Unaudited interim results for the six months ended 30 June 2016

Contents

Chairman's Statement

Dear Shareholders:

The first half of 2016 has been extremely impactful for Nighthawk Energy.

During the second quarter, the Company received regulatory approval from the Colorado Oil and Gas Conservation Committee for the development of the Arikaree Creek water flood pilot project (the "Pilot Project"). This approval was the result of over 8 months of work by our staff, and as previously disclosed, the Pilot Project is arguably, the ideal use of the Company's limited capital resources, for the following reasons:

- Implementation costs are estimated to be approximately $2.5 million to $3.0 million
- Potential upside could have the impact of adding the equivalent of 8-10 new Spergen wells
- Exists in an area where the Company already operates and has extensive expertise
- Accelerates cash flow recoveries

In early August, the Company announced that it had entered into a lease arrangement for all of the water storage and polymer equipment with a major international manufacturer of this specialized equipment. Since then, in addition to making regulatory application for underground injection control permits, the Company has completed the final engineering design phase and has begun the equipment procurement phase. The Company plans to begin the construction and installation of the water gathering lines in the second half of September and expects the Project to become operational in late October.

In late June, the Company finalized its renegotiations with CBA on the existing credit facility. The amended agreement modified the existing covenants and included new funding and debt restructuring requirements. The new arrangement required the Company to restructure certain of our existing unsecured debt arrangements to forgo existing interest payments through mid-2017 and required the Company to complete a new $3 million debt arrangement to fund the Pilot Project. The term was also modified to expire 30 June 2017.

In late July, the Company completed its debt restructuring with existing noteholders and completed the $3 million funding for the Pilot Project. The Company cannot overstate the importance and value of the support received from our largest shareholders and noteholders. With their support, the Company has been able to meet the Bank requirements and the Company is now focused on the implementation of the Pilot Project.

Also, in September, the Company settled two outstanding legal items that the Company has been involved with for some time. First, on 19 September 2016, the Company reached a global settlement agreement with Running Foxes Petroleum which fully and completely resolved all claims and defenses in the federal court litigation, the state court litigation and other business matters. The agreement puts to rest this litigation which the Company has been involved with for a significant time. Secondly,

Chairman's Statement (continued)

the Company has agreed upon terms with Cascade Petroleum, our JDA partner in the Monarch development area, regarding our two well drilling commitment, subject to finalising binding documentation. In exchange for relieving the Company of the drilling commitment and the liquidating damages under the JDA, the Company will provide Cascade $500,000 cash and will complete an up-hole zone at the Company's expense which is estimated to be $75,000, provide Cascade with an increased revenue share from the Monarch 10-15 well, and assign a 2% overriding revenue interest in the land section surrounding the Monarch 10-15 wellbore. The Company will receive from Cascade an assignment of their interest in all remaining acreage in the JDA. In settling these two legal items, the Company will have resolved business uncertainties and positions the Company to move forward with its water flood Pilot Project without these external distractions.

As the Company reported in its year-end 2015 audited financial statements, the auditor's opinion included an emphasis of matter statement regarding the Company's ability to continue as a going concern. This was included in the financial statements due to the uncertainty around 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 however, due to the modified term of the loan, the uncertainty around the Company's ability to refinance or repay the loan with CBA remains. The Company believes that successful implementation of the Pilot Project will allow the Company to replace the loan facility next summer, however, as stated, this remains uncertain.

In the current energy environment, any letter summarizing the first 6 months of our results must focus on the oil markets. There has been a considerable amount of supply reduction in the US markets this year. The best estimates are that 2016 US supply will be down approximately 800,000 barrels per day as compared to the 2015 production levels. The market has seen a recovery in oil prices of $7.47 or 20% in WTI pricing from 31 December 2015 to 30 June 2016. Also, an interesting dynamic currently being experienced in the Rockies is that with the drop in production volumes and an increase in takeaway capacity, pipeline transportation charges have been dropping. This provides the Company, as it does not have committed transportation arrangements in place, the ability to take advantage of the decrease in costs to get its oil to market.

