

**ROSE PETROLEUM PLC**  
("Rose", the "Group" or the "Company")

**INTERIM REPORT FOR THE SIX MONTHS TO 30 JUNE 2015**

The Board of Rose is pleased to present its report for the six month period to 30 June 2015.

**REVIEW OF ACTIVITIES**

**OVERVIEW**

The Board believes that its oil and gas portfolio is of a scale and quality to deliver long term Shareholder value. The assets were acquired due to their prospectivity, size, location, and relatively low breakeven price. Following the purchase of these assets, the Company started to implement its development plan in line with its previously stated strategy of unlocking the value of the portfolio.

However, with the uncertainty of the current market conditions, the Board has initiated a review of its strategy, assets and cost base to ensure that its existing capital is optimally deployed across the Group. As a result, the operational plans that were put in place twelve months ago have been revised to reflect the current operating environment and a rationalisation of expenditure across the Group has been carried out. While the cost cutting has been radical and far-reaching, the Group has retained an operational capability sufficient to meet its commitments for the foreseeable future. We believe the Group is now well-positioned to maintain its assets.

As well as protecting the existing asset base, we are confident that the Group can take advantage of potential acquisition opportunities that might arise due to the current challenging environment in the sector. The Company is utilising two investment banks to help develop and fund these potential opportunities.

A full review of the developments over the period is outlined below. It explains the development chronology and rationale behind the current strategy. Additionally, a review of the non-oil and gas assets is provided. These assets are constantly being assessed to ascertain the most effective way of realising value.

**OIL AND GAS DIVISION**

The prime focus during the period has been the Uinta Basin, specifically, the Mancos Formation. The development chronology and rationale is reported below:

**Uinta Basin (Mancos) activity:**

The State 1-34 Mancos well was drilled to a total depth of 3,200 feet ('ft') at the beginning of the year to penetrate the Mancos formation and retrieve whole and rotary core samples. It also provided us with a full suite of electric logs for establishing critical rock properties to calibrate with the Ryder Scott resource analysis carried out in 2014. Mud logs indicated the presence of hydrocarbons in both the Mancos and in the conventional sands below. Results from core samples were extremely encouraging and reiterated the potential of this acreage. The core results matched or surpassed the parameters used by Ryder Scott for the Mancos Shale resource calculation of 709 MMB of oil and 4.26 TCF of gas for key criteria. Specifically:

- Total Organic Content ('TOC') used by Ryder Scott was 1.5-2%. The State 1-34 has an average background of 1.5-2% with a 150 ft 'kitchen' interval in the Ferron Member of TOC between 2.75% and up to 4.5%;
- Potential target reservoir or 'carrier' beds identified in the same four Ryder Scott-defined Mancos intervals with porosities in the 6-9% range;
- State 1-34 average porosities 0.5-1% higher than the Ryder Scott study (P50 values);
- State 1-34 hydrocarbon (oil) saturations both in core and in situ are in line with the Ryder Scott study;
- Net potential 'carrier' beds to gross interval ratios are comparable with Ryder Scott; and
- Thermal maturity ('Tmax') confirms that the State 1-34 is within the 'Intensive Generation and Expulsion' window for the Ferron Member.

With the expected potential for early revenue and cash flows from the conventional opportunity below the Mancos, a completion was carried out on four selected intervals. These intervals were perforated and flow tested, but none were deemed to be commercial by virtue of the intersection of a vertical fault that was breached with

water. The well is currently shut in pending completion of the Mancos core analysis, which was the primary objective of this well. Although the results from the conventional completion programme were disappointing, they should not overshadow the prospectivity and potential large scale nature of the Mancos Shale, which has always been the initial target of the O&G portfolio.

The permitting application process in relation to five new Mancos wells was initiated in order to submit the Authority for Permit to Drill ('APD') to the Bureau of Land Management ('BLM'). HRL Compliance Solutions and Uintah Engineering and Land Surveying completed the internal location site evaluation in respect of the Environmental Assessment ('EA') requirements and completed the reports to submit to the BLM. Subject to approval, the Group anticipated commencing drilling of the first of these new wells in late 2015. However, as previously announced, in view of the oil price environment, the Board has revised its Mancos strategy. In order to seek to deliver value while prudently conserving cash, Rose is now focusing on one permit initially, within the Cisco Dome area, for the Federal 1-15 20-21 horizontal well. The APD has now been submitted to the BLM, with the required archaeology, paleontology, and biological studies having been completed for the 1-15 20-21 horizontal location. The location of the Federal 1-15 20-21 horizontal well was selected by an in-house geological study of over 75 wells consisting of Rose-operated wells and wells developed by third parties, where the existing well bores targeting the deeper conventional gas field penetrated the Mancos. This review was crucial in determining correct orientation and dip rates and provided a more intimate understanding of the fault/fracture system in the field. The Mancos formation is deeper into the basin and benefits from the availability of the superior well control data in this area. The Directors believe that due to the excellent infrastructure, once a successful well has been completed, oil and gas sales will follow shortly thereafter.

