

30 September 2010

**Bahamas Petroleum Company plc  
("BPC" or the "Company")**

**Interim Results for the period ended 30 June 2010**

BPC, the AIM quoted oil and gas exploration company with licences in The Commonwealth of The Bahamas, is pleased to announce its interim results for the six months ended 30 June 2010.

**Highlights:**

- a period of significant progress for the business;
- successfully shot the first seismic in the area since 1987, producing some encouraging results for the Company that indicate large structures containing hydrocarbon indicators;
- further additional 2D and 3D seismic programs to be carried out by Q1 2011;
- completed re-domicile of the Company to the Isle of Man;
- change of the Company's name to Bahamas Petroleum Company plc, to properly reflect the Company's focus; and
- active collaboration with the Government of The Bahamas following the Macondo well situation, to ensure there are appropriate regulations, environmental protection and safety procedures in place prior to commencing any drilling programmes.

**Alan Burns, Chairman and CEO of BPC, commented:**

"The first half of 2010 was an active period for the Company, as we continue to make advances in our portfolio and seek to identify targets which could be potentially ready for drilling by 2011.

"We have simplified the business structure, re-domiciled the Company to the Isle of Man and changed its name to Bahamas Petroleum Company. It is the focus of the board of directors of the Company (the "Board") and myself to deliver increased value to all of the Company's shareholders, as we progress the exploration of our acreage towards possible drilling."

- Ends -

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## **Chairman's Statement**

Dear Shareholder,

There has been some excellent progress made on our Bahamas project in the last few months.

From the corporate perspective, and with shareholder approval, we have begun the rationalisation of the Company and its subsidiaries' (the "Group") previously complicated asset ownership structure, through the recently completed re-domicile of the Company to the Isle of Man by way of a scheme of arrangement and the ongoing process of eliminating unnecessary companies within the Group. We have also changed our name to Bahamas Petroleum Company, to properly reflect the Company's focus.

In the field, we have shot the first seismic in the area since 1987. This has produced some encouraging results indicating large structures containing hydrocarbon indicators, which will lead us into additional 2D and 3D seismic programs in the next few months. This will allow us to mature a prospect for drilling next year, subject to Bahamian Government approval, which would be much earlier than previously anticipated. The water depths of 400 to 500 metres are modest by industry standards, with suitable rigs being widely available for deployment.

Given the problems with the Macondo well blowout in the Gulf of Mexico, we are working with the Government of The Bahamas to ensure there are appropriate regulations, environmental protection and safety procedures in place prior to commencing any drilling programmes. It is nonetheless worth highlighting that our geological formations are quite different to that of the Macondo prospect, being more stable and with the shallower water depths, allowing the application of more commonplace drilling techniques and equipment. Unlike the Macondo well, we are not at the frontier of drilling technology and are therefore not faced with the risks associated with such advanced techniques and equipment. In addition, it is worth noting that rig owners are increasing the routine maintenance and servicing of their equipment and revising their safety procedures in the light of the loss of eleven lives and the cost and damage suffered in the wake of the accident.

The environmental damage suffered in the Gulf of Mexico was nowhere near as severe as many originally feared and I am pleased to say that the Company was able to assist the Bahamas Government by performing a baseline environmental study of the coastline to determine if oil from the BP spill would hit Bahamian shores, which it has not. We did, however, find tar balls and evidence of oil washed ashore in the southern Bahamas, that were not from the spill in the Gulf Of Mexico and most probably originated from natural oil seeps in our region, which is positive news in terms of our exploration focus.

Our licence applications with Statoil were gazetted this summer and we understand these to be progressing in the normal fashion. We are currently working with The Bahamian Government to ensure that the Group's exploration activities follow best practice regarding both safety and preservation of the environment.

The next few months will be an active time for all of us at the Bahamas Petroleum Company and we look forward to keeping you informed of all developments through our website and future announcements.

Finally, I would like to emphasize our commitment to the generation of shareholder value. It is the focus of the Board and myself to deliver increased value to all of the Company's shareholders as we progress the exploration of our acreage towards possible drilling in 2011.

