Nighthawk Energy plc

Unaudited interim results
for the six months ended
30 June 2017

Contents

Chairman's Statement

Dear Fellow Shareholders:

The first half of 2017 has been a period of some optimism regarding oil prices, however continued unpredictability regarding US and world energy market demand maintains its dominance in directing a sustainable recovery in oil prices. The commodity markets, in particular the oil market in which the Company participates, is in its third year of excess supply and historically low prices. As the industry exited 2016, US oil production was in decline, OPEC was negotiating and implemented a production freeze and prices were projected to approach the mid $50s. Nighthawk took advantage of this uptick in pricing and successfully hedged substantial amounts of early 2017 production at prices in the $52-55 range. However, with this early improvement in pricing, US operators demonstrated their resiliency and began increasing production levels again resulting in current prices hovering in the high $40 to $50 range. Unfortunately, the price sensitivity seen over the last several years is likely to persist until production supply and market demand reach a state of equilibrium.

Nighthawk wrapped up two major projects as 2016 came to a close: One, was the successful resolution of the drilling commitment in the Monarch Joint Venture, and the second was the completion of the Arikaree Creek Water Flood Pilot Project ("Pilot Project").

In late December 2016, the Company reached a settlement with Cascade Petroleum, whereby alleviating a two well drilling commitment associated with the Monarch acreage. Not only was the Company able to eliminate the drilling commitment in exchange for spending $75k on an up-hole completion of the Monarch 10-15 well, but the Company was able to retain a minority interest in the well. This was a positive, win-win deal for the parties and may lead to potential new drilling locations in the future, as outlined in the recent operational presentation posted to the Nighthawk website on 3 August 2017.

While 2017 has picked up where 2016 left off, with continued oil price volatility precipitating the need for a postponement of new well site development, the implementation of the Pilot Project is expected to increase production volumes at the well sites in the southern water flood facility, thereby increasing future incremental reserves.

The Pilot Project has been building in pressure and is showing early signs of response, with a measurable reduction to the natural decline curve and some slight increases to production levels. However, the Company reserves, as determined by external reservoir engineers, do not include any potential incremental reserves as proved developed producing reserves and as such, our borrowing base continues to fall short of the reserve base loan lenders outstanding loan balance.

The Company reviewed the preliminary results from the Pilot Project with the primary lender on 30 June 2017 and finalized renegotiations with Commonwealth Bank of Australia ("CBA") on the existing reserve based credit facility. The amended agreement required the Company to pay $1.75 million as a reduction of outstanding principal and restructure certain of our existing unsecured debt arrangements to forgo existing interest and royalty payments on those loans. The term of the CBA credit facility was also modified to expire 31 December 2017. On 30 August 2017, the Company announced the agreement with the existing unsecured note holders to defer the interest and royalty payments for the encompassed loans until 30 June 2018. We appreciate the support that our bank and noteholders continue to express on behalf of the Company in these difficult financial times.

As the Company reported in the year-end 2016 audited financial statements, the auditor's opinion included an emphasis of matter paragraph regarding the Company's ability to continue as a going concern. This was included in the financial statements due to the uncertainty and terms regarding renegotiation of our existing loan facility with CBA. As noted above, the Company was able to renegotiate the loan facility subsequent to the release of the year-end financials but, due to the modified term of the loan, the uncertainty around the Company's ability to refinance or repay the loan with CBA remains as a consideration.

In August, a Company presentation was posted to the Nighthawk website to help illustrate the value potential associated with certain of the Company's existing assets. For example, while the drilling in Monarch in late 2015 was unsuccessful, a post drilling analysis provided a greater understanding of the physical structure of the Broken Spear field south of Arikaree Creek, where there are three producing Spergen wells. There is also potential in the Pennsylvania zones, located within the Monarch field, which have been tested through completion of the 10-15 well. While the economics of drilling additional wells in these areas appears attractive, the Company must consider these as prospective projects until such time as cash flows have improved from a sustained improvement to oil prices. Though the Company considers the value creation opportunity to be attractive.

In closing, I would like to personally thank all our shareholders, noteholders, employees and business partners for your continued support. And I especially want to thank our largest shareholders, who continue to lead the way in their show of support for the Company.

Rick McCullough
Executive Chairman
25 September 2017

Chief Financial Officer's Statement
All amounts are shown in US$
Except for barrels sold

The following is a summary of the consolidated income statement, including information related to barrels ("bbls") sold, daily average bbls sold and average sales price per bbl:

