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Nautical Petroleum plc

("Nautical" or "the Company")

Interim Results

For the 6 month period to 31 December 2005

Nautical Petroleum plc, the E&P company focusing on the development of heavy oil assets in the UK and Europe, today announces its Interim Results for the 6 months to 31 December 2005

HIGHLIGHTS

Financial Results:

- Loss of £ 1.25 million for 6 months in line with expectation
- Two corporate acquisitions and one farm-in in six months with two associated share placings raising £18 million in total.
- Cash balance of £4.3 million at 31 December 2005 (excluding £10 million raised in the December placing) adequate to meet drilling, technical and other corporate commitments

Portfolio Development

- Proven and Probable reserves increased 64% to 64.9 million barrels
- 5 new Blocks secured in the North Sea
- A 27% interest secured in the Mariner licence operated by Chevron
- A foothold in Europe secured through a 22% interest in St Laurent licence, southwest France
- Advanced assessment of prospectivity on key assets - 2006 farm out programme live from early March 2006

Commenting on the progress made, the CEO, Steve Jenkins said:

"We welcome our new institutional shareholders through our Placings to the Company and look forward to another year of progress.

"Nautical is developing rapidly. We have assembled a valuable and expanding base of real assets complemented by a sound business plan shaped for our specialist niche. This has been a particularly active period, with solid progress made on key objectives that should all bear valuable fruit for shareholders in the medium term. Nautical is well on track to deliver in line with expectations and it is gratifying to report on the achievements of the company, especially the profile and recognition achieved in our relatively short history in the market and industry."

For further information please contact:

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Chairman's Statement

It gives me great pleasure to present the Interim Results for the 6 months to December 2005 and to report on the very substantial progress the Company has made in the six months since the Maiden Interim Results to 30 June 2005.

Since the listing of the enlarged Company in April 2005, rapid progress has been made towards the achievement of key objectives for this early phase of Nautical's planned development. Of particular note is the 64% increase in recoverable (2P) reserves achieved through a combination of corporate acquisition and a licence farm-in in South West France, Nautical's first participation in onshore Europe.

The portfolio of secured prospects has also been greatly expanded through the selective addition of five exploration blocks on the East Shetland Platform. This area of the North Sea is a principal heavy oil province and therefore a prime Nautical target.

Two fund-raising exercises totalling over £18 million were successfully completed to meet the cash portion of acquisitions and to fund technical and economic appraisal of the extended asset base preparatory to the 2006 farm-out programme. This is in line with Nautical's stated strategy of adopting equity finance during its pre-revenue phase, complemented by affordable reserve appraisal programmes with risk sharing through selective farm-outs.

A further early objective was to have Nautical approved as an Exploration Operator by the Department of Trade and Industry. Approval was confirmed in October 2005 and Nautical is now qualified to lead individual asset appraisal and development where this fits the Company's strategy.

The high activity level on all fronts during 2005 provided an opportunity for Nautical to introduce itself to several constituencies - the investment community, the regulators and government agencies and the industry in general.

The Interim Accounts to 31 December do not fully reflect progress made on business financing because the £10 million December placing programme is excluded .(The new shares were issued in early January 2006 and were therefore not accounted in this period.) The Loss before

Taxation for the period was £1.25 million, with cash reserves of over £14 million (including cash received via the December 2005 Placing). Net assets increased in the period from £29.3 million on 30 June 2005 to £52.2 million, reflecting the new reserves acquired.

Outlook

The rapid expansion of interests and opportunity achieved by the team in 2005 has positioned Nautical at considerable advantage for 2006 and beyond. The increased call on resources in the upstream and attendant cost pressures present a challenge to the sector, but should not prejudice the viability of the company's business model and are significantly mitigated by our strategy.

An interesting feature of the market is the growing interest in heavy oil opportunities on the part of a broad cross section of the industry, from majors to minnows. This has been reflected in the enthusiastic response to our prospects, and bodes well for the quality of participation in the Nautical first half 2006 farm out program.

CEO's Statement

Review of activities

General View

The Company aims to retain significant stakes and/or operation of its licences. To this end Nautical was approved (by the DTI) as an Exploration Operator in October and fulfilled all obligations on licence 1077 (Block 9/2b) entering the 3rd and 4th year of the licence. The portfolio was increased with the award of two licences (three blocks) as operator and the purchase of a 22% interest in the St Laurent Permit in South West France; marking our first foothold on mainland Europe.

Nautical now has interests in 8 blocks in the UKCS and one licence in France (seven operated). Our main aim during the period was to more tightly define the hydrocarbon volumes in place in both discoveries and exploration prospects. This has been achieved by the careful interpretation of reprocessed seismic data integrated with petrophysical studies resulting in the reduction of risk. Nautical aims to further mitigate risk by farming down the exploration blocks to respected third parties, who will make a positive contribution to our exploration appraisal ambitions.