There are active discussions taking place with a number of third parties in respect of the funding for the Mancos drill programme. Once the permitting process for the 1-15 20-21 is completed and timings known these discussions will be accelerated in the hope that the funding for the programme can be secured.

#### **Cisco Dome Acquisition**

In Q4 2014, the Group made an add-on acquisition with the purchase of the Cisco Dome Field consisting of 76 miles of mid-stream gathering system, a gas processing plant, compressor station and, importantly, a main pipeline tap into the Williams natural gas pipeline. This acquisition added over 11,000 acres to the Group's Mancos holdings and gave the Group control of its own mid-stream gathering and processing capability in the area.

During the first six months of the period, the Rose field team implemented a number of well enhancement procedures consisting of dropping plunger lift systems into three wells and bringing four wells back on line which had been shut in since the original purchase. Two of the three plunger lift systems implemented improved the stability of gas production and unloading well liquids. However, due to the current gas price environment and a weather related outage, the plant is currently suspended allowing us to undertake a detailed review of operations. The outage does not have a material financial impact on the business.

#### **Paradox Basin**

In late 2014, the Group began permitting a 61 square mile 3-D seismic survey over its Paradox leasehold. Pending completion of permitting and the availability of sufficient funding, the Group plans to begin the survey in early Q1 2016. Since the end of Q1 2015, all field work for the cultural and environmental assessments as well as field surveying for transmitter and receiving lines has been completed. The Rose team believes permitting approval is possible by the end of 2015, which will then enable actual acquisition work to commence. The Board feels the 3D seismic will add significant value to the Company and will be reviewing its options on funding before proceeding. Once the seismic data is processed and interpreted, it is expected that the Group will be able to select its first Paradox well location.

#### **Potential Acquisitions**

The Board continues to assess opportunities to introduce productive assets to Rose's portfolio. The Board believes the current environment provides an opportunity to acquire high quality assets with stable income which are non-core to other companies. Accordingly, the Company has engaged both Jefferies International Limited and Wellford Capital Markets to assist in the evaluation and funding of potential targets. The team has identified key

target basins and are reviewing opportunities in the Marcellus, DJ Basin, Eagle Ford, and Permian. The DJ Basin is our prime focus, where our team has significant operational knowledge and experience.

## **MINING DIVISION**

### **Gold / Silver Production - Mina Charay, Mexico**

Mine production continued throughout the period from the Mina Charay mine in northern Sinaloa, Mexico. By the end of June, ore production had reached the forecasted rate of 100 tonnes/day.

A total of 10,286 tonnes of ore were mined during the period, and of this total, 8,385 tonnes of were processed at the Company's flotation mill and laboratory ('SDA') located near the town of Acajoneta in Nayarit. This tonnage yielded 1,128 ounces ('oz ') of gold and 8,670 oz of silver. The average mill head grade for period averaged 5.89 grammes per tonne (g/T) gold and 63.5 g/T silver. Due to the metallurgical processing and the oxide nature of the near-surface ore, recoveries for the period averaged 71% for gold and 50.6% for silver. These recoveries were lower than planned.

Both grade and recoveries are expected to increase as the mine is developed in sulfide ore at deeper levels. Early production was to the 30 metre ('m') level which is above the 50m average level of the resource calculation. The Company has been conducting metallurgical tests to determine if a solution to improve recoveries in the oxide ore at the higher levels is possible.

Unfortunately, operational efforts have been overshadowed by the continued decline in metals prices. Gold reached a high for the period of US\$1,302/oz in January and as of June 30 was US\$1,172/oz and post-period has hovered around US\$1,100/oz. This, combined with the low recoveries, has put a strain on the operation.

Against the challenging gold price and operational backdrop, the Company is keeping the performance of Mina Charay under continual review.