	Six months ended 30 June 2017	Six months ended 30 June 2016	Six months ended 31 December 2016*	Year ended 31 December 2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Continuing operations:				
Revenue	$ 8,717,893	$ 9,409,498	$ 8,613,835	$ 18,023,333
Cost of sales	(6,959,293)	(4,612,902)	(5,448,121)	(10,061,023)
Gross profit	1,758,600	4,796,596	3,165,714	7,962,310
Administrative expenses	(2,173,941)	(3,274,391)	(2,517,600)	(5,791,991)
Exceptional expenses	-	-	(6,797,041)	(6,797,041)
Total administrative expenses	(2,173,941)	(3,274,391)	(9,314,641)	(12,589,032)
Operating profit (loss)	(415,341)	1,522,205	(6,148,927)	(4,626,722)
Finance income	737	38	544	582
Finance costs	(2,397,629)	(4,574,408)	(3,597,611)	(8,172,019)
Loss before taxation	(2,812,233)	(3,052,165)	(9,745,994)	(12,798,159)
Taxation	(35,986)	(1,036,431)	(383,540)	(1,419,971)
Loss for the financial period and attributable to equity shareholders of the Company	$ (2,848,219)	$ (4,088,596)	$ (10,129,534)	$ (14,218,130)
Bbls sold:				
Gross	222,375	249,609	233,586	483,195
Net barrels	162,891	204,507	189,917	394,424
Daily average Bbls sold				
Gross	1,235	1,371	1,276	1,320
Net	905	1,124	1,038	1,077
Average sales price per bbl	$46.95	$33.73	$42.80	$38.10

*The period has been extracted as the difference between the audited year end 31 December 2016 and the unaudited period 30 June 2016.

Sales Volume and price

During the six months ended 30 June 2017, the Company experienced gross and net sales volume declines of 27,234 bbls and 41,616 bbls, respectively, or approximately 11% and 20% respectively, as compared to the six months ended 30 June 2016 ("1H17 to 1H16"). Compared to the six months ended 31 December 2016, the Company experienced gross and net sales volume declines of 11,211 bbls and 27,026 bbls, respectively, or approximately 5% and 14% respectively, for the six months ended 30 June 2017 ("1H17 to 2H16"). The decrease from both prior year periods was primarily the result of normal volume declines in the Company's producing wells. The Company's average Net Revenue Interest changed from approximately 82% at 30 June 2016 to approximately 73% at 30 June 2017 due to the inclusion of volumes from the Monarch 10-15 well, in which the Company owns a 16% interest.

The average sales price per bbl increased by $13.22, or 39.2%, in 1H17 compared to 1H16, and by $4.15, or 9.7%, in 1H17 compared to 2H16. The modest improvement in the price per bbl is due, in part, to reduced output by OPEC in an effort to shift away from the market share strategy employed since 2014 to a policy more focused on price recovery and management. Global economic growth and energy demand forecasts have been collectively overestimated the last few years, creating a glut in crude oil supply, which continues to place downward pressure on the stabilization of crude oil prices.

Revenue

The following is a comparative summary of net oil sales volumes, prices and revenues, including the impact of commodity derivative settlements.

	Six months ended 30 June 2017	Six months ended 30 June 2016	Six months ended 31 December 2016*	Year ended 31 December 2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Oil sales volume (net)	162,891	204,507	189,917	394,424
Average oil price (per bbl)	$46.95	$33.73	$42.80	$38.10
Oil sales revenue	$ 7,647,706	$ 6,898,330	$ 8,129,157	$ 15,027,487
Gains on hedging instruments reclassified from equity to profit or loss	237,227	2,491,235	1,195,161	3,686,396
Mark-to-market gains/(losses)	825,407	-	(744,424)	(744,424)
Other income	7,553	19,933	33,941	53,874
Total Revenue	$ 8,717,893	$ 9,409,498	$ 8,613,835	$ 18,023,333

*The period has been extracted as the difference between the audited year end 31 December 2016 and the unaudited period 30 June 2016.

The decline in sales volumes was buoyed by the improved sales price per bbl to create an overall increase in oil sales revenue of $0.7 million or 10.9% for 1H17 compared to 1H16, however the declining production volumes, when coupled with a more lateral sales price per bbl, resulted in a decline of $0.5 million or 5.9% for 1H17 compared to 2H16. The decline in oil sales revenue was partially mitigated by the Company's commodity derivatives hedging program.

Gains on hedging instruments totaled $0.2 million, $2.5 million and $1.2 million for the six months ended 30 June 2017 and 2016, and for the six months ended 31 December 2016, respectively. Gains on hedging instruments for 1H17 compared to 1H16 declined $2.3 million or 90%, and for 1H17 compared to 2H16 declined $1.0 million or 80% as a result of existing positions settling and the Company not entering into new contracts after the precipitous decline in oil prices.

Mark-to-market gains(losses) totaled $0.8 million, nil and $(0.7) million for the six months ended 30 June 2017 and 2016, and for the six months ended 31 December 2016, respectively. Mark-to-market gains for 1H17 compared to 1H16 increased $0.8 million due to new non-hedge accounting derivative instruments being put in place in the second half of 2016. For 1H17 compared to 2H16, an increase of $1.6 million is result of market change of oil prices and the Company entering into new contracts.

