise its profile both generally and within the resource sector and in addition, facilitates further funding of the exploration work necessary to support its objectives.

**FRENCH GUYANE**

Operations have commenced on drilling the Zaedyus prospect, with well GM-ES-1 in the Guyane Maritime Permit.

Tullow Oil ("Tullow"), the Operator, believes the well has the potential to open up a major new oil province in French Guyane, with a significant number of further prospects and leads identified. Tullow has stated that the Zaedyus prospect has an estimated P10 prospective resource of up to 700 million barrels of oil and is geologically analogous to its Jubilee field, located off the coast of Ghana.

Tullow (27.5%) is the Operator of the Guyane Maritime Permit in which Wessex Exploration holds a net 1.25% beneficial interest via Northpet Investments Limited. The other joint venture partners are Shell E&P France SAS (45%), Total E&P Guyane Francaise SAS (25%) and Northern Petroleum Plc via Northpet Investments Limited (net 1.25% beneficial).

The GM-ES-1 well is located offshore Guyane (French Guiana) approximately 50 kilometres from the boundary with Brazil. The ENESCO 8503 rig is drilling the well to a total depth of approximately 6,500 metres subsea, with the well targeting one of several prospects in major undrilled Late Cretaceous deep water channel fan systems identified from the extensive 3-D seismic survey acquired during 2009/2010.

## **SOUTHERN ENGLAND**

Wessex Exploration currently has interests of 30%, 50% and 25% in three Petroleum Exploration and Development Licences (“PEDL”) located in Southern England, PEDLs 089, 238 and 239 respectively.

The PEDLs are operated by NWE Mirrabooka, a wholly owned subsidiary of Norwest Energy NL, based in Perth, Western Australia and listed on the Australian Stock Exchange.

NWE Mirrabooka and Wessex Exploration have applied for an extensive area of Bournemouth Bay, to the east of the Wytch Farm oilfield, in the 26th UK Seaward Licensing Round. The licence application is for an area covering multiple part-blocks between the mainland licences PEDL 238 and 089 and the Isle of Wight licence PEDL 239. The results of these applications are expected later in 2011.

The Wessex Basin of Southern England is a well known and proven hydrocarbon province, with a number of small oil and gas accumulations and one giant oilfield – the BP operated Wytch Farm oilfield. Wytch Farm has produced over 440 million barrels of oil to date.

The principal reservoirs are the sands of the Triassic Sherwood Sandstone Group, also the main reservoir at Wytch Farm, along with the Lower Jurassic Bridport Sandstone and carbonates of the Middle Jurassic Great Oolite Formation.

An integral part of the exploration strategy devised by NWE Mirrabooka for Southern England has been to acquire a large amount of high resolution gravity data, both ground based and airborne, and to use this data to assist in interpreting the geological structure in areas where seismic information is of poor quality.

A detailed screening and geophysical review of the licences was conducted by the operator in 2009/2010, that identified a number of exploration leads which warrant further exploration.

The features identified are small to medium sized, mainly faulted anticlinal closures with Sherwood and/or Bridport Sandstone reservoir objectives. Additional work will be required to bring these features to drillable prospect status and this will remain the objective of the ongoing work programme.

A recent Competent Person’s Report, conducted by Molten Limited, written for the purpose of the AIM admission, in respect of volumetrics on the current interests held by Wessex Exploration shows a “best estimate” net P50 potential for the portfolio of approximately 52 million barrels of oil.

Wessex Exploration and its partners on the PEDLs will continue evaluation with an objective to high-grade the existing leads, with a view to drilling over the next two years.

## **JUAN DE NOVA EST**

The island of Juan de Nova lies in the Mozambique Channel and is an overseas territory of France which claims a large exclusive economic zone around the island. A small French garrison and some meteorological scientists inhabit the atoll and are supported logistically from the much larger island of Reunion in the Western Indian Ocean.

The Juan de Nova Est permit, comprising 9,100 square kilometres is held by Wessex Exploration 70% and Global Petroleum 30%, subject to French Government approval.

A thick stratigraphic section of sedimentary and volcanic rocks ranging in age from Permian to Tertiary underlies the permit area and the geology suggests the existence of at least two and possibly three different hydrocarbon systems in the region.

The terms of this permit require substantial investment by Wessex Exploration and a farm in partner/s is being actively sought to commit to fulfilling some of the future work obligations in return for an equity interest in the project.

## **WESTERN SAHARA**

Wessex Exploration holds a 50% equity interest in each of the large offshore Guelta and onshore Bojador blocks respectively.

The United Nations considers Western Sahara to be a Non-Self-Governing territory; jurisdiction over the territory is disputed between Morocco to the north and the Saharawi Arab Democratic Republic ("SADR") proclaimed in 1976 by the POLISARIO Front.

The SADR conducted its first oil and gas licence exploration round in 2005. Maghreb Exploration Limited, a wholly owned subsidiary of Wessex Exploration was awarded operatorship of the licences described above in the form of Petroleum Sharing Contracts.