### **Copper and Molybdenum Porphyry Exploration, Mexico**

During 2015, the Company has been active in preparing permit applications for drilling on the Tango project located approximately 70km east of the city of Mazatlán in southern Sinaloa. This will be the first drilling to evaluate the separate copper and molybdenum porphyry occurrences. In addition, drill permit applications are being prepared to evaluate the vein on which the San Agustin Mine is situated, in an effort to outline additional gold and silver resources for the Company's SDA mill. Applications were completed and submitted after the period end. The drilling permits are expected to be received during H2 2015.

### **Porphyry Copper Exploration, Southwest U.S.A.**

Property positions are being maintained at minimal cost on several prospective targets in southwest New Mexico and southern Arizona. This includes the Ardmore, Cherry Creek, Lone Hills, McGhee Peak, and Railroad Well projects. The properties and programme are on care and maintenance while Rose looks for a partner to fund exploration. Given the continued inactivity on these projects, the Board has taken the decision to write off their carrying value.

### **U.S.A. Uranium Exploration**

In February 2015, and in line with the Board's decision to divest the Group's uranium assets, the Company sold its 50% interest in the Wate breccia pipe project to Energy Fuels Resources, Inc. ('EFR'). As consideration for the 50% interest in the Wate project, EFR paid US\$250,000 cash to Rose at closing, along with a US\$500,000 non-interest-bearing promissory note, payable in two equal instalments of US\$250,000 on each of the first and second anniversaries of the closing, and a 2% production royalty on EFR's stake in the project. The royalty can be purchased by EFR upon payment to Rose's wholly owned subsidiary, VANE Minerals (US) LLC ('VANE'), of an additional US\$750,000, less any royalties previously paid. In addition, upon meeting certain regulatory milestones, the deferred payments due under the note will be accelerated. In addition, EFR will pay an additional US\$250,000 cash to VANE resulting in a total sales price of US\$2M assuming the full value of the royalty is realised.

The remainder of the Company's uranium assets and programme, operated by VANE, are being managed on a care and maintenance basis. These assets are spearheaded by the 50:50 joint venture with Anfield Resources Inc.

in northern Arizona which maintains a land position covering a number of breccia pipe targets on both State of Arizona and federal lands. The targets on federal lands are located in an area that was withdrawn in 2012, but ongoing litigation by outside parties challenging the withdrawal order continues to present the possibility that these lands could be re-opened.

The Company also holds land positions in Utah covering the North Wash uranium-vanadium project and a State of Utah lease on an exploration property adjacent to the Energy Queen Mine owned by EFR. The Company continues to seek potential buyers for these assets.

### **Group Structure**

The Company's oil & gas division and mining division are run and operated on a stand-alone basis. The Board believes that this will enable it to divest the mining assets at the appropriate time, should suitable opportunities arise, as they continue to focus on Rose's oil and gas assets.

### **FINANCIAL REVIEW**

The financial information is reported in United States Dollar ('US\$')

#### **Revenue**

Revenue for the period was generated primarily from the Company's gold mining and milling operations in Mexico. The Income Statement reports total revenue for the six months ended 31 June 2015 of US\$1.2 million (2014: US\$2.3 million). The reduction in revenues was primarily the result of the cessation of activities at a number of the gold projects during 2014 and the gradual start-up of the Mina Charay mine during 2015.

#### **Income Statement**

The Group reports a net loss after tax of US\$6.1 million or 0.4 US cents per share for the six months ended 30 June 2015 (2014: net loss after tax of US\$1.8 million or 0.22 US cents per share). An impairment of the Group's U.S.A. copper exploration and evaluation assets resulted in a charge of US\$2.34 million (2014: nil) to the income statement in the period. The income statement also includes a 'non-cash' charge of US\$0.97 million (2014: US\$0.15 million) relating to the issue of share options.

The full financial impact of the current reorganisation and cost reductions will be visible in the 2015 full year numbers.

#### **Balance Sheet**

Cash and cash equivalents at 30 June 2015 were US\$6.1 million (2014: US\$9.3 million). During the period the Company raised gross proceeds of £3.1 million through the placing of the Company's Ordinary shares. Current cash is circa. US\$4.0 million.

### **OUTLOOK**

Shareholder returns remain the Board's principal objective and we believe that with active stewardship, we can not only preserve our assets in the current market conditions, but also take advantage of opportunities within the sector as they arise.

The Board would like to thank all the staff, consultants and advisers to Rose, as well as the continuing support of Shareholders.