United Kingdom Continental Shelf

Block 9/2b (licence 1077) (Nautical 75%)

The licence was converted from a Promote to a Traditional licence in October with the commitment to drill a shallow well before the end of September 2007. Interpretation of the reprocessed seismic has confirmed the large structure (Kraken Prospect) and revealed a crestal, high amplitude anomaly. Petrophysical studies and seismic modelling have indicated that the amplitude response is most likely to be a gas cap up-dip from the oil in leg encountered in well 9/2-1A. Encouragingly the Heimdal reservoir and its contained hydrocarbons appear to thicken up-dip from the well towards the crest of this structure.

The resultant range of in-place hydrocarbons in the Kraken fault closed discovery has increased up to 331 mmbo (2P) with crestal gas.

Mariner Block 9/11a (licence 726) (Nautical 26.67%)

Nautical continues to be an active partner in progressing this highly appraised discovery to early development . The main focus by the operator Chevron has been the reprocessing of the merged 3D data. Initial results have given greater clarity to the imaging of the Maureen reservoir which is a key milestone in the predevelopment phase.

Detailed interpretation commenced in January when reprocessing was completed. As with other Nautical blocks, the aim is to reduce the range of volume of hydrocarbon narrowing stratigraphic and structural uncertainty. This is being achieved through technical work on this very substantial resources (around 800 million barrels of oil in place in two reservoirs).

Mermaid Block 9/11c (licence 979) (Nautical 100%)

This low risk large undrilled prospect is located directly south of the Mariner discovery. Reservoir targets are analogous to Mariner (Maureen, Heimdal and Dornoch). In order to increase certainty of the Maureen pinch out and separation from Mariner, interpretation of the reprocessed 3D seismic began in January. Preliminary discussions indicate considerable interest and we intend to farm out this prospect by mid 2006.

Selkie / Kelpie Block 8/25a (Licence 976) (Nautical 100%)

Two large, low risk, shallow, four way dip closed prospects (Selkie and Kelpie) have been confirmed by the interpretation of newly purchased 2D data and 3D seismic. These are all the more promising given their location immediately west of the Skipper discovery. A Field Development Plan was recently submitted for Skipper by the operator (Xmar Oil and Gas). The target reservoir horizon in both prospects is the same Dornoch Formation, an excellent reservoir throughout the area.

The combined 2P in place oil is estimated to be 350 mmb. In order to mitigate exploration risk it is Nautical's intention to farm down its interest in these prospects.

Block 3/27a (licence P1203) (Nautical 100%)

Acquired in the 22nd Seaward Licensing Round, the reprocessed 2D seismic data has been interpreted defining four leads (three at Palaocene and one at Jurassic level.) One of the leads is analogous to Kraken in the block to the south.

The reprocessed seismic data has imaged the Jurassic wedge and clarified the pinch out of the sands. Encouragingly there are gas chimneys associated with the northern area of this trap. This block will be subject to a farm-out in the first half of 2006.

UKCS 23rd Round Licensing Awards

The effective date of the award of three blocks (two licences) to Nautical was December. These highly prospective blocks were selectively identified through a diligent screening of our regional database. They all fit the reserve asset criteria and heavy oil focus and strategy.

Block 15/7 (Licence 1296) Nautical 50% (operator), Egdon Resources 50%

The Funnel discovery has proven hydrocarbons in the Tertiary at both the Forties and Dornoch horizons. Initial mapping of the 3D seismic has confirmed a four way dip, closed structure with 167 mmbo in place, of which 32 mmbo (16mmbo net) is judged to be recoverable. Preliminary analyses of oil recovered from the discovery well 15/7-1 imply an API of 17° with a low viscosity of 22cp, at reservoir temperature.

Additional potential has been identified in adjacent leads and a large pinch out trap in the Forties Sandstone. Reprocessing and reinterpretation of the 2D and 3D seismic, integrated with petrophysical studies is focused on further defining the discovery and firming up the leads to prospect status.

Blocks 8/5 and 9/1 (Licence 1277) Nautical 100%

The mapping of an extensive 2D seismic database highlighted a northwest, southeast trending channel on the East Shetland Platform, adjacent to the Kraken discovery. Two culminations at both Heimdal and Maureen levels may contain over 200 mmbo each. Reprocessing the good quality 2D seismic is designed to confirm these traps.

Grenade Discovery (St. Laurent Permit) Nautical 22% Egdon Resources operated

Nautical purchased a 22% interest in the St Laurent Permit in November. In summary, the discovery well, Grenade Sur-Ardour-1, drilled in 1975, encountered a 97m oil column in porous Albian Carbonates at a depth of 2203m. Testing was intermittently carried out over ten years with 8000 barrels of oil produced. In 1985, at the time of shut in due to low oil price, the well was still producing 80bopd. An independent technical report carried out by Troy Ikoda on behalf of Egdon Resources estimates that there is up to 467 mmb of 10° API oil in place.