Other hydrocarbon companies who have secured licences in the SADR include Premier Oil, Ophir Energy and EnCore Oil and Gas.

If and when political status of the SADR is resolved the believed potential of the area can be explored.

## **CORPORATE**

As mentioned at the beginning of this statement, the ordinary shares of Wessex Exploration are now traded on AIM following the move from the PLUS –market.

An oversubscribed open offer and placing executed in November 2010 raising £1.875 million before expenses and a successful institutional placing conducted in March 2011 raising £3.0 million before expenses have ensured the Company's financial capability to fund the current planned Guyane and Southern England exploration programmes.

In addition, Wessex Exploration remains debt free and running costs, ex E&P, spend are relatively low, reflecting the early stage nature of our portfolio.

## **SUMMARY**

The efforts of the Board of Directors and its advisers, and the patience of its supportive shareholders, are beginning to bear fruit. The Company has achieved its promise to obtain AIM admission in a timely manner and is well funded.

The drilling of the Zaedyus prospect in French Guyane is underway and the Company is looking forward to continuing activity over its other assets.

Obvious progress has been made over the period under review and to the current time. The objective for the future is to become a development company in due course following the hoped for success of our planned exploration programmes.

**David Bramhill**  
Chairman  
28 March 2011

**Unaudited Condensed Consolidated Income Statement  
for the six months ended 31 December 2010**

	Notes	Six months ended 31 December 2010 £	Six months ended 31 December 2009 £	Year ended 30 June 2010 £
<b>Continuing operations:</b>				
Revenue		-	-	-
Administrative expenses		(253,253)	(184,149)	(363,844)
<b>Operating loss</b>		(253,253)	(184,149)	(363,844)
Finance income		606	309	344
Share of profits/(losses) of jointly controlled entities		8,348	(9,876)	(25,395)
<b>Loss before taxation</b>		(244,299)	(193,716)	(388,895)
Taxation	3	-	-	-
<b>Loss for the financial period</b>		(244,299)	(193,716)	(388,895)
<b>Attributable to:</b>				
Equity shareholders of the Company		(244,299)	(193,716)	(388,895)
<b>Loss per share from continuing operations attributable to the equity shareholders of the Company</b>				
Basic and diluted loss per share (pence)	2	(0.08)	(0.09)	(0.15)

**Unaudited Condensed Consolidated Statement of Comprehensive Income  
for the six months ended 31 December 2010**

	Six months ended 31 December 2010 £	Six months ended 31 December 2009 £	Year ended 30 June 2010 £
<b>Loss for the financial period</b>	(244,299)	(193,716)	(388,895)
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	-
<b>Total comprehensive income for the financial period</b>	<u>(244,299)</u>	<u>(193,716)</u>	<u>(388,895)</u>
Attributable to: Equity shareholders of the Company	<u>(244,299)</u>	<u>(193,716)</u>	<u>(388,895)</u>

**Unaudited Condensed Consolidated Balance Sheet  
as at 31 December 2010**

	Notes	31 December 2010 £	31 December 2009 £	30 June 2010 £
<b>Assets</b>				
<b>Non-current assets</b>				
Intangibles		901,441	722,607	724,851
Property, plant and equipment		2,557	3,287	2,922
Investments in jointly controlled entities		498,004	246,420	214,655
		<u>1,402,002</u>	<u>972,314</u>	<u>942,428</u>
<b>Current assets</b>				
Trade and other receivables		42,240	56,813	263,277
Cash and cash equivalents		1,607,914	627,195	313,745
		<u>1,650,154</u>	<u>684,008</u>	<u>577,022</u>
<b>Total assets</b>		<u>3,052,156</u>	<u>1,656,322</u>	<u>1,519,450</u>
<b>Equity and liabilities</b>				
<b>Capital and reserves attributable to the Company's equity shareholders:</b>				
Share capital	4	379,365	304,365	304,365
Share premium account		2,759,935	1,072,507	1,072,507
Retained earnings		(273,308)	166,171	(29,007)
Share-based payment reserve		3,001	-	-
		<u>2,868,993</u>	<u>1,543,043</u>	<u>1,347,865</u>
<b>Total equity</b>		<u>2,868,993</u>	<u>1,543,043</u>	<u>1,347,865</u>
<b>Current liabilities</b>				
Trade and other payables		183,163	113,279	171,585
		<u>183,163</u>	<u>113,279</u>	<u>171,585</u>
<b>Total equity and liabilities</b>		<u>3,052,156</u>	<u>1,656,322</u>	<u>1,519,450</u>