Cost of Sales
The following is a comparative summary of cost of sales:

	Six months ended 30 June 2017	Six months ended 30 June 2016	Six months ended 31 December 2016*	Year ended 31 December 2016
	(Unaudited)		(Unaudited)	(Audited)
Production taxes	$ 576,664	$ 519,813	$ 447,222	$ 967,035
Lease operating expenses	3,897,864	2,420,829	2,695,315	5,116,144
Depreciation	2,373,852	1,511,636	2,071,279	3,582,915
Contribution from test revenue	-	-	-	-
Revenue and profit share and other	110,913	160,624	234,305	394,929
Total Cost of Sales	$ 6,959,293	$ 4,612,902	$ 5,448,121	$ 10,061,023

*The period has been extracted as the difference between the audited year end 31 December 2016 and the unaudited period 30 June 2016.

Lease Operating Expenses "LOE" for 1H17 compared to 1H16 increased $1.5 million or 61%. LOE per barrel of oil equivalent ("BOE") for 1H17 compared to 1H16 increased $7.83 per gross BOE ($12.09 per net BOE) to $17.53 per gross BOE ($23.93 per net BOE) from $9.70 per gross BOE ($11.84 per net BOE). The increase to LOE and LOE per BOE was the result of the implementation of the Pilot Project in Q4 of 2016. Whilst the Pilot Project generated positive margin for 1H17, the volumetric response has been slow as the reservoir pressure has slowly increased. When pressure from the Pilot Project has sufficiently increased, costs incurred for the project will be offset by improved production volumes and equate to a decrease in LOE when measured on a BOE basis.

LOE for 1H17 compared to 2H16 increased $1.2 million or 45%. LOE per BOE for 1H17 compared to 2H16 increased $5.99 per gross BOE ($9.74 per net BOE) to $17.53 per gross BOE ($23.93 per net BOE) from $11.54 per gross BOE ($14.19 per net BOE). This increase to LOE and LOE per BOE was due to the Pilot Project implementation discussed in previous paragraph.

Production taxes totaled $0.6 million, $0.5 million and $0.4 million for the six months ended 30 June 2017 and 2016, and for the six months ended 31 December 2016, respectively. Production taxes are comprised of three separate components:

> *Severance Taxes*: Severance tax rates are established by the State of Colorado and are calculated based upon the gross sales value realized each production month, which increases/decreases depending upon prevailing crude oil prices and produced oil volumes.
>
> *Conservation Taxes*: Conservation taxes are calculated at a set rate established by the State of Colorado based upon produced oil volumes each production month.
>
> *Ad valorem Taxes*: Ad valorem tax rates are established by the county the producing well resides in and are variable from one year to the next, with a portion of the assessment applied against the reported gross sales value realized each production month also being available as a tax credit for the Company's severance tax obligation.

As the significant portion of the production taxes are based upon a percentage of oil revenue, increase or decrease is driven by revenue results discussed above.

Depreciation totaled $2.4 million, $1.5 million and $2.1 million for the six months ended 30 June 2017 and 2016, respectively, and for the six months ended 31 December 2016, respectively. Depreciation for 1H17 compared to 1H16 increased $0.9 million or 57%, and for 1H17 compared to 2H16 increased $0.3 million or 15%. Depreciation per BOE for 1H17 compared to 1H16 increased $4.61 per gross BOE ($7.18 per net BOE) to $10.67 per gross BOE ($14.57 per net BOE) from $6.06 per gross BOE ($7.39 per net BOE). Depreciation per BOE for 1H17 compared to 2H16 increased $1.80 per gross BOE ($3.66 per net BOE) to $10.67 per gross BOE ($14.57 per net BOE) from $8.87 per gross BOE ($10.91 per net BOE). The increase from prior year periods is due to increased depreciable costs associated with capital improvements and increased P&A provisions for producing wells.

Administrative Expenses

Administrative expenses, excluding exceptional items, during the period ended 30 June 2017 were $2.2 million as compared to $3.3 million for the six months ended 30 June 2016. The decrease from the same 2016 period was primarily due to a reduction in legal services associated with pending litigation matters resolved on 19 September 2016. Compared to 2H16 administrative expenses decreased $0.3 million to $2.2 million from $2.5 million primarily due to a reduction in legal costs for the first half of 2017.

Exceptional administrative expenses were nil for the periods ending 30 June 2017 and 30 June 2016. Expenses for the year ended 31 December 2016 consisted of impairment of exploration and production assets of $7.1 million, and a $(0.3) million release of the contingent consideration provision, for a total exceptional administrative expense of $6.8 million for 2016.

Finance costs

Finance costs were $2.4 million and $4.6 million for the six months ended 30 June 2017 and 2016, respectively. For 1H17 compared to 1H16, the decrease of $2.2 million was primarily related to a loss on rescheduling of the CBA bank loan of nil for 1H17, as compared to $0.7 million for 1H16, and an exchange rate gain on financial instruments of $0.8 million for 1H17, as compared to a loss of $1.1 million for 1H16.