Alan Burns  
Chairman and CEO

## Consolidated statement of comprehensive income

	Six months ended 30 June 2010 (Unaudited)	Six months ended 30 June 2009 (Unaudited)	Year ended 31 December 2009 (Audited)
	\$	\$	\$
Employee benefits expense	(696,793)	(351,957)	(924,056)
Depreciation and amortisation expense	(18,705)	(39,213)	(92,056)
Loss on disposal of fixed assets	-	(13,147)	(13,147)
Other expenses	(1,301,145)	(145,053)	(1,400,188)
<b>Operating loss</b>	(2,016,643)	(549,370)	(2,429,447)
Finance income	-	4,251	4,026
Loss before income tax	(2,016,643)	(545,119)	(2,425,421)
Income tax credit	61,787	-	-
<b>Loss for the year</b>	(1,954,856)	(545,119)	(2,425,421)
<b>Other comprehensive income</b>			
Currency translation differences	106,615	(125,370)	(231,913)
<b>Total comprehensive income for the period</b>	(1,848,241)	(670,489)	(2,657,334)
<b>Basic and diluted loss per share (cents per share)</b>	(0.22)	(0.08)	(0.31)

**Consolidated statement of changes in equity for the six months ended 30 June 2010 (unaudited)**

	<b>Share capital</b> \$	<b>Share premium reserve</b> \$	<b>Merger reserve</b> \$	<b>Reverse acquisition reserve</b> \$	<b>Share based payment reserve</b> \$	<b>Other reserves</b> \$	<b>Retained earnings</b> \$	<b>Total equity</b> \$
<b>At 1 January 2010 – as previously reported</b>	28,764	73,634,186	-	(53,846,526)	347,361	(106,615)	(14,319,340)	5,737,830
Reorganisation – Scheme of arrangement	(5,522)	(73,634,186)	73,639,708	-	-	-	-	-
<b>At 1 January 2010 – after reorganisation</b>	23,242	-	73,639,708	(53,846,526)	347,361	(106,615)	(14,319,340)	5,737,830
<b>Changes in equity 1 Jan 2010 to 30 June 2010</b>								
Total comprehensive income for the year	-	-	-	-	-	106,615	(1,954,856)	(1,848,241)
Share options – value of services	-	-	-	-	22,683	-	-	22,683
Issue of ordinary shares	2,056	-	3,490,976	-	-	-	-	3,493,032
<b>Balance at 30 June 2010</b>	<b>25,298</b>	<b>-</b>	<b>77,130,684</b>	<b>(53,846,526)</b>	<b>370,044</b>	<b>-</b>	<b>(16,274,196)</b>	<b>7,405,304</b>

**Consolidated statement of changes in equity for the six months ended 30 June 2009 (unaudited)**

	Share capital \$	Share premium reserve \$	Merger reserve \$	Reverse acquisition reserve \$	Share based payment reserve \$	Other reserves \$	Retained earnings \$	Total equity \$
<b>At 1 January 2009 – as previously reported</b>	28,764	73,634,186	-	(53,846,526)	300,139	125,298	(11,893,919)	8,347,942
Reorganisation – Scheme of arrangement	(5,522)	(73,634,186)	73,639,708	-	-	-	-	-
At 1 January 2009 – after reorganisation	23,242	-	73,639,708	(53,846,526)	300,139	125,298	(11,893,919)	8,347,942
<b>Changes in equity 1 Jan 2009 to 30 June 2009</b>								
Total comprehensive income for the year	-	-	-	-	-	(125,373)	(545,119)	(670,492)
<b>Balance at 30 June 2009</b>	<b>23,242</b>	<b>-</b>	<b>73,639,708</b>	<b>(53,846,526)</b>	<b>300,139</b>	<b>(75)</b>	<b>(12,439,038)</b>	<b>7,677,450</b>