**ROSE PETROLEUM PLC**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For the six months ended 30 June 2015**

		Unaudited six months ended 30 June 2015	Unaudited six months ended 30 June 2014 Restated	Audited year ended 31 December 2014
	Notes	US\$'000	US\$'000	US\$'000
<b>Continuing operations</b>				
Revenue	2	1,224	2,266	3,097
Cost of sales		(1,699)	(1,687)	(3,052)
Profit share payments		-	(462)	(490)
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Gross (loss)/profit</b>		(475)	117	(445)
Operating, development and administrative expenses		(2,627)	(1,412)	(3,605)
Impairment of intangible exploration and evaluation assets	3	(2,340)	-	(969)
Share-based payments		(967)	(145)	(763)
Other income		-	25	-
Loss on disposal of assets held for sale	8	(35)	-	-
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Operating loss</b>		(6,444)	(1,415)	(5,782)
Finance income		5	3	8
Finance costs		(34)	(92)	(91)
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Loss before taxation</b>		(6,473)	(1,504)	(5,865)
Taxation	4	359	(288)	(13)
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Loss for the period attributable to owners of the parent company</b>	5	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Loss per Ordinary Share</b>				
Basic and diluted, cents per share	6	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>
		<u>          </u>	<u>          </u>	<u>          </u>

**ROSE PETROLEUM PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 June 2015**

	Unaudited six months ended 30 June 2015  US\$'000	Unaudited six months ended 30 June 2014 Restated US\$'000	Audited year ended 31 December 2014  US\$'000
<b>Loss for the period attributable to owners of the parent company</b>	(6,114)	(1,792)	(5,878)
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss, net of tax</b>			
Foreign currency translation differences on foreign operations	(758)	604	(1,146)
Net (loss)/gain on hedge of net investment in foreign operations	(132)	(398)	1,535
	<u>(890)</u>	<u>206</u>	<u>389</u>
<b>Total comprehensive income for the period attributable to owners of the parent company</b>	<u>(7,004)</u>	<u>(1,586)</u>	<u>(5,489)</u>

**ROSE PETROLEUM PLC**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**As at 30 June 2015**

		Unaudited six months ended 30 June 2015	Unaudited six months ended 30 June 2014 Restated	Audited year ended 31 December 2014
	Notes	US\$'000	US\$'000	US\$'000
<b>Non-current assets</b>				
Intangible assets	7	11,610	6,943	9,947
Property, plant and equipment		729	930	823
Deferred tax asset		-	-	404
Other receivables	8	250	-	-
		<u>12,589</u>	<u>7,873</u>	<u>11,174</u>
<b>Current assets</b>				
Inventories		459	581	57
Trade and other receivables		1,391	2,467	1,007
Cash and cash equivalents		6,089	9,310	8,408
Assets held for sale	8	-	325	785
		<u>7,939</u>	<u>12,683</u>	<u>10,257</u>
<b>Total assets</b>		<u><u>20,528</u></u>	<u><u>20,556</u></u>	<u><u>21,431</u></u>
<b>Current liabilities</b>				
Trade and other payables		(1,808)	(2,081)	(2,377)
Taxation payable		(25)	-	(56)
		<u>(1,833)</u>	<u>(2,081)</u>	<u>(2,433)</u>
<b>Non-current liabilities</b>				
Provisions		(1,122)	(500)	(52)
		<u>(1,122)</u>	<u>(500)</u>	<u>(52)</u>
<b>Total liabilities</b>		<u><u>(2,955)</u></u>	<u><u>(2,581)</u></u>	<u><u>(2,485)</u></u>
<b>Net assets</b>		<u><u>17,573</u></u>	<u><u>17,976</u></u>	<u><u>18,946</u></u>
<b>Equity</b>				
Share capital	9	38,976	37,101	37,341
Share premium account		30,213	23,172	27,215
Share option reserve		2,538	975	1,540
Cumulative translation reserves		(2,082)	(1,415)	(1,192)
Retained deficit		(52,072)	(41,857)	(45,958)
<b>Equity attributable to owners of the parent company</b>		<u><u>17,573</u></u>	<u><u>17,976</u></u>	<u><u>18,946</u></u>