Taxation

Taxation was $0.04 million and $1.0 million for the six months ended 30 June 2017 and 2016, respectively. The tax charges for the respective periods represent the recycling of deferred tax liabilities held in the hedging reserve that relate to gains on the Company's hedges realised during the period.

Cash Flows

The following is a summary of cash flows from operating, investing and financing activities.

	Six months ended 30 June 2017	Six months ended 30 June 2016	Six months ended 31 December 2016*	Year ended 31 December 2016
Cash flows from:	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Operating activities	$ 934,913	$ 1,982,341	$ 4,838,803	$ 6,821,144
Investing activities	(1,925,126)	(760,244)	(2,734,410)	(3,494,654)
Financing activities	(1,521,277)	(5,432,250)	2,048,210	(3,384,040)
Net change in cash and cash equivalents	$ (2,511,490)	$ (4,210,153)	$ 4,152,603	$ (57,550)

*The period has been extracted as the difference between the audited year end 31 December 2016 and the unaudited period 30 June 2016.

Net cash flows from operating activities declined $1.0 million for the period ended 30 June 2017 as compared to the same period in 2016, and $3.9 million for 1H17 compared to 2H17. The decline is primarily due to decreasing production levels combined with increased LOE costs associated with the Pilot Project, well site maintenance and operating costs associated with an aging well population.

Net cash flows used in investing activities increased $1.2 million for the period ended 30 June 2017 as compared to the same period in 2016. This increase is largely due to well site workover activities and capital improvement projects completed during the first half of 2017. When compared to 2H16, the reduction to cash flows from investing activities of $0.8 million was largely due to a decrease in capital expenditures resulting from spending related the Pilot Project which was under primary construction during Q3 and Q4 of 2016 and completed during the first half of 2017.

Net cash flows used in financing activities during the period ended 30 June 2017 were reduced by $3.9 million when compared to the same period during 2016. Financing activities during 1H17 included $1.5 million in interest and finance lease payments and nil in principal reduction payments, wherein financing activities during 1H16 included $1.4 million in interest payments and an additional $4.0 million in principal reduction payments on the Company's reserves-based lending bank facility ("RBL") with Commonwealth Bank of Australia ("CBA"). When compared to 2H16, financing activities for 1H17 increased by $3.6 million as a result of an escalation in interest and finance lease payments of $0.6 million and the absence of proceeds on the issuance of new loans from the second half of 2016 for the $3.0 million capital raise to fund the Pilot Project.

At 30 June 2017, the Company held cash balances of $3.1 million as compared to $1.5 million at 30 June 2016 and $5.6 million at 31 December 2016. On 30 June 2017, the Company amended its credit facility with CBA to include a change of the maturity date to 31 December 2017 and made an additional principal reduction payment of $1.75 million on 07 July 2017, thereby reducing the principal balance of the existing RBL facility with CBA to $21.25 million.

Subsequent to 30 June 2017, the Company also amended certain existing unsecured borrowings for the purpose of deferring interest and certain overriding royalty and profit sharing payments until after the CBA RBL facility maturity date, refer to Note 9 for detail.

The following is a summary of normalised operating profit and EBITDA before exceptional administrative expenses, including on a per gross and net barrel sold basis:

	Six months ended 30 June 2017	2016	Year ended 31 December 2016
	(Unaudited)		(Audited)
Operating profit (loss)	$ (415,341)	$ 1,522,205	$ (4,626,722)
Exceptional expenses	-	-	6,797,041
Normalised operating profit before exceptional administrative items	(415,341)	1,522,205	2,170,319
Depreciation, amortisation and contribution from test revenue	2,411,219	1,571,983	3,677,776
Normalised EBITDA before exceptional administrative items	$ 1,995,878	$ 3,094,188	$ 5,848,095
Normalised EBITDA per bbl sold - Net	$ 12.25	$15.13	$14.83

1. Normalised operating profit is operating profit adjusted for exceptional administrative items.
2. Normalised earnings before interest, taxation, depreciation and amortisation ("NEBITDA") is operating profit adjusted for depreciation, amortisation, contribution from test revenue and exceptional administrative items.

As shown in the table above, excluding the effect of exceptional items, the Company was able to maintain a relatively consistent Normalised EBITDA per bbl sold for the periods presented even during periods of price and sales volume volatility.

Kurtis Hooley
Chief Financial Officer
25 September 2017

Independent Review Report to Nighthawk Energy plc

Introduction

We have been engaged by the company to review the set of financial statements in the interim financial report for the six months ended 30 June 2017 which comprises the Consolidated Income statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements in the interim report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Emphasis of matter – Going concern

In forming our review conclusion, which is not modified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the group's ability to continue as a going concern. The group's cash flow forecasts indicate that its ability to meet its liabilities as they fall due for next 12 months is dependent upon securing alternative funding.

