28 September 2012

BAYFIELD ENERGY HOLDINGS PLC

Results for the 6 months ended 30 June 2012

Bayfield Energy Holdings plc (“Bayfield”, the “Company” or the “Group”), (Ticker Symbol: BEH), an upstream oil and gas exploration and production company with interests in Trinidad and South Africa, today announces its results for the six month period ended 30 June 2012.

Highlights

Financial

- Revenue US$12.2million (30 June 2011 - US$11.2 million).
- Net cash from operating activities US$13.2 million inflow (30 June 2011 – US$5.5 million outflow).
- Exploration expenditure US$ 46.2 million (30 June 2011 - nil).
- Field development expenditure US$13.3 million (30 June 2011 - US$ 6.5 million).
- Dry hole costs written off US$ 21.9 million (30 June 2011 - nil).
- Loss after tax US$15.1 million (30 June 2011 - US$1.6 million).

Operational

- Exit gross production at the end of June 2012 – 1,808 barrels of oil per day (“bopd”).
- Average net production 851 bopd (30 June 2011 - 768 bopd).
- Average realised oil price US$78.93/bbl (2011 US$ 79.15/bbl).
- Two exploration wells (EG7 and EG8) completed. EG8 encountered hydrocarbons with additional assessed net development potential of 5.2 million barrels (mmbbls) and 44.9 billion standard cubic feet (bcf) (gross 32 mmbbls and 69 bcf). EG7 did not encounter hydrocarbons in commercial quantities and was abandoned as a dry hole.

Subsequent events

- Average net production for the third quarter is approximately 1,300 bopd (gross 2,000 bopd).
- Bayfield has secured substantially improved terms for the sale of its oil effective 1 August 2012 which will increase the current realised price by approximately US$27/bbl, based on current market prices.
- The Rowan Gorilla III rig is not scheduled to be available before November 2012 and following its release by Niko it is expected that the rig will be assigned by Bayfield and Niko to a third party operator in Trinidad for a period of at least six months. As a consequence, Bayfield will have no further liability under the rig contract except in relation to any future wells to be drilled at its option.

Prospects and outlook

- Five development wells are expected to be completed in the Trintes field during the fourth quarter targeting net production in excess of 1,950 bopd (gross 3,000 bopd) by the end of the year.
- The Company is evaluating a range of financing and strategic alternatives. Cost control and working capital optimization remain priorities.

Executive Chairman, Finian O’Sullivan, commented:

> “Stabilised gross production in excess of 2,000 bopd and substantially better pricing for our oil provides improved cash flow and a solid foundation from which to fund growth potential and follow through on previously announced strategic initiatives. ”

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Operations review

Trinidad

Trintes field

During the first half of the year Bayfield drilled seven sidetracks and completed five workovers in the Trintes field. Average net production increased from 564 bopd (gross 868 bopd) in January to 720 bopd (gross 1,108 bopd) in June and in the third quarter has stabilised at approximately 1,300 bopd (gross 2,000 bopd). Current net production is 1,430 bopd (gross 2,200 bopd) with plans to exit 2012 at rates in excess of 1,950 bopd (gross 3,000 bopd). This will be achieved substantially through the drilling of four long sidetracks. The most recently completed development well (B3), the first of the planned long sidetracks, is presently producing at a stabilised net rate of 293 bopd (gross 450 bopd).

East Galeota

In April, exploration well EG8 demonstrated gross development potential of 32 mmbbl of oil and 69 bcf of gas in the EG2/EG5/EG8 Central and East fault blocks. Initial interpretation suggested that substantially all of the gas potential lies within the Galeota Licence though the oil potential extends into an adjacent licence in which the Group has no participating interest. The Group is continuing discussions with the operator of the adjacent block, Repsol E&P T&T Limited ("Repsol"), regarding the potential for accelerated joint development of the accumulations of oil and gas identified by EG8 which may ultimately lead to a reclassification of prospective and contingent resources.

In June, exploration well EG7 reached a target depth of 7,029 feet. All the shallow reservoir objectives were encountered and, in the interval between 1,000ft and 3,000ft, the reservoirs identified as the F, G and H Sands were predominantly water-bearing. The well was abandoned as a dry hole and the associated costs have been written off in the income statement.