**Unaudited Condensed Consolidated Cash Flow Statement  
for the six months ended 31 December 2010**

	Six months ended 31 December 2010 £	Six months ended 31 December 2009 £	Year ended 30 June 2010 £
<b>Cash outflow from operating activities</b>	(292,275)	(342,091)	(651,355)
<b>Cash flow from investing activities:</b>			
Purchase of intangible assets	(176,590)	(138,989)	(141,232)
Investments in joint ventures	-	(110,823)	(112,800)
Interest received	606	309	344
<b>Net cash used in investing activities</b>	(175,984)	(249,503)	(253,688)
<b>Cash flow from financing activities:</b>			
Proceeds on issue of new shares	1,875,000	1,156,902	1,156,901
Expenses of new share issue	(112,572)	(7,270)	(7,270)
<b>Net cash generated from financing activities</b>	1,762,428	1,149,632	1,149,631
<b>Net increase in cash and cash equivalents</b>	1,294,169	558,038	244,588
Cash and cash equivalents at beginning of period	313,745	69,157	69,157
<b>Cash and cash equivalents at end of period</b>	<u>1,607,914</u>	<u>627,195</u>	<u>313,745</u>

## Notes to the Unaudited Financial Information for the six months ended 31 December 2010

### 1. Accounting Policies

#### Basis of preparation

These condensed Half Yearly financial statements are for the six month period ended 31 December 2010.

The next annual financial statements of Wessex Exploration plc ("the Group") will be prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") ("IFRS") applied in accordance with the provisions of the Companies Act 2006.

Accordingly, the Half Yearly financial information in this report has been prepared using accounting policies consistent with IFRS that the Directors expect to be applicable as at 30 June 2011 with the exception of IAS 34 Interim Financial Reporting. IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission.

The financial information has been prepared under the historical cost convention. The principal accounting policies set out below have been consistently applied to all periods presented.

The condensed financial information for the year ended 30 June 2010 set out in this Half Yearly report does not comprise the Group's statutory financial statements as defined in section 434 of the Companies Act 2006.

The statutory financial statements for the year ended 30 June 2010, which were prepared under UK GAAP, have been delivered to the Registrar of Companies. The auditors reported on these financial statements; their report was unqualified; did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006, and did not include references to any matters to which the auditor drew attention by way of emphasis.

### 2. Loss per Share Attributable to the Equity Shareholders of the Company

#### Basic loss per share

	Six months ended 31 December 2010 Pence	Six months ended 31 December 2009 Pence	Year ended 30 June 2010 Pence
Loss per share from continuing operations	(0.08)	(0.09)	(0.15)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Six months ended 31 December 2010 £	Six months ended 31 December 2009 £	Year ended 30 June 2010 £
Earnings used in the calculation of total basic and diluted earnings per share	(244,299)	(193,716)	(388,895)

#### Number of shares

	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
Weighted average number of ordinary shares for the purposes of basic earnings per share	321,891,998	219,440,894	261,553,856

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Weighted average number of ordinary shares for the purposes of basic earnings per share	321,891,998	219,440,894	261,553,856
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As at 31 December 2010, 30 June 2010 and 31 December 2009 the options in issue are not dilutive under IAS 33, Earnings per Share, because they would have the effect of decreasing the loss per share. As such there is no difference between the basic and dilutive loss per share at these dates.

<b>Number of shares</b>	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
Weighted average number of ordinary shares for the purposes of the diluted loss per share	322,997,976	219,440,894	261,553,856

### **3. Taxation**

There was no tax charge for the Half Yearly period due to the loss incurred (2009: £ nil). A deferred tax asset in respect of trading losses and share based payments has not been recognised due to the uncertainty over timing of future profits. The trading tax losses are recoverable against suitable future trading profits.

### **4. Share Capital**

During the period to 31 December 2010, 75,000,000 shares were issued at 2.5p raising £1,875,000 before expenses of £112,572.

Following the Placing, there are 379,364,824 ordinary shares of 0.1p each in issue.

On 21 December 2010, 18,500,000 share options were issued for new Ordinary Shares of 0.1p each, exercisable at 5p each over a 10 year period.

### **5. Post Balance Sheet Events**

The Company obtained admission to the Alternative Investment Market of the London Stock Exchange plc on 23 March 2011.

On 17 March 2011 the Company raised £3.0 million, before expenses, through a placing of 100,000,000 new ordinary shares at a price of 3p per ordinary share.

Following the placing, there are 479,364,824 ordinary shares of 0.1p each in issue.

### **6. Transition to IFRS**

Wessex Exploration PLC reported under UK GAAP in its previously published financial statements for the year ended 30 June 2010.

There are no IFRS transition adjustments in any period presented and no impact on reported cash flows.

### **7. Copies of the Half Yearly Report**

A copy of this Half Yearly Report will be posted to shareholders on or around 6 April 2011 and is now available on the Company's website at [www.wessexexploration.com](http://www.wessexexploration.com).

This release has been approved by Frederik Dekker, BSc. (Geology), MA (Geology) FGS, who is a registered professional geologist with the American Association of Petroleum Geologist (AAPG). Mr Dekker is the Managing Director of Wessex Exploration and has over 40 years of experience in the oil industry.