These conditions indicate the existence of a material uncertainty which may cast significant doubt as to the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
25 September 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Unaudited Consolidated Income Statement
All amounts are shown in US$

	Notes	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
		(Unaudited)	(Unaudited)	(Audited)
Continuing operations:				
Revenue	3	8,717,893	9,409,498	18,023,333
Cost of sales	4	(6,959,293)	(4,612,902)	(10,061,023)
Gross profit		1,758,600	4,796,596	7,962,310
Administrative expenses		**(2,173,941)**	**(3,274,391)**	**(5,791,991)**
Exceptional expenses	5	-	-	**(6,797,041)**
Total administrative expenses		(2,173,941)	(3,274,391)	(12,589,032)
Operating profit (loss)		(415,341)	1,522,205	(4,626,722)
Finance income		737	38	582
Finance costs	6,9	(2,397,629)	(4,574,408)	(8,172,019)
Loss before taxation		(2,812,233)	(3,052,165)	(12,798,159)
Taxation	8	(35,986)	(1,036,431)	(1,419,971)
Earnings for the financial period and attributable to equity shareholders of the Company		(2,848,219)	(4,088,596)	(14,218,130)
Earnings per share attributable to the equity shareholders of the Company				
Basic	7	(0.00)	(0.00)	(0.01)
Diluted	7	(0.00)	(0.00)	(0.01)

Unaudited Consolidated Statement of Comprehensive Income
All amounts are shown in US$

	Notes	6 months ended 30 June 2017	2016	Year ended 31 December 2016
		(Unaudited)		(Audited)
Earnings for the financial period	7	(2,848,219)	(4,088,596)	(14,218,130)
Other comprehensive income(expense)				
Hedging gain reclassified to profit or loss	3	(237,227)	(2,491,235)	(3,686,396)
Deferred tax on hedging gain reclassified to profit and loss		84,456	886,915	1,312,409
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange gains (loss) on consolidation		(1,406,381)	2,629,018	4,438,314
Fair value (loss) gain on hedging instruments designated in cash flow hedges		135,585	(415,616)	(311,695)
Deferred tax on fair value (loss) gain on hedging instruments designated in cash flow hedges	8	(48,270)	147,966	110,968
Other comprehensive income (expense) for the financial period, net of tax		(1,471,837)	757,048	1,863,600
Total comprehensive expense for the financial period attributable to the equity shareholders of the Company		(4,320,056)	(3,331,548)	(12,354,530)

Unaudited Consolidated Balance Sheet
All amounts are shown in US$

	Notes	As at 30 June 2017	As at 30 June 2016	As at 31 December 2016
Assets		(Unaudited)	(Unaudited)	(Audited)
Non-current assets				
Property, plant and equipment		23,166,254	22,312,712	22,704,185
Intangibles		8,714,463	14,306,138	8,274,560
Derivative financial assets		-	178,907	-
		31,880,717	36,797,757	30,978,745
Current assets				
Inventory		805,103	886,540	785,904
Derivative financial assets		228,060	1,242,036	329,702
Trade and other receivables		2,035,262	2,893,820	2,353,503
Cash and cash equivalents		3,105,540	1,529,642	5,569,041
		6,173,965	6,552,038	9,038,150
Total Assets		38,054,682	43,349,795	40,016,895
Equity and Liabilities				
Capital and reserves attributable to the Company's equity shareholders:				
Share capital	10	4,007,795	4,007,795	4,007,795
Share premium account		1,402,644	1,402,644	1,402,644
Foreign exchange translation reserve		10,745,233	10,342,323	12,151,619
Special (restricted) reserve		29,760,145	29,760,145	29,760,145
Retained deficit		(82,459,336)	(69,739,369)	(79,611,117)
Share-based payment reserve		5,162,434	5,392,876	5,157,045
Equity option on convertible loans		6,992,276	6,992,276	6,992,276
Cash flow hedging reserve		146,868	915,068	212,324
Total equity		(24,241,941)	(10,926,242)	(19,927,269)
Current liabilities				
Trade and other payables		4,889,746	3,911,722	6,425,562
Borrowings	9	23,000,000	23,000,000	23,139,502
		27,889,746	26,911,722	29,565,064
Non-current liabilities				
Borrowings	9	30,076,144	24,160,164	27,402,697
Provisions		4,330,733	3,204,151	2,976,403
Total non-current liabilities		34,406,877	27,364,315	30,379,100
Total liabilities		62,296,623	54,276,037	59,944,163
Total Equity and Liabilities		38,054,682	43,349,795	40,016,895

Unaudited Consolidated Statement of Changes in Equity
For the six months ended 30 June 2017
All amounts are shown in US$