**ROSE PETROLEUM PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	Share capital US\$'000	Share premium account US\$'000	Share option reserve US\$'000	Other reserves US\$'000	Cumulative translation reserves US\$'000	Retained deficit US\$'000	Total US\$'000
<b>As at 1 January 2014</b>	36,227	11,739	827	461	(1,623)	(40,300)	7,331
<i>Transactions with owners in their capacity as owners:</i>							
Issue of equity shares	738	10,330	-	-	-	-	11,068
Conversion of convertible loan notes	136	1,567	-	(461)	3	234	1,479
Expenses of issue of equity shares	-	(464)	-	-	-	-	(464)
Share-based payments	-	-	145	-	-	-	145
Exchange differences	-	-	3	-	-	-	3
<b>Total transactions with owners in their capacity as owners</b>	<b>874</b>	<b>11,433</b>	<b>148</b>	<b>(461)</b>	<b>3</b>	<b>234</b>	<b>12,231</b>
Loss for the period	-	-	-	-	-	(1,792)	(1,792)
<i>Other comprehensive income:</i>							
Currency translation differences	-	-	-	-	604	-	604
Net loss on hedge of net investment in foreign operations	-	-	-	-	(398)	-	(398)
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206</b>	<b>-</b>	<b>206</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206</b>	<b>(1,792)</b>	<b>(1,586)</b>
<b>As at 30 June 2014</b>	<b>37,101</b>	<b>23,172</b>	<b>975</b>	<b>-</b>	<b>(1,414)</b>	<b>(41,858)</b>	<b>17,976</b>





**ROSE PETROLEUM PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (AUDITED)**

	Share capital US\$'000	Share premium account US\$'000	Share option reserve US\$'000	Other reserves US\$'000	Cumulative translation reserves US\$'000	Retained deficit US\$'000	Total US\$'000
<b>As at 1 January 2014</b>	36,227	11,739	827	461	(1,623)	(40,300)	7,331
<i>Transactions with owners in their capacity as owners:</i>							
Issue of equity shares	990	14,735	-	-	-	-	15,725
Conversion of convertible loan notes	124	1,429	-	(461)	42	214	1,348
Expenses of issue of equity shares	-	(688)	-	-	-	-	(688)
Share-based payments	-	-	763	-	-	-	763
Transfer to retained earnings in respect of forfeit options	-	-	(6)	-	-	6	-
Exchange differences	-	-	(44)	-	-	-	(44)
<b>Total transactions with owners in their capacity as owners</b>	<b>1,114</b>	<b>15,476</b>	<b>713</b>	<b>(461)</b>	<b>42</b>	<b>220</b>	<b>17,104</b>
Loss for the year	-	-	-	-	-	(5,878)	(5,878)
<i>Other comprehensive income:</i>							
Currency translation differences	-	-	-	-	(1,146)	-	(1,146)
Net gain on hedge of net investment in foreign operations	-	-	-	-	1,535	-	1,535
<b>Total other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389</b>	<b>-</b>	<b>389</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389</b>	<b>(5,878)</b>	<b>(5,489)</b>
<b>As at 31 December 2014</b>	<b>37,341</b>	<b>27,215</b>	<b>1,540</b>	<b>-</b>	<b>(1,192)</b>	<b>(45,958)</b>	<b>18,946</b>

**ROSE PETROLEUM PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	Share capital	Share premium account	Share option reserve	Other reserves	Cumulative translation reserves	Retained deficit	Total
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	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>As at 1 January 2015</b>	37,341	27,215	1,540	-	(1,192)	(45,958)	18,946
<i>Transactions with owners in their capacity as owners:</i>							
Issue of equity shares	1,635	3,269	-	-	-	-	4,904
Expenses of issue of equity shares	-	(271)	-	-	-	-	(271)
Share-based payments	-	-	967	-	-	-	967
Exchange differences	-	-	31	-	-	-	31
<b>Total transactions with owners in their capacity as owners</b>	<b>1,635</b>	<b>2,998</b>	<b>998</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,631</b>
Loss for the period	-	-	-	-	-	(6,114)	(6,114)
<i>Other comprehensive income:</i>							
Currency translation differences	-	-	-	-	(758)	-	(758)
Net loss on hedge of net investment in foreign operations	-	-	-	-	(132)	-	(132)
Total other comprehensive income for the period	-	-	-	-	(890)	-	(890)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(890)</b>	<b>(6,114)</b>	<b>(7,004)</b>
<b>As at 30 June 2015</b>	<b>38,976</b>	<b>30,213</b>	<b>2,538</b>	<b>-</b>	<b>(2,082)</b>	<b>(52,072)</b>	<b>17,573</b>