To confirm the magnitude of the accumulation 12 square km of 3D and 40km of 2D seismic was acquired in November and is currently being processed. This will be interpreted and integrated with the historic data and new core study to site a horizontal appraisal well.

<u>The Future</u>

In line with key industry observers and analysts, Nautical expects international oil prices to remain relatively high for the foreseeable future and a narrowing of the heavy crude oil discounts is also anticipated as demand rises and refineries are upgraded to process more complex crudes. Unfortunately, buoyancy in the commodity price has been accompanied by cost escalation for services, exacerbated by tightening availability, particularly with respect to drilling rigs.

Nautical will continue to add shareholder value through effective management, fully evaluating our assets and further expanding our portfolio by diligent acquisition and licence round awards

It is Nautical's aim to mitigate exploration appraisal risk by farming out the drilling of mature prospects, Initial response bodes well for a successful first farmout round during the period to June 2006. This will make efficient use of drilling funds whilst optimising reward through portfolio drilling.

Nautical continues to look forward to first revenues from our high quality discoveries both in the UKCS and onshore Europe within a 24 month horizon.

NAUTICAL PETROLEUM PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 6 MONTHS TO 31 DECEMBER 2005

	6 months to 31 December 2005 (Unaudited) £	12 months to 31 December 2005 (Unaudited) £	18 August to 31 December 2004 (Unaudited) £
Turnover	-	-	-
Administrative expenses	1,364,925	1,945,591	8,316
Operating loss before goodwill write-off	(1,364,925)	(1,945,591)	(8,316)
Goodwill write-off	-	(5,076,954)	-
Operating Loss	(1,364,925)	(7,022,545)	(8,316)
Interest receivable	121,962	153,265	-
Loss on Ordinary Activities Before Taxation	(1,242,963)	(6,869,280)	(8,316)
Tax on loss on ordinary activities	-	-	-
Loss on Ordinary Activities After Taxation	(1,242,963)	(6,869,280)	(8,316)
Minority interest	1,384	4,341	467
Loss for the period	(1,244,347)	(6,873,621)	(8,783)

NAUTICAL PETROLEUM PLC
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	31 December 2005 (Unaudited)	31 December 2004 (Unaudited)
	£	£
FIXED ASSETS		
Intangible assets	50,405,450	27,099,489
Tangible assets	2,707,405	2,707,676
	53,112,855	29,801,165
CURRENT ASSETS		
Debtors	296,010	2,277
Cash at bank	4,306,378	8,226
	4,602,388	10,503
CREDITORS: Amounts falling due within one year	1,150,303	479,255
NET CURRENT ASSETS/(LIABILITIES)	3,452,085	(468,752)
TOTAL ASSETS LESS CURRENT LIABILITIES	56,564,940	29,332,413
CREDITORS: Amounts falling due after more than one year	4,332,077	-
	52,232,863	29,332,413
CAPITAL AND RESERVES		
Called up share capital and reserves	45,256,238	22,681,266
Minority interests	6,976,625	6,651,147
	52,232,863	29,332,413

NAUTICAL PETROLEUM PLC
CASH FLOW STATEMENT
FOR THE 6 MONTHS ENDED 31 DECEMBER 2005

	6 months to 31 December 2005 (Unaudited) £	12 months to 31 December 2005 (Unaudited) £	18 August to 31 December 2004 (Unaudited) £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	**(317,990)**	**(754,423)**	**749**
RETURNS FROM INVESTMENTS AND SERVICING OF FINANCE			
Interest received	**121,979**	**153,282**	**-**
Interest paid	**-**	**(17)**	**-**
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**121,979**	**153,265**	**749**
ACQUISITIONS AND DISPOSALS			
Payments to acquire subsidiary undertaking	**(3,431,710)**	**(3,431,710)**	**-**
Net cash acquired with subsidiary undertaking	**38,645**	**1,583,853**	**7,477**
Payments to acquire fixed assets	**(977,833)**	**(977,833)**	**-**
CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	**(4,566,909)**	**(3,426,848)**	**8,226**
MANAGEMENT OF LIQUID RESOURCES			
Decrease/(increase) in short term deposits	**(2,904,059)**	**(3,650,000)**	**-**
FINANCING			
Issue of equity share capital	**7,725,000**	**7,725,000**	**-**
INCREASE IN CASH	**254,032**	**648,152**	**8,226**

RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	6 months to 31 December 2005 £	12 months to 31 December 2005 £	18 August to 31 December 2004 £
Operating loss	**(1,364,925)**	**(7,022,545)**	**(8,316)**
(Increase)/Decrease in debtors	**(87,710)**	**(230,821)**	**-**
Increase in creditors	**460,895**	**513,864**	**9,065**
Share options charge	**673,750**	**908,125**	**-**
Goodwill written off	**-**	**5,076,954**	**-**
Net cash (outflow)/inflow from operating activities	**(317,990)**	**(754,423)**	**749**

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	6 months to 31 December 2005 £	12 months to 31 December 2005 £	18 August to 31 December 2004 £
Increase in cash	**254,032**	**648,152**	**8,226**
Cash Inflow from increase in liquid resources	**2,904,059**	**3,650,000**	**-**
Movement in net funds in the period	**3,158,091**	**4,298,152**	**8,226**
Opening net funds	**1,148,287**	**8,226**	**-**
Closing net funds	**4,306,378**	**4,306,378**	**8,226**

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2005 £	Cash flows £	At 31 Dec 2005 £
Net cash:			
Cash in hand and at bank	8,226	648,152	656,378
Liquid resources:			
Bank deposits at not less than 24 hours notice	-	3,650,000	3,650,000
Net funds	8,226	4,298,152	4,306,378

NAUTICAL PETROLEUM PLC

Notes to the Interim Results for the 6 Months ended 31 December 2005

1. Basis of consolidation – Reverse Acquisition Accounting

On 1 April 2005 the Company became the legal parent company of Nautical Holdings Ltd in a share-for-share transaction and changed its name from Bullion Resources PLC. Due to the relative size of the companies, Nautical Holdings Ltd shareholders became the majority holders of the enlarged share capital. Further, the Company's continuing operations and executive management became those of Nautical Holdings Ltd. Accordingly, the substance of the combination was that Nautical Holdings Ltd acquired Nautical Petroleum PLC in a reverse acquisition.

Under the requirements of the Companies Act 1985 it would normally be necessary for the Company's consolidated accounts to follow the legal form of the business combination. In that case, the pre-combination results would be those of Nautical Petroleum PLC and Nautical Holdings Ltd would be included only in relation to its performance from 1 April 2005. However, this would portray the combination as the acquisition of Nautical Holdings Ltd by Nautical Petroleum PLC and would, in the opinion of the directors, fail to give a true and fair view of the substance of the business combination. Accordingly, the directors have adopted reverse acquisition accounting as the basis of consolidation in order to give a true and fair view.

In invoking the true and fair override the directors note that reverse acquisition accounting is endorsed under IFRS 3 and that the Urgent Issues Task Force (UITF) of the UK's Accounting Standards Board has considered the subject and concluded that there are instances where it is right and proper to invoke the true and fair override in such a way (UITF Information Sheet 17).

2. Comparatives

Given that Nautical Holdings Limited was incorporated on 18 August 2004, the comparative figures under reverse acquisition accounting are for the period from this date to 31 December 2004.

3. Annual Financial Statements

The audited financial statements of Nautical Petroleum PLC (formerly Bullion Resources PLC) for the year ended 31 December 2004 have been filed with the Registrar of Companies and included an unqualified audit report.

The company has changed its financial year end from 31 December to 30 June so as to coincide with the year ends of subsidiaries, Nautical Holdings Limited and Nautical Petroleum AG. Accordingly, these statements are the second interim report (to 31 December 2005). Audited accounts will be produced for the 18 months to 30 June 2006.

4. Interim Report

Copies of the interim report for the 6 months ended 31 December 2005 will be available on the company's website – www.nauticalpetroleum.com from 13th March 2006.

5. Goodwill arising on Reverse Acquisition

By adopting Reverse Acquisition Accounting for consolidation purposes, an amount of £5,076,954 resulted as goodwill on acquisition. This was fully written off to the Profit & Loss account in the 6 months ended 30 June 2005.

6. Share Options

At the time of the Reverse Acquisition, certain share options were granted to the Management as disclosed in the Admission Document. The application of UITF 17 has resulted in a Profit & Loss account charge of £468,750 for the 6 months ended 31 December 2005 in respect of those options.

On 26 September 2005 the Board of Nautical Petroleum PLC approved the grant of further share options as detailed in announcement to the London Stock Exchange of 27 September 2005. The application of UITF 17 has resulted in a Profit & Loss account charge of £205,000 for the 6 months ended 31 December 2005 in respect of those options.

7. Financial Information

The unaudited Profit and Loss Account, Balance Sheet and Cash Flow Statement included within this Interim Statement do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 and have not been delivered to the Registrar of Companies.

8. Events after the balance sheet date

On 23 December 2005 the company completed a placing of 97,585,371 new ordinary shares of 1 pence each. The placing raised £10 million of additional financing which will fund Nautical's development and appraisal drilling programmes. These shares were issued and admitted on 3 January 2006.