	Share capital	Share Premium account	Foreign Exchange Translation reserve	Special (restricted) reserve	Retained earnings	Share Based Payment reserve	Equity option on convert-ible loans	Cash flow hedging reserve	Total
Balance at 1 January 2016	4,007,795	1,402,644	7,713,305	29,760,145	(65,650,773)	5,367,376	6,992,276	2,787,038	(7,620,194)
Loss for the period	-	-	-	-	(4,088,596)	-	-	-	(4,088,596)
Share-based payments	-	-	-	-	-	25,500	-	-	25,500
Foreign exchange loss on consolidation	-	-	2,629,018	-	-	-	-	-	2,629,018
Loss on hedging instruments designated in cash flow hedges	-	-	-	-	-	-	-	(415,616)	(415,616)
Deferred tax on hedging instruments designated in cash flow hedges	-	-	-	-	-	-	-	147,966	147,966
Gain reclassified to profit or loss	-	-	-	-	-	-	-	(2,491,235)	(2,491,235)
Deferred tax on gain reclassified to profit or loss	-	-	-	-	-	-	-	886,915	886,915
Balance at 30 June 2016	**4,007,795**	**1,402,644**	**10,342,323**	**29,760,145**	**(69,739,369)**	**5,392,876**	**6,992,276**	**915,068**	**(10,926,242)**
Loss for the period	-	-	-	-	(10,129,534)	-	-	-	(10,129,534)
Share-based payments	-	-	-	-	-	21,955	-	-	21,955
Foreign exchange loss on consolidation	-	-	1,809,296	-	-	-	-	-	1,809,296
Loss on hedging instruments designated in cash flow hedges	-	-	-	-	-	-	-	103,921	103,921
Deferred tax on hedging instruments designated in cash flow hedges	-	-	-	-	-	-	-	(36,998)	(36,998)
Gain reclassified to profit or loss	-	-	-	-	-	-	-	(1,195,161)	(1,195,161)
Deferred tax on gain reclassified to profit or loss	-	-	-	-	-	-	-	425,494	425,494
Exercised and expired options and warrants	**-**	**-**	**-**	**-**	**257,786**	**(257,786)**	**-**	**-**	**-**
Balance at 1 January 2017	**4,007,795**	**1,402,644**	**12,151,619**	**29,760,145**	**(79,611,117)**	**5,157,045**	**6,992,276**	**212,324**	**(19,927,269)**
Loss for the period	-	-	-	-	(2,848,219)	-	-	-	(2,848,219)
Share-based payments	-	-	-	-	-	5,389	-	-	5,389
Foreign exchange loss on consolidation	-	-	(1,406,381)	-	-	-	-	-	(1,406,381)
Loss on hedging instruments designated in cash flow hedges	-	-	-	-	-	-	-	135,585	135,585
Deferred tax on hedging instruments designated in cash flow hedges	-	-	-	-	-	-	-	(48,270)	(48,270)
Gain reclassified to profit or loss	-	-	-	-	-	-	-	(237,227)	(237,227)
Deferred tax on gain reclassified to profit or loss	-	-	-	-	-	-	-	84,456	84,456
Balance at 30 June 2017	**4,007,795**	**1,402,644**	**10,745,238**	**29,760,145**	**(82,459,336)**	**5,162,434**	**6,992,276**	**146,868**	**(24,241,936)**

Unaudited Consolidated Cash Flow Statement
For the six months ended 30 June 2017
All amounts are shown in US$

	Notes	Six Months Ended 30 June 2017	Six Months Ended 30 June 2016	Year Ended 31 December 2016
		(Unaudited)		(Audited)
Cash inflow from operating activities	11	934,913	1,982,341	6,821,144
Cash flow from investing activities:				
Purchase of intangible assets		(580,863)	(308,566)	(1,083,530)
Purchase of property, plant and equipment		(1,352,425)	(451,716)	(2,417,206)
Proceeds on disposal of property, plant and equipment		7,425	-	5,500
Interest received		737	38	582
Net cash used in investing activities		(1,925,126)	(760,244)	(3,494,654)
Cash flow used in financing activities:				
Proceeds from derivative financial instruments		197,308	-	56,525
Repayment of loans		-	(4,000,000)	(4,000,000)
Proceeds on issue of loans net of issue costs		-	-	3,000,000
Capital payments on finance leases		(411,130)	-	(129,423)
Interest on finance leases		(56,497)	-	(21,477)
Interest paid		(1,250,958)	(1,432,250)	(2,289,665)
Net cash used in financing activities		(1,521,277)	(5,432,250)	(3,384,040)
Net increase (decrease) in cash and cash equivalents		(2,511,490)	(4,210,153)	(57,550)
Cash and cash equivalents at beginning of period		5,569,041	5,969,485	5,969,485
Effects of foreign exchange movements		47,989	(229,690)	(342,894)
Cash and cash equivalents at end of period		3,105,540	1,529,642	5,569,041

Notes to the Unaudited Financial Information
For the Six months ended 30 June 2017
All amounts are shown in US$

1. Accounting policies

The interim financial information in this report has been prepared on the basis of the accounting policies set out in the audited financial statements for the year ended 31 December 2016, which complied with International Financial Reporting Standards as adopted for use in the European Union ("IFRS"). The financial information for the periods ended 30 June 2017 and 30 June 2016 are unaudited but have been reviewed by the Company's auditors.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an on-going process of review and endorsement by the European Commission.