The Rowan Gorilla III rig is not scheduled to be available to Bayfield before November 2012 and following its release by Niko it is expected that the rig will be assigned by Bayfield and Niko to a third party operator in Trinidad for a period of at least six months. As a consequence, Bayfield will have no further liability under the rig contract except in relation to any future wells to be drilled at its option.

South Africa

The formal execution of an exploration right over the Pletmos licence area was completed with an effective date of 17 April 2012. Bayfield has commenced the work programme for the initial three-year term and has contracted for the reprocessing of legacy 2D seismic data from this area. The reprocessing should be completed in the first quarter of 2013.

Russia

Bayfield terminated its operations in Russia in 2011 and the administrative processes to effect the orderly dissolution of the Group's operating subsidiary and the surrender of its licence interest are continuing. It is expected that the processes will be completed before the end of the year.

Financial Review

Selected financial data

		H1 2012	H1 2011	Year 2011
Revenue	US$ million	12.2	11.2	22
Cash on hand at end of period	US$ million	19.2	10.4	59.4
Net loss before tax	US$ million	(26.4)	(2.7)	(17.2)

Statement of financial position

At 30 June 2012, Bayfield held US$19.2 million cash and cash equivalents (December 2011: US$59.4 million, June 2011: US$10.4 million). Group net assets at 30 June 2012 were US$104.2 million compared to US$118.7 million at 31 December 2011 and US$41.1 million at 30 June 2011.

Net additions to oil and gas assets in the first half of 2012 totalled US$37.6 million (December 2011: US$37.1 million, June 2011: US$12.7 million) and comprised of US$13.3 million in Trinidad on producing assets, US$24.3 million on exploration assets.

Going concern statement

In making their going concern assessment, the directors have considered Group budgets and cash flow forecasts.

The Group's cash flow forecast reflects the reasonable assumptions of management regarding the outcome of a number of matters including the assignment of the Rowan Gorilla III rig contract to a third party and the rescheduling of payments to a principal creditor. Whilst these matters have been agreed in principle, they remain subject to execution of transaction documentation. This indicates the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, the board of directors has carefully considered and formed a reasonable judgement that, at the time of approving the financial statements, there is a reasonable expectation the Company will be able to continue operations for the foreseeable future. For this reason the board of directors continues to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

The directors do not consider that the principal risks and uncertainties for the remaining 6 months of the year have not significantly changed since the year ended 31 December 2011. The principal risks and uncertainties at that time were stated as:

- operational risk;
- reservoir and reserves risk;
- oil price risk;
- competitive environment;
- changes to (and challenges by environmental and other interest groups to) the regulatory environment;
- changes to the taxation system;
- failure by contractors to carry out their duties;
- retention of key business relationships;
- ability to exploit successful discoveries;
- cost overruns or significant delays in the commercialisation of fields; and
- ongoing access to sources of funding.

A detailed explanation of these risks can be found in the directors report of the Annual Report for the year ended 31 December 2011, a copy of which can be found on the company's website.

Statement of Directors' Responsibilities

The directors confirm that to the best of their knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS34 'Interim Financial Reporting';
b) the Interim Management Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
c) the Interim Management Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

The directors of Bayfield Energy Holdings plc are listed in the group's 2011 Annual Report and Financial Statements. A list of the current directors is maintained on the company's website: www.bayfieldenergy.com.

By order of the Board

Hywel John
Chief Executive Officer
27 September 2012

INDEPENDENT REVIEW REPORT TO BAYFIELD ENERGY HOLDINGS PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes 1 to 9. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting,” as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of matter – Going concern

In forming our conclusion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Company's ability to continue as a going concern. The Group incurred a net loss of $15.1 million during the period ended 30 June 2012. The Group's ability to meet its forecast expenditure requirements is dependent on a number of factors including rig scheduling arrangements and on-going creditor support. These conditions, along with the other matters explained in note 2 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, UK

27 September 2012

Bayfield Energy Holdings plc
Condensed consolidated statement of comprehensive income for the six months to 30 June 2012