**Consolidated statement of changes in equity for the year ended 31 December  
2009 (Audited)**

	<b>Share capital \$</b>	<b>Share premium reserve \$</b>	<b>Merger reserve \$</b>	<b>Reverse acquisition reserve \$</b>	<b>Share based payment reserve \$</b>	<b>Other reserves \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>At 1 January 2009 – as previously reported</b>	28,764	73,634,186	-	(53,846,526)	300,139	125,298	(11,893,919)	8,347,942
Reorganisation – Scheme of arrangement	(5,522)	(73,634,186)	73,639,708	-	-	-	-	-
<b>At 1 January 2009 – after reorganisation</b>	23,242	-	73,639,708	(53,846,526)	300,139	125,298	(11,893,919)	8,347,942
Total comprehensive income for the year	-	-	-	-	-	(231,913)	(2,425,421)	(2,657,334)
Share options – value of services	-	-	-	-	47,222	-	-	47,222
<b>Balance at 31 December 2009</b>	<b>23,242</b>	<b>-</b>	<b>73,639,708</b>	<b>(53,846,526)</b>	<b>347,361</b>	<b>(106,615)</b>	<b>(14,319,340)</b>	<b>5,737,830</b>

## Consolidated balance sheet at 30 June 2010

	30 June 2010 (Unaudited) \$	30 June 2009 (Unaudited) \$	31 December 2009 (Audited) \$
<b>Non-current assets</b>			
Cash not available for use	113,039	165,111	119,555
Property, plant and equipment	128,295	70,200	18,706
Exploration and evaluation assets	4,838,792	4,170,426	4,063,824
	<u>5,080,126</u>	<u>4,405,737</u>	<u>4,202,085</u>
<b>Current assets</b>			
Cash and cash equivalents	2,126,571	2,883,656	1,337,885
Trade and other receivables	556,223	553,554	469,677
	<u>2,682,794</u>	<u>3,437,210</u>	<u>1,807,562</u>
<b>Total assets</b>	<u><u>7,762,920</u></u>	<u><u>7,842,947</u></u>	<u><u>6,009,647</u></u>
<b>Current liabilities</b>			
Trade and other payables	357,616	165,497	271,817
<b>Total liabilities</b>	357,616	165,497	271,817
<b>Equity</b>			
Ordinary shares	25,298	23,242	23,242
Merger Reserve	77,130,684	73,639,708	73,639,708
Reverse acquisition reserve	(53,846,526)	(53,846,526)	(53,846,526)
Share based payments reserve	370,044	300,139	347,361
Other reserves	-	(75)	(106,615)
Retained earnings	(16,274,196)	(12,439,038)	(14,319,340)
<b>Total equity</b>	7,405,304	7,677,450	5,737,830
<b>Total equity and liabilities</b>	<u><u>7,762,920</u></u>	<u><u>7,842,947</u></u>	<u><u>6,009,647</u></u>

These financial statements were approved by the Directors and authorised for issue on 24 September 2010

Alan Burns, Chairman

Michael Proffitt, Director

## Consolidated cash flow statement

	<b>30 June 2010 (Unaudited) \$</b>	<b>30 June 2009 (Unaudited) \$</b>	<b>31 December 2009 (Audited) \$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees	<u>(1,807,597)</u>	<u>(944,515)</u>	<u>(2,823,096)</u>
<b>Net cash used in operating activities</b>	<u>(1,807,597)</u>	<u>(944,515)</u>	<u>(2,823,096)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	(128,295)	-	-
Proceeds from sale of property, plant and equipment	-	20,209	4,619
Payments for exploration and evaluation assets	(774,968)	(114,839)	(8,237)
Deposits for bank guarantees	-	1,052,328	1,085,061
Interest received	-	4,251	4,026
<b>Net cash (used in)/generated from investing activities</b>	<u>(903,263)</u>	<u>961,949</u>	<u>1,085,469</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	<u>3,493,032</u>	<u>-</u>	<u>-</u>
<b>Net cash generated from financing activities</b>	<u>3,493,032</u>	<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>782,172</u>	<u>17,434</u>	<u>(1,737,627)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	1,337,855	3,004,451	3,004,451
Effects of exchange rate changes on cash and cash equivalents	<u>6,544</u>	<u>(138,229)</u>	<u>71,031</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>2,126,571</u>	<u>2,883,656</u>	<u>1,337,855</u>