The financial information has been prepared in accordance with the recognition and measurement requirements of IFRS that the Directors expect to be applicable as at 31 December 2016, with the exception of IAS 34 Interim Financial Reporting that is not mandatory for companies listed on the AIM Market.

The financial information for the year ended 31 December 2016 set out in this interim report does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2016, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors' report on the Group accounts to 31 December 2016 was unqualified, but did include an emphasis of matter in relation to going concern.

2. Going Concern

The Directors have reviewed cash forecasts, the current operations of the Group and plans for the next 12 months and consider that the use of the going concern basis of accounting and preparation of the financial statements is appropriate but, there are material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Currently, the Group is meeting its day-to-day financial responsibilities and oil prices are relatively flat. With the successful implementation of the Pilot Project, it is expected that adequate cash flow generated from this project will, for the foreseeable future, meet operating cash flow requirements.

Although there has been a reduction to the Company's liquidity risk resulting from the amendment to its outstanding loan with Commonwealth Bank of Australia ("CBA") as discussed in Note 9, Borrowings, the new maturity date of 31 December 2017 will require the Company to secure alternative funding by this date or secure an extension whilst alternative funding is secured. The successful implementation is expected to generate adequate reserves in order to provide adequate security for the outstanding loan balance. Whilst the Directors are confident that the existing facility can be extended or that borrowings can be replaced by alternative funding and that adequate reserves will be generated from the Pilot Project, the outcome of future negotiations and booking of reserves are unknown and, therefore, they recognise there is a future material liquidity risk.

As disclosed in Note 12, Post Balance Sheet Events, on 7 July 2017, the Company paid $1.75 million to CBA as a reduction of the outstanding principal.

The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

3. Revenue

	Six months ended 30 June 2017	2016	Year ended 31 December 2016
	(Unaudited)		(Audited)
Oil sales revenue	$ 7,647,706	$ 6,898,330	$ 15,027,487
Gains on hedging instruments reclassified from equity to profit or loss	237,227	2,491,235	3,686,396
Mark-to-market gains/(losses)	825,407	-	(744,424)
Other income	7,553	19,933	53,874
	$ 8,717,893	$ 9,409,498	$ 18,023,333

4. Cost of Sales

	Six months ended 30 June 2017	2016	Year ended 31 December 2016
	(Unaudited)		(Audited)
Production taxes	$ 576,664	$ 519,813	$ 967,035
Lease operating expenses	3,897,864	2,420,829	5,116,144
Depreciation	2,373,852	1,511,636	3,582,915
Contribution from test revenue	-	-	-
Revenue and profit share and other	110,913	160,624	394,929
	$ 6,959,293	$ 4,612,902	$ 10,061,023

5. Exceptional Items

	Six months ended 30 June 2017	2016	Year ended 31 December 2016
	(Unaudited)		(Audited)
Impairment of exploration and production assets	$ -	$ -	$ 7,130,541
Release of contingent consideration provision	-	-	(333,500)
	$ -	$ -	$ 6,797,041

6. Finance Costs

	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	(Unaudited)	(Unaudited)	(Audited)
Imputed interest on convertible loan notes	$ 1,013,708	$ 1,020,774	$ 2,013,122
Interest on shareholder loan with detachable warrants	896,561	798,037	1,639,569
Interest on bank loan	847,097	785,671	1,390,993
Interest on shareholder loan	317,819	-	277,241
Finance Lease Interest	56,497	-	21,477
Fair value losses on derivative financial instruments not designated as hedging instruments	-	201,400	-
Loss on rescheduling of bank loan (see Note 9)	-	709,720	709,720
Exchange rate (gain)/loss on financial instruments	(750,847)	1,056,637	1,790,208
Other	16,794	2,169	329,689
	$ 2,397,629	$ 4,574,408	$ 8,172,019

7. Earnings per share attributable to the equity shareholders of the Company

Basic earnings per share are calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Due to the Group's reported losses in the periods presented shares issuable upon the exercise of options, warrants and the conversion of loans to equity were not taken into account when determining the weighted average of ordinary issued shares during the period or year for the diluted calculation. Similarly, losses used in the diluted calculation would not exclude convertible loan interest that was anti-dilutive for the same periods. Therefore, the basic and diluted loss per share were the same for all periods presented.

	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	(Unaudited)	(Unaudited)	
Earnings per share from continuing operations			
Basic	$ (0.00)	$ (0.00)	$ (0.01)
Diluted	$ (0.00)	$ (0.00)	$ (0.01)
Loss used in the calculation of basic and diluted earnings per share	$ (2,848,219.00)	$ (4,088,596.00)	$ (14,218,130.00)
Weighted average number of ordinary shares for the purposes of basic earnings per share	964,076,330	964,076,330	964,076,330
Dilutive effect of share options, warrants and conversion shares	-	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	964,076,330	964,076,330	964,076,330

8. Taxation

The following tax charges and credits arose in the US during each period presented:

	Six months ended 30 June 2017	2016	Year ended 31 December 2016
	(Unaudited)		(Audited)
Current tax credit (charge)	$ 200	$ (1,550)	$ -
Deferred tax charge on hedging gains recycled from other comprehensive income (expense)	(84,456)	(886,915)	(1,312,409)
Deferred tax on hedging from rate change	-	-	3,406
Deferred tax (charge) credit	48,270	(147,966)	(110,968)
Total tax (charge) credit	$ (35,986)	$ (1,036,431)	$ (1,419,971)

No tax charge arose in the in the UK in the reported periods (period ended 30 June 2017: $nil; period ended 30 June 2016: $nil; year ended 31 December 2016: $nil).