**ROSE PETROLEUM PLC**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For the six months ended 30 June 2015**

	Appendices	Unaudited six months ended 30 June 2015 US\$'000	Unaudited six months ended 30 June 2014 Restated US\$'000	Audited year ended 31 December 2014 US\$'000
Net cash used in operating activities	a	(3,382)	(524)	(2,736)
Net cash used in investing activities	b	(3,550)	(1,420)	(5,589)
Net cash from financing activities	c	4,602	9,281	14,875

<b>Net (decrease)/increase in cash and cash equivalents</b>	(2,330)	7,337	6,550
<b>Cash and cash equivalents at beginning of period</b>	8,408	1,944	1,944
Effect of foreign exchange rate changes	11	29	(86)
<b>Cash and cash equivalents at end of period</b>	6,089	9,310	8,408

**ROSE PETROLEUM PLC**  
**APPENDICES TO THE CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For the six months ended 30 June 2015**

	Unaudited six months ended 30 June 2015 US\$'000	Unaudited six months ended 30 June 2014 Restated US\$'000	Audited year ended 31 December 2014 US\$'000
<b>a Operating activities</b>			
Loss before taxation	(6,473)	(1,504)	(5,865)
Other income	-	(25)	-
Investment income	(5)	(3)	(8)
Finance costs	34	92	91
Adjustments for:			
Depreciation of property, plant and equipment	129	110	220
Impairment of intangible exploration and evaluation assets	2,340	-	969
Decommissioning	-	(78)	(18)
Share-based payments	967	145	763
Loss on disposal of assets held for sale	35	-	-
Effect of foreign exchange rate changes	(30)	(14)	53
	<hr/>	<hr/>	<hr/>
Operating outflow before movements in working capital	(3,003)	(1,277)	(3,795)
(Increase)/decrease in inventories	(402)	323	847
(Increase)/decrease in trade and other receivables	(224)	721	973
Increase/(decrease) in trade and other payables	247	(193)	(650)
	<hr/>	<hr/>	<hr/>
Cash used in operations	(3,382)	(426)	(2,625)
Income tax paid	-	-	(13)
Interest paid	-	(98)	(98)
	<hr/>	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(3,382)</b>	<b>(524)</b>	<b>(2,736)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>b Investing activities</b>			
Interest received	5	3	8
Purchase of property, plant and equipment	(67)	(21)	(124)
Purchase of intangible exploration and evaluation assets	(3,738)	(1,264)	(5,335)
Acquisition of subsidiaries	-	(138)	(138)
Proceeds on disposal of assets held for sale	250	-	-
	<hr/>	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(3,550)</b>	<b>(1,420)</b>	<b>(5,589)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>c Financing activities</b>			
Proceeds from issue of shares	4,904	9,720	15,532
Expenses of issue of shares	(302)	(464)	(657)
Joint partner funding	-	25	-
	<hr/>	<hr/>	<hr/>
<b>Net cash from financing activities</b>	<b>4,602</b>	<b>9,281</b>	<b>14,875</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**ROSE PETROLEUM PLC**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six months ended 30 June 2015**

**1. ACCOUNTING POLICIES**

***Basis of preparation***

This Report was approved by the Directors on 25 September 2015.

The condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of International Accounting and Financial Reporting Standards ( 'IFRS ' ) as adopted in the EU.

The condensed consolidated interim financial statements are presented in United States Dollar ( 'US\$' ) as the Group's trading, and the majority of its assets are in US\$.

The company is domiciled in the United Kingdom. The company is listed on AIM.

The current and comparative periods to June have been prepared using the accounting policies and practices consistent with those adopted in the annual financial statements for the year ended 31 December 2014. In the interim results to 30 June 2014 the Group's interest in Wate Mining Company LLC had been accounted for using the equity method of accounting. The comparative results for the period to June have been restated to reflect the treatment of the Group's interest in Wate Mining Company LLC as non-current assets held for sale.

Comparative figures for the year ended 31 December 2014 have been extracted from the statutory financial statements for that period which carried an unqualified audit report, did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and have been delivered to the Registrar of Companies.

The Financial Information contained in this report does not constitute statutory financial statements as defined by section 434 of the Companies Act 2006, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2014. This report has not been audited or reviewed by the Group's auditors.

During the first six months of the current financial year there have been no related party transactions that materially affect the financial position or performance of the Group and there have been no changes in the related party transactions described in the last annual financial report.

The principal risks and uncertainties of the Group have not changed since the publication of the last annual financial report where a detailed explanation of such risks and uncertainties can be found.