With these declines in US production, while there is considerable oil in storage, many analysts in the market believe that supply and demand will move into equilibrium in late 2016 and prices will improve even greater in 2017. Consensus market forecasts suggest $50-$55 per barrel average pricing for WTI in 2017 with prices continuing to trade within a fairly volatile range.

As noted in our 6 August 2016 RNS, our existing production remains strong and, the production rate decline is less than in prior years due to successful workovers by

Nighthawk's team and the result of the natural water drive feature in the Company's field.

Looking forward, the Company is excited about the Pilot Project and the anticipated increased value it will provide to the Company and its shareholders. I believe we are positioned strongly to realize not only increased production and reserve volumes, but also increased value as oil prices rebound.

I would like to personally thank all our shareholders, employees and business partners for your support. I especially want to thank our largest shareholders who continue to show their support for the Company.

Rick McCullough
Executive Chairman

29 September 2016

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 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)	Six months ended 31 December 2015 (Unaudited)*	Year ended 31 December 2015 (Audited)
Continuing operations:				
Revenue	$9,409,498	$16,025,920	$13,582,995	$29,608,915
Cost of sales	(4,612,902)	(8,304,858)	(6,561,731)	(14,866,589)
Gross profit	4,796,596	7,721,062	7,021,264	14,742,326
Administrative expenses	(3,274,391)	(4,097,367)	(3,444,023)	(7,541,390)
Exceptional administrative expenses	-	(8,836,965)	(63,640,638)	(72,477,603)
Total administrative expenses	(3,274,391)	(12,934,332)	(67,084,661)	(80,018,993)
Operating profit (loss)	1,522,205	(5,213,270)	(60,063,397)	(65,276,667)
Finance income	38	87,300	86,341	173,641
Finance costs	(4,574,408)	(2,075,621)	(3,002,821)	(5,078,442)
Loss before taxation	(3,052,165)	(7,201,591)	(62,979,877)	(70,181,468)
Taxation	(1,036,431)	(829,295)	678,627	(150,668)
Loss for the financial period and attributable to equity shareholders of the Company	$(4,088,596)	$(8,030,886)	$(62,301,250)	$(70,332,136)
Bbls sold:				
Gross	249,609	351,609	301,822	653,431
Net barrels	204,507	288,465	248,507	536,972
Daily average Bbls sold				
Gross	1,371	1,943	1,640	1,791
Net	1,124	1,594	1,351	1,471
Average sales price per bbl	$33.73	$44.01	$36.35	$40.47

* The period has been extracted as the difference between the audited year end 31 December 2015 and the unaudited period ended 30 June 2016

Production and Sales

During the six months ended 30 June 2016, the Company experienced gross and net production declines of 102,000 bbls and 83,958 bbls, respectively, or approximately 29%, as compared to the six months ended 30 June 2015 ("1H16 to 1H15"). Compared to the six months ended 31 December 2015, the Company experienced gross and net production declines of 52,213 bbls and 44,000 bbls, respectively, or approximately 17%, for the six months ended 30 June 2016 ("1H16 to 2H15"). The decrease from both prior year periods was primarily the result of normal production declines in the Company's wells. In addition, due to low oil prices, certain work-overs on existing wells to enhance production were delayed.

Average sales price per bbl declined by $10.28, or 23.4%, 1H16 compared to 1H15, and by $2.62, or 7.2%, 1H16 compared to 2H15. The decline in the price per bbl is the result of the continued impact of excess supply of crude oil in the global marketplace. The growth in production worldwide has outpaced the growth in global demand, and could continue to do so for the foreseeable future.

The decline in production volumes, coupled with the decline in the average sales price, has resulted in the overall decline in oil sales revenue of $5.8 million or 45.7% for 1H16 compared to 1H15, and $2.1 million or 23.7% for 1H16 compared to 2H15. The decline in oil sales revenue was partially mitigated by the Company's commodity derivatives hedging program. Gains on hedging instruments totalled $2.5 million, $3.3 million and $4.5 million for the six months ended 30 June 2016 and 2015, and for the six months ended 31 December 2015, respectively. Gains on hedging instruments for 1H16 compared to 1H15 declined $0.8 million or 25.2%, and for 1H16 compared to 2H15 declined $2.0 million or 44.7% as a result of existing positions settling and the Company not entering into new contracts after the precipitous decline in oil prices.

