

BLACK ROCK OIL & GAS PLC

INTERIM REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

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BLACK ROCK OIL & GAS PLC

GROUP INFORMATION

Directors:	Antony Brian Baldry M.A, L.L.B, M.P. <i>Chairman</i> John Malcolm Cubitt, B.Sc, Ph.D. <i>C.Geol Managing Director</i> Peter John Kitson F.C.C.A. <i>Finance Director</i>
Company Secretary:	Watlington Securities Ltd
Registered Office:	36 Elder Street London E1 6BT
Company Number:	04128401
Nominated Adviser:	Beaumont Cornish Limited 5 th Floor 12 Cophall Avenue London EC2R 7DE
Broker	VSA Resources Limited 43 London Wall London EC2M 5TF
Group Auditors:	UHY Hacker Young St Alphage House 2 Fore Street London EC2Y 5DH
Share Registrars:	Computershare Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH



**CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

Black Rock Oil & Gas plc ("Black Rock") continues to focus on Colombia and the North Sea and plans an active exploration and development programme during 2007.

In Colombia, Black Rock has an interest in two licenses, the Las Quinchas Association Contract and more recently the Alhucema E&P Contract. In the Las Quinchas Contract, Black Rock is actively pursuing its obligations under the farm-in contract signed with Kappa Resources Colombia Limited (Kappa) in April 2005 in which it agreed to fund certain exploration drilling activities in order to earn a right to obtain, subject to Ecopetrol's approval, a 50% interest in the two blocks.

The Arce 4 appraisal well drilled in June 2006 has been a success, with oil flowing at the rate of 30.5 barrels per day under standard conditions. The well has been drilled to a total depth of 3,073 feet and intersected a gross 300 foot oil section. Subsequently the well underwent testing and analysis of the oil indicated that, while classified as heavy with a gravity of 16-17 degrees API, it is liquid at room temperature and pressure. On completion of operations at Arce 4, the drilling rig was used to re-complete the gravel pack on Arce 2.

Subsequently, the Arce field then was placed in a long-term steam injection test, utilising the Arce 2, 3 and 4 wells. Despite a number of delays due to delivery and installation of equipment and additional technical requirements of Ecopetrol, operations are now underway and are expected to last until the end of Q2 2007 according to the Operator, Kappa. After cold flow production from the wells to create some void space, steam is sequentially injected into each well for a period of 1-2 weeks, followed by a soak period of 1-2 weeks whilst the reservoir heats up. Each well is then put into production for the remainder of a 3-month test cycle. The steam injection test will probably involve a minimum of 2 cycles for a total test lasting a minimum of 6 months.

Subject to successful completion of the Arce Field test, it is the intention of the Joint Venture to proceed with development of the Arce Field as soon as possible.

Our operator and joint venture partner, Kappa, estimates that the mean recoverable reserves of the field have increased significantly to above 10 million barrels following recent seismic reinterpretation and mapping although no formal resource or reserve has yet been prepared under any of the accepted standards and this figure has not been independently verified by the Company. Consequently, further appraisal wells may be required to fully evaluate these additional reserves in 2007 and 2008.

The dispute with Kappa that arose in November was successfully resolved following two days of meetings in Colombia in December. A disputed default notice issued by Kappa was withdrawn and Black Rock agreed to make a payment of approximately US\$600,000 in December 2006 and a further payment of approximately US\$ 1,000,000 in January 2007 to Kappa to fulfil its obligations in the Las Quinchas farm-in. These have now been completed and Black Rock has formally requested that Kappa now approach Ecopetrol for approval of Black Rock's 50% assignment.

Most of the funds supplied to Kappa recently will be utilised on the drilling and testing of a low-risk, heavy oil exploration prospect known as Acacia Este in the Las Quinchas Association Contract area. This shallow structure should be drilled in Q1 2007.

Therefore the funds recently provided to Kappa not only complete Black Rock's farm-in obligations on the Las Quinchas Association Contract but also will be used to drill the largest untested shallow target in Las Quinchas.

The Baul Oil Field located in the southern part of Las Quinchas Association Contract is also expected to be investigated in 2007. One well on the field was on oil production during the 1960's but was shut-in because of the then low oil price. If in good condition the Joint Venture will recomplete this well and establish test production possibly in the second half of 2007. Alternatively, a further well may need to be drilled into the Baul Oil Field.

Closer to home and during the autumn the Company participated in its first North Sea well.

Within the UK Southern North Sea, Black Rock has a 15% interest in Blocks 49/8c and 49/9d, operated by Wintershall Noordzee. The Monterey Gas Field is located in Block 49/8c and was estimated by the field operator to contain 165 billion cubic feet of gas reserves although no formal resource or reserve has yet been prepared under any of the

**CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

accepted standards and this figure has not been independently verified by the Company nor updated subsequent to the recent appraisal well.