	Notes	**Six months to 30 June 2012**	Six months to 30 June 2011	Year ended 31 December 2011
		US$000	US$000	US$000
		(unaudited)	(unaudited)	(audited)
Revenue		**12,225**	11,165	22,007
Cost of sales		**(14,135)**	(10,147)	(24,804)
Gross (loss)/profit		**(1,910)**	1,018	(2,797)
Exploration expense	5	**(21,900)**	-	(3,324)
Administrative expenses		**(2,531)**	(1,426)	(5,719)
Listing expenses		**-**	(1,930)	(3,467)
Operating loss		**(26,341)**	(2,338)	(15,307)
Finance income		**40**	6	32
Finance costs		**(105)**	(403)	(1,951)
Loss before tax		**(26,406)**	(2,735)	(17,226)
Tax		**11,313**	1,182	2,970
Loss after tax for the period		**(15,093)**	(1,553)	(14,256)
Loss after tax for the period		**(15,093)**	(1,553)	(14,256)
Currency translation adjustments		**179**	(1)	29
Total comprehensive expense for the period		**(14,914)**	(1,554)	(14,227)
Attributable to:				
- equity holders of the parent		**(14,848)**	(1,509)	(13,304)
- non-controlling interest		**(66)**	(45)	(923)
		(14,914)	(1,554)	(14,227)
Basic and diluted loss per share (US$)	9	**(0.07)**	(0.02)	(0.09)

Bayfield Energy Holdings plc
Condensed consolidated statement of financial position as at 30 June 2012

	Notes	**As at 30 June 2012**	As at 30 June 2011	As at 31 December 2011
		US$000	US$000	US$000
		(unaudited)	(unaudited)	(audited)
ASSETS				
Non-current assets				
Intangibles: exploration and evaluation assets	5	**35,695**	12,661	11,358
Property, plant and equipment	6	**49,790**	12,394	37,414
Deferred tax		**18,906**	5,805	7,593
		104,391	30,860	56,365
Current assets				
Inventories		**9,403**	5,635	9,822
Trade and other receivables		**12,369**	7,543	10,647
Cash and cash equivalents		**19,216**	10,436	59,444
		40,988	23,614	79,913
Total assets		**145,379**	54,474	136,278
LIABILITIES				
Current liabilities				
Trade and other payables		**(34,462)**	(5,504)	(10,931)
Convertible loan notes		**-**	(4,192)	-
		(34,462)	(9,696)	(10,931)
Net current assets		**6,526**	13,918	68,982
Non-current liabilities				
Decommissioning provision		**(6,676)**	(3,708)	(6,693)
		(6,676)	(3,708)	(6,693)
Total liabilities		**(41,138)**	(13,404)	(17,624)
Net assets		**104,241**	41,070	118,654
EQUITY				
Share capital		**21,648**	11,938	21,498
Share premium		**80,817**	-	80,586
Merger reserve		**35,046**	35,034	35,046
Share based payment reserve		**2,367**	1,480	2,247
Convertible loan stock		**-**	161	-
Translation reserve		**126**	(83)	(53)
Accumulated losses		**(34,774)**	(8,058)	(19,747)
Equity attributable to equity holders of the parent		**105,230**	40,472	119,577
Non-controlling interest		**(989)**	598	(923)
Total equity		**104,241**	41,070	118,654

Bayfield Energy Holdings plc
Condensed consolidated statement of changes in equity for the six months ended 30 June 2012 (unaudited)