Cost of Sales

Lease operating expense ("LOE") totalled $2.4 million, $3.9 million and $1.8 million for the six months ended 30 June 2016 and 2015, and for the six months ended 31 December 2015, respectively.

LOE for 1H16 compared to 1H15 decreased $1.5 million or 38.3%. LOE per barrel of oil equivalent ("BOE") for 1H16 compared to 1H15 decreased $1.45 per gross BOE ($1.75 per net BOE) to $9.70 per gross BOE ($11.84 per net BOE) from $11.15 per gross BOE ($13.59 per net BOE). The decline in LOE and LOE per BOE is the result of reduced production and the Company's efforts to reduce operating expenses.

LOE for 1H16 compared to 2H15 increased $0.6 million or 33.2%. LOE per BOE for 1H16 compared to 2H15 increased $3.68 per gross BOE ($4.53 per net BOE) to $9.70 per gross BOE ($11.84 per net BOE) from $8.78 per gross BOE ($4.53 per net BOE). This increase was due to well workovers and production enhancements that were deferred in 2015 due to the depressed oil prices.

Chief Financial Officer's Statement (continued)

Production taxes totalled $0.5 million, $1.2 million and $0.4 million for the six months ended 30 June 2016 and 2015, and for the six months ended 31 December 2015, respectively.

Production taxes for 1H16 compared to 1H15 decreased $0.7 million or 56.3%. Production taxes per BOE for 1H16 compared to 1H15 decreased $1.30 per gross BOE ($1.58 per net BOE) to $2.08 per gross BOE ($2.54 per net BOE) from $3.38 per gross BOE ($4.13 per net BOE). These decreases are due to the decrease in production volumes and realised sales prices, and are impacted by the credit for State of Colorado severance taxes against county ad valorem taxes.

For 1H16 compared to 2H15, production taxes increased $0.1 million or 47.0%. Production taxes for 1H16 compared to 2H15 increased $0.91 per gross BOE ($1.12 per net BOE) to $2.08 per gross BOE ($2.54 per net BOE) from $1.17 per gross BOE ($1.42 per net BOE). The increase for 1H16 compared to 2H15 is the result of the timing of State of Colorado severance taxes relative to oil sales, and are impacted by the credit for State of Colorado severance taxes against county ad valorem taxes.

Depreciation totalled $1.5 million, $2.6 million and $4.0 million for the six months ended 30 June 2016 and 2015, respectively, and for the six months ended 31 December 2015, respectively. Depreciation for 1H16 compared to 1H15 decreased $1.1 million or 41.8%, and for 1H16 compared to 2H15 decreased $2.5 million or 62.2%. Depreciation per BOE for 1H16 compared to 1H15 decreased $1.33 per gross BOE ($1.61 per net BOE) to $6.06 per gross BOE ($7.39 per net BOE) from $7.38 per gross BOE ($8.99 per net BOE). Depreciation per BOE for 1H16 compared to 2H15 decreased $7.19 per gross BOE ($8.70 per not BOE) to $6.06 per gross BOE ($7.39 per net BOE) from $13.25 per gross BOE ($16.09 per net BOE). The decrease from prior year periods is due to lower production and lower net asset value as a result in prior year impairments.

Administrative expenses

Administrative expenses, excluding exceptional items, during the period ended 30 June 2016 were $3.3 million as compared to $4.1 million for the six months ended 30 June 2015. The decrease from 2015 period was driven by efforts to reduce costs in light of the decline in the oil and gas industry, including reduction in head count, reduction to compensation for remaining employees and consulting fees.