## **1. Basis of preparation**

This unaudited consolidated interim financial information has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively “EU IFRSs”). The principal accounting policies used in preparing the interim results are unchanged from those disclosed in the Group’s financial statements for the year ended 31 December 2009. It is not expected that there will be any changes or additions to these in the annual financial statements for the year ended 31 December 2010.

While the financial information included in this interim consolidated financial information has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted by the EU (“IFRSs”), this interim consolidated financial information does not itself contain sufficient information to comply fully with IFRSs.

The financial information for the six months ended 30 June 2010 and 30 June 2009 is unaudited and does not constitute the Group’s statutory financial statements for those periods. The comparative financial information for the full year ended 31 December 2009 has, however, been derived from the statutory financial statements for that period. The auditors’ report on those accounts was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report.

## **2. Scheme of Arrangement**

On 15 June 2010, Bahamas Petroleum Company plc (formerly BPC plc) (“BPC plc”), a company incorporated in the Isle of Man, became the ultimate holding company of BPC Limited pursuant to a scheme of arrangement approved by the Chief Justice of the Falkland Islands and the shareholders of BPC Limited, the then AIM listed holding company of the Group (the “Scheme of Arrangement”). Pursuant to the Scheme of Arrangement, ordinary shares, each having a nominal value of £0.00002, of BPC Limited (“BPC Limited Ordinary Shares”) were exchanged, on a one-for-one basis, for ordinary shares, each having a nominal value of £0.00002, of BPC plc (“BPC plc Ordinary Shares”).

As a result of the Scheme of Arrangement, BPC Limited is now a wholly owned subsidiary of BPC plc. The BPC plc Ordinary Shares carry substantially the same rights as did the BPC Limited Ordinary Shares. The Scheme of Arrangement did not involve any cash payment for the BPC plc Ordinary Shares. Immediately after the Scheme of Arrangement became effective, BPC plc had the same Board, management and corporate governance arrangements as BPC Limited had immediately prior thereto. The consolidated assets and liabilities of BPC plc immediately after the effective time of the Scheme of Arrangement are the same as the consolidated assets and liabilities of BPC Limited immediately prior thereto.

BPC plc was incorporated on 25 August 2009. Prior to 15 June 2010, BPC plc was held in trust for the Group. The Group at the time maintained full control over the economic decisions of the company.

All BPC Limited share options that were in existence immediately prior to the Scheme of Arrangement were exchanged on a one-for-one basis for share options in BPC plc, with no change in terms or conditions.

The Scheme of Arrangement falls outside the scope of IFRS 3 “Business Combinations”. Accordingly, following the guidance regarding the selection of appropriate accounting policy provided by IAS 8 “Accounting policies, changes in accounting estimates and errors”, the Scheme of Arrangement has been accounted for in these interim financial statements using the principles of merger accounting. This policy reflects the economic substance of the Scheme of Arrangement. Although the Scheme of Arrangement did not become effective until 15 June 2010, the consolidated interim financial statements of BPC plc for the six months ended 30 June 2010 are presented as if the Scheme of Arrangement had been effective on 1 January 2009. In accordance with the requirements of merger accounting, the comparative information in these consolidated interim financial statements has been extracted from the BPC Limited consolidated financial statements for the year ended 31 December 2009 and period ended 30 June 2009. Those financial statements incorporated the results of BPC Limited and its subsidiary undertakings for the financial year and interim period then ended. Earnings per share are unaffected by the Scheme of Arrangement.

### **3. Events after the balance sheet date**

On 2 September 2010, a special resolution was passed at an extraordinary meeting of the members of the Company to change the name of the Company to Bahamas Petroleum Company plc.