	Share capital	Share premium	Merger reserve	Share based payment reserve	Convertible debt	Translation reserve	Accumulated losses	**Sub-total**	Non-controlling interest	**Total equity**
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	**US$000**	US$000	**US$000**
At 1 January 2011	9,294	-	27,196	650	149	(82)	(6,632)	**30,575**	-	**30,575**
Loss for the year	-	-	-	-	-	-	(13,333)	(13,333)	(923)	**(14,256)**
Currency translation differences	-	-	-	-	-	29	-	**29**	-	**29**
Total comprehensive expense	-	-	-	-	-	29	(13,333)	**(13,304)**	(923)	**(14,227)**
Share based payments	-	-	-	1,597	-	-	-	**1,597**	-	**1,597**
Issue of share capital prior to scheme of arrangement (net of share issue costs)	2,263	-	6,350	-	-	-	-	**8,613**	-	**8,613**
Issue of share capital post scheme of arrangement (net of share issue costs)	9,641	80,586	-	-	-	-	-	**90,227**	-	**90,227**
Issue of convertible loan stock	-	-	-	-	69	-	-	**69**	-	**69**
Issue of redeemable preference shares	82	-	-	-	-	-	-	**82**	-	**82**
Redemption of redeemable shares	(82)	-	-	-	-	-	-	**(82)**	-	**(82)**
Transfer from retained losses	-	-	-	-	(218)	-	218	**-**	-	**-**
Acquisition of AGOC	300	-	1,500	-	-	-	-	**1,800**	-	**1,800**
Balance at 31 December 2011	**21,498**	**80,586**	**35,046**	**2,247**	**-**	**(53)**	**(19,747)**	**119,577**	**(923)**	**118,654**
Loss for the period	-	-	-	-	-	-	(15,027)	**(15,027)**	(66)	**(15,093)**
Currency translation differences	-	-	-	-	-	179	-	**179**	-	**179**
Total comprehensive expense	-	-	-	-	-	179	(15,027)	**(14,848)**	(66)	**(14,914)**
Share based payments	-	-	-	120	-	-	-	**120**	-	**120**
Issue of share capital	150	231	-	-	-	-	-	**381**	-	**381**
Balance at 30 June 2012	**21,648**	**80,817**	**35,046**	**2,367**	**-**	**126**	**(34,774)**	**105,230**	**(989)**	**104,241**
At 1 January 2011	9,294	-	27,196	650	149	(82)	(6,632)	**30,575**	-	**30,575**
Loss for the period	-	-	-	-	-	-	(1,508)	**(1,508)**	(45)	**(1,553)**
Currency translation differences	-	-	-	-	-	(1)	-	**(1)**	-	**(1)**
Total comprehensive expense	-	-	-	-	-	(1)	(1,508)	**(1,509)**	(45)	**(1,554)**
Share based payments	-	-	-	830	-	-	-	**830**	-	**830**
Issue of share capital prior to scheme of arrangement (net of share issue costs)	2,262	-	6,338	-	-	-	-	**8,600**	-	**8,600**
Conversion of loan stock	-	-	-	-	(149)	-	-	**(149)**	-	**(149)**
Issue of convertible loan stock	-	-	-	-	243	-	-	**243**	-	**243**
Issue of redeemable preference shares	82	-	-	-	-	-	-	**82**	-	**82**
Transfer from retained losses	-	-	-	-	(82)	-	82	**-**	-	**-**
Acquisition of AGOC	300	-	1,500	-	-	-	-	**1,800**	643	**2,443**
Balance at 30 June 2011	**11,938**	**-**	**35,034**	**1,480**	**161**	**(83)**	**(8,058)**	**40,472**	**598**	**41,070**

Bayfield Energy Holdings plc
Condensed consolidated statement of cash flows for the six months ended 30 June 2012

	Six months to 30 June 2012	Six months to 30 June 2011	Year ended 31 December 2011
	US$000	US$000	US$000
	(unaudited)	(unaudited)	(audited)
Cash flow from operating activities			
Operating loss	**(26,341)**	(2,338)	(15,307)
Adjustments for:			
Share based payments	**127**	829	1,633
Depreciation on property, plant and equipment	**1,200**	797	2,190
Exploration write-off	**21,900**	-	3,324
Operating cash flow before movement in working capital	**(3,114)**	(712)	(7,616)
Increase in inventory	**(52)**	(91)	(7,185)
Increase in trade and other receivables	**(1,723)**	(3,635)	(7,238)
Increase/(decrease) in trade and other payables	**8,291**	(1,098)	2,142
Net cash from / (used in) operating activities	**3,402**	(5,536)	(20,441)
Cash flow from investing activities			
Interest received	**40**	6	32
Additions to exploration and evaluation assets	**(37,381)**	(3,029)	(2,209)
Additions to property, plant and equipment	**(6,481)**	(9,250)	(30,432)
Net cash generated used in investing activities	**(43,822)**	(12,273)	(32,609)
Cash flow from financing activities			
Interest paid	**(6)**	(11)	(20)
Proceeds from issue of convertible loan stock	**-**	4,250	4,250
Share capital issued (net of costs)	**375**	750	86,549
Net cash generated from financing activities	**369**	4,989	90,779
Net (decrease)/increase in cash and cash equivalents	**(40,051)**	(12,820)	37,729
Cash and cash equivalents at beginning of period	**59,444**	23,255	23,255
Foreign exchange differences	**(177)**	1	(1,540)
Cash and cash equivalents at end of period	**19,216**	10,436	59,444