Discovered in 1989, the field is located approximately 15 kilometres west of the Windermere gas platform and south of the Schooner and Ketch gas fields. The water depth in this location is about 35 metres.

The Monterey well was spudded on 21 September 2006 and reached Total Depth on 29 October 2006. Testing of the Monterey appraisal well was completed in November 2006. The well flowed natural gas (principally methane, ethane and propane) from several perforated intervals in the Carboniferous reservoir section during the well test period, at approximately 850,000 cubic feet/day through a 2 inch choke. Observed flow rates might have been impeded by relatively low reservoir quality and reservoir damage within the well. In common with many vertical appraisal wells in the Southern North Sea, the gas flow rates were less than can be expected from a horizontal development well. Severe weather then delayed departure of the rig until 14 December 2006.

The field operator is currently undertaking detailed technical evaluation of the well results and simulation of various development options to put to the Joint Venture Partners during the summer of 2007. Amongst the options being considered is to drill one or more horizontal producers. Typically, such wells will have horizontal sections of 500m or more in order to obtain commercial rates and the well may also require hydraulic fracturing. If developed, the field operator is considering piping the gas to the nearby Windermere and Markham Fields and from there to the Netherlands.

With this in mind Black Rock recently raised £1,742,500 (before expenses) in January 2007 to finance the development of the assets set out above as well as funding ongoing working capital. In order to provide a balance to its portfolio of assets, Black Rock is also continuing to search for development or production projects that are likely to provide cash flow in the near future or low-cost, low-risk exploration projects with considerable upside. A number of these are currently under consideration and shareholders will be advised about the technical and financial implications should the Directors consider the assets of potential significant value to Black Rock.

Tony Baldry
9 March 2007

BLACK ROCK OIL & GAS PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

	Notes	Unaudited Six months ended 31 December 2006 £	Unaudited Six months ended 31 December 2005	Audited Year ended 30 June 2006 £
Group turnover		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Administrative expenses before impairment of exploration expenditure and goodwill		(682,722)	(354,124)	(907,557)
Impairment of exploration expenditure and goodwill		-	(480,030)	(760,794)
Group operating loss		(682,722)	(834,154)	(1,668,351)
Interest receivable		15,658	5,549	9,011
Loss on ordinary activities before taxation		(667,064)	(828,605)	(1,659,340)
Taxation	2	-	-	-
Loss on ordinary activities after taxation		(667,064)	(828,605)	(1,659,340)
Loss per ordinary share				
Basic	3	(0.10p)	(0.23p)	(0.40p)
Diluted	3	(0.10p)	(0.23p)	(0.40p)

BLACK ROCK OIL & GAS PLC**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

	Unaudited Six months ended 31 December 2006 £	Unaudited Six months ended 31 December 2005 £	Audited Year ended 30 June 2006 £
Loss for the period	(667,064)	(828,605)	(1,659,340)
Exchange differences on retranslation of net assets of foreign currency operations	<u>(366)</u>	<u>1,196</u>	<u>30,015</u>
Total losses recognised for the period	<u>(667,430)</u>	<u>(827,409)</u>	<u>(1,629,325)</u>

BLACK ROCK OIL & GAS PLC

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Notes	Unaudited 31 December 2006 £	Unaudited 31 December 2005 £	Audited 30 June 2006 £
Fixed assets				
Intangible assets	4	5,242,060	908,744	1,576,740
Tangible assets		273	8,622	-
		<u>5,242,333</u>	<u>917,366</u>	<u>1,576,740</u>
Current assets				
Debtors		62,822	30,521	62,340
Cash at bank and in hand		140,506	33,207	551,723
		<u>203,328</u>	<u>63,728</u>	<u>614,063</u>
Creditors: amounts falling due within one year		<u>(569,597)</u>	<u>(255,794)</u>	<u>(181,093)</u>
Net current (liabilities)/assets		<u>(366,269)</u>	<u>192,066</u>	<u>432,970</u>
Total assets less current liabilities		4,876,064	725,300	2,009,710
Creditors: amounts falling due in more than one year	5	(2,181,614)	-	-
Provision for liabilities and charges		<u>-</u>	<u>-</u>	<u>(7,347)</u>
Net assets		<u>2,694,450</u>	<u>725,300</u>	<u>2,002,363</u>
Capital and reserves				
Called up share capital	6	3,529,778	1,836,336	2,883,564
Share premium account	7	7,304,394	5,623,003	6,598,271
Merger reserve	7	-	212,023	212,023
Share based payments reserve	7	46,000	-	56,483
Profit and loss account	7	(8,185,722)	(6,946,062)	(7,747,978)
Shareholders' funds	8	<u>2,694,450</u>	<u>725,300</u>	<u>2,002,363</u>