Exceptional administrative expenses were nil for the period ended 30 June 2016 as compared to $8.8 million for the six months ended 30 June 2015. Expenses for the year ended 31 December 2015 consisted of impairment of exploration and production assets of $75.1 million, and release of contingent consideration provision of $2.6 million. Of the $75.1 million of impairment, $38.5 million was attributable to exploration costs included in intangible assets, and $36.1 million was attributable to property, plant and equipment, including $11.5 million for leasehold land, $10.2 million for plant and equipment, and $14.4 million for production assets, with the remaining $0.5 million for wells previously fully impaired. Impairment during 2015 was primarily attributable to the economic decline in the oil and gas industry, including the decision to impair certain undeveloped acreage that may not be exploited. The industry has seen an improvement in oil prices during 2016 albeit the outlook remains uncertain and, therefore, no additional impairment was required in light of the low carrying value of the Company's oil and gas properties.

Finance costs

Finance costs were $4.6 million and $2.1 million for the six months ended 30 June 2016 and 2015, respectively. For 1H16 compared to 1H15, the increase of $2.5 million was primarily related to additional interest for convertible debt of $0.4 million, the fair value of losses on derivative financial instruments not designated as hedging instruments of $0.2 million, a loss on rescheduling of the CBA bank loan of $0.7 million and an exchange rate loss on financial instruments of $1.1 million.

Taxation

Taxation was $1.0 million and $0.8 million for the six months ended 30 June 2016 and 2015, respectively. The tax charge for the respective periods represents the recycling of a deferred tax charge held in the hedging reserve and relates 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		Six months ended 31 December	Year ended 31 December
	2016	2015	2015	2015
	(Unaudited)		(Unaudited)*	(Audited)
Cash flows from:				
Operating activities	$1,982,341	$9,446,099	$7,217,361	$16,663,460
Investing activities	(760,244)	(16,896,713)	(9,543,870)	(26,440,583)
Financing activities	(5,432,250)	4,861,962	5,875,586	10,737,548
Net change in cash and cash equivalents	$(4,210,153)	$(2,588,652)	$3,549,077	$960,425

* The period has been extracted as the difference between the audited year end 31 December 2015 and the unaudited period ended 30 June 2016

The decline in cash flows from operating activities for the period ended 30 June 2016 as compared to the same period in 2015 of $7.5 million was primarily due to a decrease in revenue resulting from the decrease in production and realised prices previously discussed as well as the reduction of outstanding accounts payable balances as compared to prior year periods. Comparing 1H16 to 2H15, the decrease of $5.2 million was primarily due to the decrease in revenue.

The reduced cash flows from investing activities are the result of curtailments in drilling activities during the first half of 2016. For 1H15, cash flows from investing activities included capital expenditure on drilling and completing new wells from the 2014 drilling program that were paid in early 2015. The $9.5 million of investing activities for 2H15 related to the drilling of the Company's Monarch JDA.

Net cash flows from financing activities during the six-month period 30 June 2016 included $4.0 million of repayments of loans to the Company's reserves-based lending bank facility ("RBL") with Commonwealth Bank of Australia ("CBA") and $1.4 million of interest paid. The six-month period 30 June 2015 included additional drawings against the RBL of $6.0 million and interest payments of $1.3 million. The six months ended 31 December 2015 included additional drawings against the Company's reserves based bank facility with CBA of $1.0 million and repayments of $3.0 million. In 2H15, the Company also received proceeds from the issuance of convertible loans of $9.7 million, and made interest payments of $3.1 million on existing unsecured loans.

At 30 June 2016, the Company held cash balances of $1.5 million as compared to $2.3 million at 30 June 2015 and $6.0 million at 31 December 2015. On 30 June 2016, the Company amended its Credit Facility with CBA to include a change of the maturity date to 30 June 2017.

Subsequent to 30 June 2016, the Company issued $3.0 million of new subordinated loan notes to existing shareholders and noteholders to fund the Company's Arikaree Creek water flood Pilot Project ("Project"). The loan included a second lien on the oil and gas properties of its wholly-owned subsidiary Nighthawk Production, LLC.