**2. SEGMENTAL INFORMATION**

For management purposes, the Group is organised into three operating divisions based on its principal activities of gold and silver mining, research and evaluation of potential uranium and copper properties and the exploration and development of O&G resources. These divisions are the basis on which the Group reports its segment information as presented below:

	<b>Unaudited six months ended 30 June 2015 US\$'000</b>	<b>Unaudited six months ended 30 June 2014 Restated US\$'000</b>	<b>Audited year ended 31 December 2014 US\$'000</b>
<b>Revenue</b>			
Gold and silver	1,136	2,266	3,097
O&G	88	-	-
	1,224	2,266	3,097

	Unaudited six months ended 30 June 2015 US\$'000	Unaudited six months ended 30 June 2014 Restated US\$'000	Audited year ended 31 December 2014 US\$'000
<b>Segmental results</b>			
Uranium and copper	(2,488)	(158)	(325)
Gold and silver	(637)	(142)	(1,430)
O&G	(1,387)	(316)	(1,448)
<b>Total segment results</b>	<b>(4,512)</b>	<b>(616)</b>	<b>(3,203)</b>
Assets held for sale	(35)	-	-
Unallocated results	(1,926)	(888)	(2,662)
Current and deferred tax	359	(288)	(13)
<b>Loss for the period</b>	<b>(6,114)</b>	<b>(1,792)</b>	<b>(5,878)</b>
<b>Net assets</b>			
Uranium and copper	1,633	3,618	3,552
Gold and silver	1,524	2,425	1,460
O&G	9,955	1,698	6,676
<b>Total segment net assets</b>	<b>13,112</b>	<b>7,741</b>	<b>11,688</b>
Assets held for sale	-	325	785
Unallocated net assets	4,486	9,910	6,125
Current and deferred tax	(25)	-	348
<b>Total net assets</b>	<b>17,573</b>	<b>17,976</b>	<b>18,946</b>

### 3. IMPAIRMENT OF INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	Unaudited six months ended 30 June 2015 US\$'000	Unaudited six months ended 30 June 2014 Restated US\$'000	Audited year ended 31 December 2014 US\$'000
O&G assets	-	-	969
Copper assets	2,340	-	-
	<b>2,340</b>	<b>-</b>	<b>969</b>

#### 4. TAXATION

	Unaudited six months ended 30 June 2015 US\$'000	Unaudited six months ended 30 June 2014 Restated US\$'000	Audited year ended 31 December 2014 US\$'000
Current period	5	97	66
Deferred tax	(364)	191	(53)
	<u>(359)</u>	<u>288</u>	<u>13</u>

#### 5. DIVIDENDS

The directors do not recommend the payment of a dividend for the period.

#### 6. LOSS PER ORDINARY SHARE

Basic loss per Ordinary Share is calculated by dividing the net loss for the period attributable to owners of the parent company by the weighted average number of Ordinary Shares outstanding during the period. The calculation of the basic and diluted loss per Ordinary Share is based on the following data:

	Unaudited six months ended 30 June 2015 US\$'000	Unaudited six months ended 30 June 2014 restated US\$'000	Audited year ended 31 December 2014 US\$'000
<b>Losses</b>			
Loss for the purpose of basic loss per Ordinary Share being net loss attributable to owners of the parent company	(6,114)	(1,792)	(5,878)
	<u>Number '000</u>	<u>Number '000</u>	<u>Number '000</u>
<b>Number of shares</b>			
Weighted average number of shares for the purpose of basic loss per Ordinary Share	1,515,931	807,554	1,074,448
<b>Loss per Ordinary Share</b>			
Basic and diluted, cents per share	<u>(0.40)</u>	<u>(0.22)</u>	<u>(0.55)</u>

Due to the losses incurred, there is no dilutive effect from the existing share options.