A net deferred tax asset has not been recognised for tax losses of approximately US$65.2 million in the US due to uncertainty over the timing of future profitability, and limitations under section 382 of the IRS Tax Code that restrict the Group's ability to utilise tax losses to an amount no greater than $0.4 million per annum. The unrecognised taxable losses in the US can be carried forward for U.S. Federal and Colorado State income tax purposes for up to 20 years. These losses, if not utilised, will begin to expire in the years 2026 through 2032. The deferred tax that was held in the hedging reserve was released in the period and relates to the gains on the Company's hedges realised during the period.

A deferred tax asset in respect of taxable losses available in the UK has not been recognised due to the uncertainty over timing of future profitability. The taxable losses available in the UK may be carried forward indefinitely.

9. Borrowings

On 30 June 2017, the Company entered into an Eighth Amendment to the Credit Agreement ("Eighth Amendment") with CBA. The terms and conditions of the Eighth Amendment with CBA required a principal reduction payment of $1.75million subsequent to period end, maintained the same interest rate as in the Fourth Amendment to the Credit Agreement (LIBOR + 6.0%) and stipulates a loan maturity of 31 December 2017 with the borrowing classified as a current liability. All borrowings are subject to a one-month interest period. Provisions of the borrowings also required the Company to meet conditions that are specified in Note 12, Post Balance Sheet Events. Non-current liabilities include $25.5 million in convertible notes, in addition to deferred interest of $4.6 million per the terms of the Eighth Amendment, and have a maturity date of March 2019. There are additional non-current liability provisions for future asset retirement obligations ($2.9 million) and finance lease liabilities greater than twelve months ($1.4 million).

10. Share Capital

During the period ended 30 June 2017, 30 June 2016 and the year ended 31 December 2016 the Company did not issue any new ordinary shares.

11. Reconciliation of loss before tax to cash inflow from operating activities

	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	(Unaudited)	(Unaudited)	(Audited)
Loss before tax	$ (2,812,233)	$ (3,052,165)	$ (12,798,159)
Finance income and other	(737)	(38)	(582)
Finance costs	2,397,629	4,574,408	8,172,019
Release of contingent consideration provision	-	-	(333,500)
Share-based payment	5,389	25,500	47,455
Gain on disposal of property, plant and equipment	(7,424)	-	(5,500)
Unrealised revenue on hedge accounted derivatives	201	-	-
(Gain)/loss on derivative financial instruments	(825,407)	-	744,424
Depreciation	2,409,201	1,569,965	3,673,404
Amortisation and contribution from test revenue	2,018	2,018	4,372
Impairment of intangible assets net of provision released for asset retirement costs	-	-	7,112,106
Impairment of property, plant and equipment	-	-	18,435
Other	(1)		(13)
	1,168,636	3,119,688	6,634,461
Changes in working capital			
Change in inventory	(19,202)	30,500	131,138
Change in trade and other receivables	318,241	118,476	442,751
Change in trade and other payables	(532,762)	(1,286,323)	(387,206)
	934,913	1,982,341	6,821,144
Tax paid	-	-	-
Cash inflow from operating activities	$ 934,913	$ 1,982,341	$ 6,821,144

12. Post Balance Sheet Events

Amendments to existing borrowing agreements

As required by the renegotiated CBA loan provisions, certain of the Company's existing loans were amended to defer all interest and royalty/profit sharing payments. The amended notes bore interest rates ranging from 9% to 15%. In exchange for agreeing to defer payments due, at the Lender's option, the deferred interest and overriding royalty payments due at 30 June 2018 may be paid in cash, subject to shareholder approval, or in shares of the Company at £0.08 per share. Interest accrues on the deferred amounts at 15%. If the Noteholders elects to be paid in shares, there will be no payment of the additional accrued interest. Amounts due for interest, overriding royalty payments and the additional accrued interest, if any, are payable by 28 December 2018. The final maturity date for the loans remains March 2019.

13. Competent Person Review

Chuck Wilson, Chief Operating Officer of the Company, who has over 34 years of experience in the oil and gas industry and meets the criteria of qualified persons under the AIM guidance note for mining and oil and gas companies, has reviewed and approved the technical information contained in this report.

14. Copies of the Half Yearly Report

A copy of this Half Yearly Report will be made available on the Company's website at: www.nighthawkenergy.com