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.

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 2016	2015	Year ended 31 December 2015
	(Unaudited)		(Audited)
Operating profit (loss)	$1,522,205	$(5,213,270)	$(65,276,667)
Exceptional administrative expenses	-	8,836,965	72,477,603
Normalised operating profit before exceptional administrative items	1,522,205	3,623,695	7,200,936
Depreciation, amortisation and contribution from test revenue	1,571,983	2,963,220	7,285,138
Normalised EBITDA before exceptional administrative items	$3,094,188	$6,586,915	$14,486,074
Normalised EBITDA per bbl sold			
Gross	$12.40	$18.73	$22.17
Net	$15.13	$22.83	$26.98

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.

Kurtis Hooley
Chief Financial Officer

29 September 2016

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 2016 which comprises 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 Ireland) 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 2016 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. Whilst the Directors are confident that alternative funding can be secured, the outcomes of these negotiations are unknown.

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
29 September 2016

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 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited)	Year ended 31 December 2015 (Audited)
Continuing operations:				
Revenue	3	$9,409,498	$16,025,920	$29,608,915
Cost of sales	4	(4,612,902)	(8,304,858)	(14,866,589)
Gross profit		4,796,596	7,721,062	14,742,326
Administrative expenses		(3,274,391)	(4,097,367)	(7,541,390)
Exceptional administrative expenses	5	-	(8,836,965)	(72,477,603)
Total administrative expenses		(3,274,391)	(12,934,332)	(80,018,993)
Operating profit (loss)		1,522,205	(5,213,270)	(65,276,667)
Finance income		38	87,300	173,641
Finance costs	6,9	(4,574,408)	(2,075,621)	(5,078,442)
Loss before taxation		(3,052,165)	(7,201,591)	(70,181,468)
Taxation	8	(1,036,431)	(829,295)	(150,668)
Earnings for the financial period and attributable to equity shareholders of the Company		$(4,088,596)	$(8,030,886)	$(70,332,136)
Earnings per share attributable to the equity shareholders of the Company				
Basic	7	$(0.00)	$(0.01)	$(0.07)
Diluted	7	$(0.00)	$(0.01)	$(0.07)

Unaudited Consolidated Statement of Comprehensive Income

All amounts are shown in US$

	Notes	6 months ended 30 June 2016 (Unaudited)	6 months ended 30 June 2015 (Unaudited)	Year ended 31 December 2015 (Audited)
Loss for the financial period		$(4,088,596)	$(8,030,886)	$(70,332,136)
Other comprehensive income (expense)				
Hedging gain reclassified to profit or loss		(2,491,235)	(3,330,143)	(7,837,223)
Deferred tax on hedging gain reclassified to profit or loss		886,915	1,185,577	2,790,161
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange gains (loss) on consolidation		2,629,018	(134,377)	1,247,495
Fair value (loss) gain on hedging instruments designated in cash flow hedges		(415,616)	(108,636)	6,304,905
Deferred tax on fair value (loss) gain on hedging instruments designated in cash flow hedges		147,966	38,676	(2,244,635)
Other comprehensive income (expense) for the financial period, net of tax		757,048	(2,348,903)	260,703
Total comprehensive expense for the financial period attributable to the equity shareholders of the Company		$(3,331,548)	$(10,379,789)	$(70,071,433)