Bayfield Energy Holdings plc
Notes to the condensed financial statements for the six months ended 30 June 2012

1. General Information

Bayfield Energy Holdings plc is registered in England and Wales and listed on AIM. The address of the registered office is Burdett House, 4th Floor, 15-16 Buckingham Street, London, WC2N 6DU.

The condensed financial statements for the six months ended 30 June 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 27 September 2012.

The information for the year ended 31 December 2011 contained within the condensed financial statements does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2011 were approved by the Board of Directors on 25 May 2012 and delivered to the Registrar of Companies. The auditor reported on those accounts; the report was unqualified and contained an emphasis of matter section on going concern.

The financial information contained in this report is unaudited. The condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months to 30 June 2012, and the condensed consolidated balance sheet as at 30 June 2012 and related notes, have been reviewed by the auditor and their report to the Company is attached.

2. Basis of preparation

The condensed financial statements for the six months ended 30 June 2012 have been prepared in accordance with IAS 34 – 'Interim Financial Reporting', as adopted by the European Union and with the requirements of the Disclosure and Transparency Rules issued by the Financial Services Authority. These condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The condensed financial statements have been prepared on the going concern basis.

Going Concern

In making their going concern assessment, the directors have considered Group budgets and cash flow forecasts.

The Group's cash flow forecast reflects the reasonable assumptions of management regarding the outcome of a number of matters including the assignment of the Rowan Gorilla III rig contract to a third party and the rescheduling of payments to a principal creditor. Whilst these matters have been agreed in principle, they remain subject to execution of transaction documentation. This indicates the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, the board of directors has carefully considered and formed a reasonable judgement that, at the time of approving the financial statements, there is a reasonable expectation the Company will be able to continue operations for the foreseeable future. For this reason the board of directors continues to adopt the going concern basis in preparing the financial statements.

3. Accounting policies

The accounting policies applied in these condensed financial statements are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements. A number of amendments to existing standards and interpretations were applicable from 1 January 2012. The adoption of these amendments did not have a material impact on the Group's condensed financial statements for the half-year ended 30 June 2012.

4. Operating Segments

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic business decisions.

Management considers the business from a geographical perspective. Following the decision to relinquish licence interests in Russia in 2011, management has reorganised its internal reporting structure such that only one geographical location is reported, being Trinidad. The following tables present revenue, profit and certain asset and liability information in respect of the Group's one segment for the period ended 30 June 2012, the year ended 31 December 2011 and the period ended 30 June 2011. The tables for the year ended 31 December 2011 and the period ended 30 June 2011 have been restated to reflect the new reportable segment of the business.

	Trinidad US$000 (unaudited)	Unallocated US$000 (unaudited)	Consolidated US$000 (unaudited)
30 June 2012			
Sales revenue by origin	12,225	-	12,225
Segment result	(22,696)	(3,645)	(26,341)
Investment revenue			40
Finance costs			(105)
Loss before tax			(26,406)
Tax			11,313
Loss after tax			(15,093)
Segment assets - non current	104,377	14	104,391
Segment assets current	30,691	10,297	40,988
Segment liabilities	(40,551)	(587)	(41,138)
Capital additions - oil & gas assets	13,273	-	13,273
Capital additions - exploration & evaluation	46,162	75	46,237
Capital additions - other	303	-	303
Depletion, depreciation and amortisation	(1,153)	(47)	(1,200)

	Trinidad US$000 (audited)	Unallocated US$000 (audited)	Consolidated US$000 (audited)
31 December 2011			
Sales revenue by origin	22,007	-	22,007
Segment result	(4,156)	(11,151)	(15,307)
Investment revenue			32
Finance costs			(1,951)
Loss before tax			(17,226)
Tax			2,970
Loss after tax			(14,256)
Segment assets - non current	52,498	3,867	56,365
Segment assets current	22,714	57,199	79,913
Segment liabilities	(16,961)	(663)	(17,624)
Capital additions - oil & gas assets	32,971	-	32,971
Capital additions - exploration & evaluation	4,169	3,324	7,493
Capital additions - other	678	205	883
Depletion, depreciation and amortisation	(2,146)	(44)	(2,190)