#### 7. INTANGIBLE ASSETS

	Exploration and evaluation assets US\$'000
<b>Cost</b>	
<b>At 1 January 2014</b>	8,538
Additions	2,764
Acquired on acquisition of a subsidiary	576
Reclassified as held for sale	(325)



Exchange differences	(11)
<b>At 30 June 2014 (restated)</b>	11,542
Additions	4,418
Reclassified as held for sale	(460)
Exchange differences	(67)
<b>At 31 December 2014</b>	15,433
Additions	4,024
Exchange differences	(99)
<b>At 30 June 2015</b>	19,358
<b>Impairment</b>	
<b>At 1 January 2014 and 30 June 2014</b>	4,599
Impairment charge	969
Exchange differences	(82)
<b>At 31 December 2014</b>	5,486
Impairment charge	2,340
Exchange differences	(78)
<b>At 30 June 2015</b>	7,748
<b>Carrying amount</b>	
<b>At 30 June 2015</b>	11,610
<b>At 30 June 2014 (restated)</b>	6,943
<b>At 31 December 2014</b>	9,947

## 8. ASSETS HELD FOR SALE

On 17 February 2015, the Company completed the sale of its 50 per cent interest in Wate Mining Company LLC ('Wate') to EFR Arizona Strip LLC ('EFR'). A loss of US\$35,000 arose on the disposal of assets, being the proceeds of disposal less the carrying amount of the net assets.

The net assets of Wate at the date of disposal and the periods reported were:

	<b>17 February 2015</b>	<b>Unaudited six months ended 30 June 2014 Restated US\$'000</b>	<b>Audited year ended 31 December 2014 US\$'000</b>
Intangible exploration and evaluation assets	785	325	785

Loss on disposal	(35)
Total consideration	750
<b>Satisfied by:</b>	
Cash and cash equivalents	250
Deferred consideration	500
	750

The deferred consideration of US\$0.5 million will be settled by means of a non-interest bearing promissory note, payable in two equal instalments on 13 February 2016 and 13 February 2017.

In addition, there is a potential 2 per cent royalty due on EFR's stake in the project and, upon the meeting of certain regulatory milestones, EFR will pay an additional US\$0.25 million cash to the Company. Due to the uncertainty of the timing the contingent consideration has not been recognised at 30 June 2015.

## 9. SHARE CAPITAL

	Unaudited six months ended 30 June 2015 Number '000	Unaudited six months ended 30 June 2014 Restated Number '000	Audited year ended 31 December 2014 Number '000
<b>Authorised</b>			
Ordinary Shares of 0.1p each	7,779	7,779	7,779
Deferred Shares of 9.9p each	190,108	190,108	190,108
	197,887	197,887	197,887
<b>Allotted, issued and fully paid</b>			
2,550,185,127 Ordinary Shares of 0.1p each (30 June 2014:1,306,006,980 and 31 December 2014:1,510,185,120)	4,069	2,194	2,434
190,108 Deferred Shares of 9.9p each	34,907	34,907	34,907
	38,976	37,101	37,341

The Deferred Shares are not listed on AIM, do not give the holders any right to receive notice of, or to attend or vote at, any general meetings, have no entitlement to receive a dividend or other distribution or any entitlement to receive a repayment of nominal amount paid up on a return of assets on winding up nor to receive or participate in any property or assets of the Company. The Company may, at its option, at any time redeem all of the Deferred Shares then in issue at a price not exceeding \$0.01 from all shareholders upon giving not less than 28 days notice in writing. There is no dilutive effect from the existing share options or convertible loan notes.

### ISSUED ORDINARY SHARE CAPITAL

On 14 June 2014, the Company issued 80,000,000 Ordinary Shares of 0.1p each in respect of the conversion of its outstanding convertible loan notes of US\$1,553,200 (£1 million)

On 27 June 2014, the Company issued 433,333,323 Ordinary Shares of 0.1p each at a price of 1.5p per share, raising gross proceeds of US\$10,095,800 (£6.5 million)

On 21 October 2014, the Company issued 4,178,152 Ordinary Shares of 0.1p each at a price of 2.975p per share in satisfaction of US\$200,000 (£124,300) due in respect of the Utah farm-in agreement.

On 5 December 2014, the Company issued 199,999,987 Ordinary Shares of 0.1p each at a price of 1.75p per share, raising gross proceeds of US\$5,436,200 (£3.5 million)

On 30 June 2015, the Company issued 1,040,000,007 Ordinary Shares of 0.1p each at a price of 0.3p per share, raising gross proceeds of US\$4,903,704 (£3.1 million)

	<b>Ordinary Shares Number '000</b>
<b>At 1 January 2014</b>	792,674
Allotment of shares	513,333
<b>At 30 June 2014</b>	1,306,007
Allotment of shares	204,178
<b>At 31 December 2014</b>	1,510,185
Allotment of shares	1,040,000
<b>At 30 June 2015</b>	2,550,185

## Contacts

For further information please visit [www.rosepetroleum.com](http://www.rosepetroleum.com) or contact:

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