Unaudited Consolidated Balance Sheet

All amounts are shown in US$

	Notes	As at 30 June		As at 31 December
		2016	2015	2015
		(Unaudited)		(Audited)
Assets				
Non-current assets				
Property, plant and equipment		$22,312,712	$51,819,339	$25,428,745
Intangibles		14,306,138	48,747,403	11,891,746
Derivative financial assets		178,907	493,667	502,648
		36,797,757	101,060,409	37,823,139
Current assets				
Inventory		886,539	971,233	917,039
Derivative financial assets		1,242,036	2,240,044	3,997,996
Trade and other receivables		2,893,820	3,029,817	3,013,846
Cash and cash equivalents		1,529,642	2,306,556	5,969,485
		6,552,038	8,547,650	13,898,366
Total Assets		$43,349,795	$109,608,059	$51,721,505
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		10,342,323	6,331,433	7,713,305
Special (restricted) reserve		29,760,145	29,760,145	29,760,145
Retained deficit		(69,739,369)	(3,654,268)	(65,650,773)
Share-based payment reserve		5,392,876	5,650,147	5,367,376
Equity option on convertible loans		6,992,276	3,592,505	6,992,276
Cash flow hedging reserve		915,068	1,559,304	2,787,038
Total equity		(10,926,242)	48,649,705	(7,620,194)
Current liabilities				
Trade and other payables		3,911,722	9,057,526	5,059,434
Borrowings	9	23,000,000	-	26,311,365
		26,911,722	9,057,526	31,370,799
Non-current liabilities				
Borrowings	9	24,160,164	46,701,348	24,776,368
Provisions		3,204,151	5,199,480	3,194,532
Total non-current liabilities		27,364,315	51,900,828	27,970,900
Total liabilities		54,276,037	60,958,354	59,341,699
Total Equity and Liabilities		$43,349,795	$109,608,059	$51,721,505

Unaudited Consolidated Statement of Changes in Equity
For the six months ended 30 June 2016

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 convertible loans	Cash flow hedging reserve	Total
Balance at 1 January 2015	$4,001,288	$1,279,014	$6,465,810	$29,760,145	$4,376,618	$5,420,455	$3,592,505	$3,773,830	$58,669,665
Share-based payments issue of share capital for cash	6,507	123,630	-	-	-	-	-	-	130,137
Loss for the period	-	-	-	-	(8,030,886)	-	-	-	(8,030,886)
Foreign exchange loss on consolidation	-	-	(134,377)	-	-	-	-	-	(134,377)
Loss on hedging instruments designated in cash flow hedges	-	-	-	-	-	-	-	(108,636)	(108,636)
Deferred tax on hedging instruments designated in cash flow hedges	-	-	-	-	-	-	-	38,676	38,676
Gain reclassified to profit or loss	-	-	-	-	-	-	-	(3,330,143)	(3,330,143)
Deferred tax on gain reclassified to profit or loss	-	-	-	-	-	-	-	1,185,577	1,185,577
Share-based payments	-	-	-	-	-	229,692	-	-	229,692
Balance at 30 June 2015	4,007,795	1,402,644	6,331,433	29,760,145	(3,654,268)	5,650,147	3,592,505	1,559,304	48,649,705
Loss for the period	-	-	-	-	(62,301,250)	-	-	-	(62,301,250)
Foreign exchange gain on consolidation	-	-	1,381,872	-	-	-	-	-	1,381,872
Gain on hedging instruments designated in cash flow hedges	-	-	-	-	-	-	-	6,413,541	6,413,541
Deferred tax on hedging instruments designated in cash flow hedges	-	-	-	-	-	-	-	(2,283,311)	(2,283,311)
Gain reclassified to profit or loss	-	-	-	-	-	-	-	(4,507,080)	(4,507,080)
Deferred tax on gain reclassified to profit	-	-	-	-	-	-	-	1,604,584	1,604,584
Share-based payments	-	-	-	-	-	21,974	-	-	21,974
Exercised and expired options and warrants	-	-	-	-	304,745	(304,745)	-	-	-
Issue of convertible loan notes	-	-	-	-	-	-	3,399,771	-	3,399,771
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)

Unaudited Consolidated Statement of Changes in Equity (continued)

	Share capital	Share Premium account	Foreign Exchange Translation reserve	Special (restricted) reserve	Retained earnings	Share Based Payment reserve	Equity option on convertible loans	Cash flow hedging reserve	Total
Loss for the period	$-	$-	$-	$-	$(4,088,596)	$-	$-	$-	$(4,088,596)
Foreign exchange gain on consolidation	-	-	2,629,018	-	-	-	-	-	2,629,018
Loss on hedging instruments designated in cash flow hedges	-	-	-	-	-	-	-	(415,616)	(415,616)
Deferred tax on loss 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
Share-based payments	-	-	-	-	-	25,500	-	-	25,500
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)