	Trinidad US$000 (unaudited)	Unallocated US$000 (unaudited)	Consolidated US$000 (unaudited)
30 June 2011			
Sales revenue by origin	11,165	-	11,165
Segment result	(523)	(1,815)	(2,338)
Investment revenue			6
Finance costs			(403)
Loss before tax			(2,735)
Tax			1,182
Loss after tax			(1,553)
Segment assets - non current	28,083	2,777	30,860
Segment assets current	14,359	9,255	23,614
Segment liabilities	(7,205)	(6,199)	(13,404)
Capital additions - oil & gas assets	7,213	-	7,213
Capital additions - exploration & evaluation	2,362	3,110	5,472
Capital additions - other	251	75	326
Depletion, depreciation and amortisation	(791)	(6)	(797)

Business segments

The operations of the Group comprise one class of business, being oil and gas exploration, development and production. All sales are made to a single customer for all periods shown.

5. Intangible assets

	Exploration and evaluation assets US$000
At 30 June 2011	12,661
Additions	2,021
Exploration write-off	(3,324)
At 31 December 2011	11,358
Additions	46,237
Exploration write-off	(21,900)
At 30 June 2012	35,695

Exploration write-off

Well EG7 in the offshore Galeota Licence Area was sidetracked to a total depth of 7,090ft. Some thin hydrocarbon bearing sandstones were logged at 5,500ft but due to deterioration in hole conditions it was not possible to run a sampling tool. The decision was made to plug and abandon the well and the associated costs, totalling US$21.9million have been written off.

Astrakhanskaya Gas and Oil Company ('AGOC'), a subsidiary undertaking, holds a 100% interest in the Karalatsky licence which is in its exploration phase. Interpretation of the reprocessed 2D seismic data acquired over the Karalatsky license area in the first quarter of 2011 did not identify any prospects that would justify further investment in an exploration well. A decision was made to abandon the licence and write off all associated capitalised costs in 2011.

6. Property, plant and equipment

	Oil and gas property	Land and buildings	Other	Total
	US$000	US$000	US$000	US$000
Cost:				
At 30 June 2011	14,333	214	708	15,255
Additions	25,757	-	556	26,313
At 31 December 2011	40,090	214	1,264	41,568
Additions	13,273	-	303	13,576
At 30 June 2012	53,363	214	1,567	55,144
Depreciation:				
At 30 June 2011	2,558	11	292	2,861
Charge for the year	1,139	1	153	1,293
At 31 December 2011	3,697	12	445	4,154
Charge for the period	1,009	3	188	1,200
At 30 June 2012	4,706	15	633	5,354
Net Book Value:				
At 30 June 2011	11,775	203	416	12,394
At 31 December 2011	36,393	202	819	37,414
At 30 June 2012	**48,657**	**199**	**934**	**49,790**

7. Related party transactions

There have been no transactions with the Directors, officers, significant shareholders or other related parties during the year besides intercompany transactions which have been eliminated in the consolidated financial information and normal remuneration of Directors and officers.

8. Post balance sheet events

Bayfield has secured improved terms for the sale of its oil effective 1 August 2012 which will improve the realised price by approximately US$27/bbl. The Sales price is now linked to ICE Brent rather than WTI at a discount of 9.5%.

9. Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period (less those non-vested shares held by employee ownership trusts). For diluted loss per share the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares arising from unvested share-based awards including share options. As there is a loss for all periods, there is no difference between the basic and diluted loss per share.

	30 June 2012	30 June 2011	31 December 2011
Loss after tax for the period attributable to owners of the company (US$000s)	(14,848)	(1,509)	(13,333)
Denominator:			
Weighted average number of shares used in basic and diluted loss per share (thousands)	215,822	89,061	154,262
Loss per share - basic and diluted (cents per share)	(0.07)	(0.02)	(0.09)