BLACK ROCK OIL & GAS PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

	Notes	Unaudited Six months ended 31 December 2006 £	Unaudited Six months ended 31 December 2005 £	Audited Year ended 30 June 2006 £
Net cash (outflow) from operating activities	9	(268,010)	(145,026)	(692,275)
Returns on investments and servicing of finance				
Investment income		15,658	5,549	9,011
		252,352	(139,477)	(683,264)
Acquisitions and disposals				
Investing in exploration	4	(3,665,320)	(712,810)	(1,661,570)
Purchase of tangible assets		(273)	(9,853)	(21,286)
Net cash (outflow) from acquisitions and disposals		(3,665,593)	(722,663)	(1,682,856)
Net cash (outflow) before financing		(3,917,945)	(862,140)	(2,366,120)
Financing				
Cash proceeds from share issues		1,394,814	122,172	2,217,311
Share issue costs		(69,700)	-	(72,643)
Loan received	5	2,181,614	-	-
Net cash inflow from financing		3,506,728	122,172	2,144,668
(Decrease) in cash	10	(411,217)	(739,968)	(221,452)

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

1. Basis of preparation and going concern

The interim financial information is prepared in accordance with the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Statement of Recommended Practice "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities".

The financial information has been prepared on a going concern basis. The Group's ability to continue as a going concern is contingent upon raising additional funds to cover appraisal and development activities and working capital requirements. In the absence of being able to raise funds, the going concern basis may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business at amounts different from those stated in this interim report. No allowance for such circumstances has been made in this interim report as the directors believe that the Group will be able to raise further funds in the future. The Company has raised £1,641,600 net of expenses (£1,742,500 before expenses) from share placings after 31 December 2006 to provide additional working capital and fund its exploration projects.

The results for the six months ended 31 December 2006 are unaudited and do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. They have been prepared using accounting bases and policies consistent with those used in the preparation of the financial statements of Black Rock Oil & Gas Plc for the year ended 30 June 2006.

The comparative figures for the year ended 30 June 2006 are extracted from the statutory financial statements which have been filed with the Registrar of Companies and which contain an unqualified audit report and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

2. Taxation

No liability to UK or overseas taxation has arisen during the period and no provision for deferred tax was considered necessary.

3. Loss per ordinary share

The basic and diluted loss per ordinary share has been calculated using the loss for the financial period of £667,064 (six months to 31 December 2005 – loss of £828,605; year ended 30 June 2006 – loss of £1,659,340). The basic loss per ordinary share was calculated using a weighted average number of ordinary shares in issue of 699,249,639 (six months to 31 December 2005 – 367,207,080; year ended 30 June 2006 – 417,621,226). The diluted loss per ordinary share has been calculated using a weighted average number of ordinary shares in issue of 700,400,081 (six months to 31 December 2005 - 367,207,080; year ended 30 June 2006 - 418,246,226).

BLACK ROCK OIL & GAS PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

4. **Intangible assets**

The intangible assets can be summarised as follows:

	Exploration and appraisal expenditure £	Goodwill £	Total £
Cost			
At 1 July 2006	2,125,344	503,397	2,628,741
Additions	3,665,320	-	3,665,320
	<hr/>	<hr/>	<hr/>
At 31 December 2006	5,790,664	503,397	6,294,061
Impairment			
At 1 July 2006	(548,604)	(503,397)	(1,052,001)
Impairment for the period	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2006	(548,604)	(503,397)	(1,052,001)
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2006	5,242,060	-	5,242,060
	<hr/>	<hr/>	<hr/>
At 30 June 2006	1,576,740	-	1,576,740
	<hr/>	<hr/>	<hr/>

The additions to Exploration and Appraisal expenditure of £3,665,320 in the six months ended 31 December 2006 relate mainly to drilling a well in the Monterey Gas Field of the Southern Gas Basin in the North Sea and costs incurred in Columbia for testing of the Arce oil field as part of the joint venture agreement with Kappa Resources Colombia Limited.

5. **Creditors: amounts falling due in more than one year**

The creditors falling due in more than one year represents an arrangement with Gemini Oil & Gas Fund II, LP (“Gemini”) whereby Gemini funded \$4,274,000 (sterling equivalent - £2,181,614) in respect of the drilling of the Company’s 49/8c-4 well in the Monterey Gas Field of the Southern Gas Basin in the North Sea. The loan is without recourse in return for an entitlement for Gemini when the gas field is operational to receive interest and capital payments in respect of this loan and a proportion of the revenue generated from this gas field.