Unaudited Consolidated Cash Flow Statement

For the six months ended 30 June 2016

All amounts are shown in US$

	Notes	Six Months Ended 30 June 2016	2015	Year ended 31 December 2015
		(Unaudited)	(Unaudited)	(Audited)
Cash inflow from operating activities	11	$1,982,341	$9,446,099	$16,663,460
Cash flow from investing activities:				
Purchase of intangible assets		(308,566)	(8,353,764)	(15,197,473)
Purchase of property, plant and equipment		(451,716)	(8,542,992)	(11,251,875)
Proceeds on disposal of property, plant and equipment		-	-	8,410
Interest received		38	43	355
Net cash from investing activities		(760,244)	(16,896,713)	(26,440,583)
Cash flow from financing activities:				
Proceeds on issue of new shares		-	130,137	130,137
Repayment of loans		(4,000,000)	-	(3,000,000)
Proceeds on issue of loans net of issue costs		-	6,000,000	7,000,000
Proceeds on issue of convertible loans		-	-	9,710,000
Interest paid		(1,432,250)	(1,268,175)	(3,102,589)
Net cash from financing activities		(5,432,250)	4,861,962	10,737,548
Net increase (decrease) in cash and cash equivalents		(4,210,153)	(2,588,652)	960,425
Cash and cash equivalents at beginning of period		5,969,485	5,019,527	5,019,527
Effects of foreign exchange movements		(229,690)	(124,319)	(10,467)
Cash and cash equivalents at end of period		$1,529,642	$2,306,556	$5,969,485

Notes to the Unaudited Financial Information

For the Six months ended 30 June 2016

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 2015, 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 2016 and 30 June 2015 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 2015 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 2015, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors' report on the Group accounts to 31 December 2015 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 about the ability of the Group to continue as a going concern. Currently, the Group is meeting its day-to-day financial responsibilities and oil prices are trending upward. With the 7 June 2016

2. Going Concern (continued)

approval by the Colorado Oil & Gas Conservation Commission, successful implementation of the water flood project is expected to provide adequate cash flow for the foreseeable future to 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, a new maturity date of 30 June 2017 will require the Company to secure alternative funding within the next 12 months. Whilst the Directors are confident that the borrowings can be replaced by alternative funding, the outcome of future negotiations are unknown and, therefore, they recognise there is a future material liquidity risk.

As disclosed in Note 12, Post Balance Sheet Events, the Company secured $3,000,000 of financing, proceeds of which were designated for the implementation and development of the water flood project. And, the Company amended certain borrowing agreements resulting in the deferral of principal, interest and royalty/profit sharing payments.

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		Year ended 31 December
	2016	2015	2015
	(Unaudited)		(Audited)
Oil sales revenue	$6,898,330	$12,694,024	$21,729,188
Gains on hedging instruments reclassified from equity to profit or loss	2,491,235	3,330,143	7,837,223
Other income	19,933	1,753	42,504
Total Revenue	$9,409,498	$16,025,920	$29,608,915

Notes to the Unaudited Financial Information (continued)
For the Six months ended 30 June 2016

4. Cost of Sales

	Six months ended 30 June		Year ended 31 December
	2016	2015	2015
	(Unaudited)		(Audited)
Production taxes	$519,813	$1,189,924	$1,543,507
Lease operating expenses	2,420,829	3,920,875	5,737,710
Depreciation	1,511,636	2,595,558	6,594,358
Contribution from test revenue	-	309,406	569,521
Revenue and profit share and other	160,624	289,095	421,493
	$4,612,902	$8,304,858	$14,866,589

5. Exceptional items

	Six months ended 30 June		Year ended 31 December
	2016	2015	2015
	(Unaudited)		(Audited)
Impairment of exploration and production assets	$-	$8,836,965	$75,144,103
Release of contingent consideration provision	-	-	(2,666,500)
Impairment of exploration and production assets	$-	$8,836,965	$72,477,603