No interest is accrued in respect of this loan as interest becomes payable if and when oil and gas products are found following exploration.

BLACK ROCK OIL & GAS PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

6. Share capital

	Unaudited 31 December 2006 £	Audited 30 June 2006 £
Authorised		
1,600,000,000 ordinary shares of 0.5p each	<u>8,000,000</u>	<u>8,000,000</u>
Allotted, called up and fully paid		
At 1 July 2006	2,883,564	1,795,767
Shares issued in the period	<u>646,214</u>	<u>1,087,797</u>
	<u>3,529,778</u>	<u>2,883,564</u>

The share capital and the warrants at the beginning and the end of the period are summarised below:

	Number of shares	Number of warrants
At 1 July 2006	576,712,770	42,378,922
Shares issued for cash	126,727,242	-
Shares issued in lieu of services provided by third parties	2,474,818	-
Shares warrants conversion	<u>40,700</u>	<u>(40,700)</u>
At 31 December 2006	<u>705,955,530</u>	<u>42,338,222</u>

7. Reserves

The movements in the group's reserves during the period were as follows:

	Share premium £	Merger reserve £	Share- based payments reserve £	Profit and loss £
At 1 July 2006	6,598,271	212,023	56,483	(7,747,978)
Share capital issued	775,823	-	-	-
Cost of share issues	(69,700)	-	-	-
Retained losses for the period	-	-	-	(667,064)
Exchange differences	-	-	-	(366)
Transfer from merger reserve	-	(212,023)	-	212,023
Accrued share-based payments	-	-	7,180	-
Transfer on expiry of warrants	-	-	<u>(17,663)</u>	<u>17,663</u>
At 31 December 2006	<u>7,304,394</u>	<u>-</u>	<u>46,000</u>	<u>(8,185,722)</u>

The merger reserve arose as a result of the acquisition of Wildlook Enterprises Pty Limited by way of a share for share exchange and represented the difference between the fair value of the consideration given for the shares and warrants issued and the nominal value of those instruments. As the assets and the related goodwill in respect of this acquisition had been written off to the profit and loss account in prior years, this merger reserve has now been transferred to the profit and loss reserve

BLACK ROCK OIL & GAS PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

8. Reconciliation of movements in shareholders' funds - equity only

	Unaudited Six months to 31 December 2006 £	Unaudited Six months to 31 December 2005 £	Audited Year ended 30 June 2006 £
Loss for the period	(667,064)	(828,605)	(1,659,340)
Dividends	-	-	-
	<hr/>	<hr/>	<hr/>
	(667,064)	(828,605)	(1,659,340)
Share capital issued (net of expenses)	1,352,337	122,172	2,144,668
Accrued share-based payments	7,180	-	56,483
Exchange differences	(366)	1,196	30,015
	<hr/>	<hr/>	<hr/>
Opening shareholders' funds	692,087 2,002,363	(705,237) 1,430,537	571,826 1,430,537
	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	2,694,450	725,300	2,002,363
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9. Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	Unaudited Six months to 31 December 2006 £	Unaudited Six months to 31 December 2005 £	Audited Year ended 30 June 2006 £
Group operating loss	(682,722)	(834,154)	(1,668,351)
Impairment of exploration expenditure	-	308,210	588,974
Impairment of goodwill	-	171,820	171,820
Increase in debtors	(482)	(15,489)	(47,308)
Increase in creditors	415,727	216,148	141,447
Foreign exchange differences	(366)	1,196	30,015
Loss on disposal of tangible fixed assets	-	6,012	-
Depreciation	-	1,231	27,298
FRS 20 share warrants charge	7,180	-	56,483
National insurance charge/(write back)from share warrants	(7,347)	-	7,347
	<hr/>	<hr/>	<hr/>
Net cash (outflow) from operating activities	(268,010)	(145,026)	(692,275)
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BLACK ROCK OIL & GAS PLC**NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

10. Analysis of changes in net funds

	Audited 1 July 2006 £	Cash flows £	Unaudited 31 December 2006 £
Cash at bank and in hand	551,723	(411,217)	140,506

11. Subsequent Events

- a) The Company issued 317,000,000 new ordinary shares at 0.5p each and 28,636,364 new ordinary shares at 0.55p each in January 2007 to raise additional capital of £1,742,500 before expenses.
- b) The final farm-in-obligations payment of £537,640, payable to Kappa Resources Colombia Limited ("Kappa"), the Company's joint venture partner in Colombia, was made in January 2007.

The Company has now acquired the right to exercise its option to earn 50 percent non-operated equity interest from Kappa in the 249,000 acre Las Quinchas Association Contract located in the Middle Magdalena Valley of Colombia. This is subject to approval from Ecopetrol, the national oil company of Colombia.