6. Finance costs

	Six months ended 30 June		Year ended 31 December
	2016	2015	2015
	(Unaudited)		(Audited)
Imputed interest on convertible loan notes	$1,020,774	$599,084	$1,571,189
Interest on shareholder loan with detachable warrants	798,037	790,984	1,584,916
Interest on bank loan	785,671	682,778	1,508,528
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	-	-
Exchange rate loss on financial instruments	1,056,637	-	384,928
Other	2,169	2,775	28,881
	$4,574,408	$2,075,621	$5,078,442

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

Basic earnings per share is 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 and warrants, and the conversion of loans to equity were not taken into account when determining the weighted average number of ordinary shares in issue 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 those periods. Therefore, the basic and diluted earnings per share were the same for all periods presented.

	Six months ended 30 June		Year ended 31 December
	2016	2015	2015
	(Unaudited)		(Audited)
Earnings per share from continuing operations			
Basic	$(0.00)	$(0.01)	$(0.07)
Diluted	$(0.00)	$(0.01)	$(0.07)
Loss used in the calculation of basic and diluted earnings per share	$(4,088,596)	$(8,030,886)	$(70,332,136)
Weighted average number of ordinary shares for the purposes of basic earnings per share	964,076,330	963,175,225	963,629,481
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	963,175,225	963,629,481

Notes to the Unaudited Financial Information (continued)

For the Six months ended 30 June 2016

8. Taxation

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

	Six months ended 30 June		Year ended 31 December
	2016	2015	2015
	(Unaudited)		(Audited)
Current tax credit (charge)	$(1,550)	$394,958	$394,858
Deferred tax charge on hedging gains recycled from other comprehensive income (expense)	(886,915)	(1,185,577)	(2,790,161)
Deferred tax (charge) credit	(147,966)	(38,676)	2,244,635
Total tax (charge) credit	$(1,036,431)	$(829,295)	$(150,668)

No tax charge arose in the in the UK in the period (period ended 30 June 2015: $nil; year ended 31 December 2015: $nil).

No deferred tax asset has been recognised for tax losses of US$135.3 million available in the USA due to uncertainty over the timing of future profits and on account of the fact that the Group's ability to utilise some of these tax losses is restricted under Section 382 of the IRS Code to an amount of $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 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 profits. The taxable losses available in the UK can be carried forward indefinitely.

9. Borrowings

On 30 June 2016, the Company entered into a Fourth Amendment to the Credit Agreement ("Fourth Amendment") with CBA. The terms and conditions of the Fourth Amendment with CBA provide for a reduction to covenants, a change to the interest rate to LIBOR (with a floor of 0.0%) plus 6.0%, and a loan maturity of 30 June 2017. 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. Because the CBA borrowings were considered to be substantially modified, net unamortized transaction costs incurred in respect of this loan totalling $0.7 million, were written off and reflected in finance costs as part of the loss on rescheduling of bank loan during the six months ended 30 June 2016.

10. Share Capital

During the period ended 30 June 2016, the Company did not issue any new ordinary shares. During the comparative period ended 30 June 2015, and during the year ended 31 December 2015, the Company issued 1,700,000 ordinary shares at a price of 5p per share, resulting in a premium of $123,630.

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

	Six months ended 30 June		Year ended 31 December
	2016	2015	2015
	(Unaudited)		(Audited)
Loss before tax	$(3,052,165)	$(7,201,591)	$(70,181,468)
Finance income and other	(38)	(87,745)	(173,641)
Finance costs	4,574,408	2,075,621	5,078,442
Share-based payment	25,500	229,692	251,666
Release of contingent consideration provision	-	-	(2,666,500)
Gain on disposal of property, plant and equipment	-	-	(7,940)
Fair value gain on royalty liability	-	2,371	2,371
Impairment of intangible assets net of provision released for asset retirement costs	-	7,376,445	38,526,511
Impairment of property, plant and equipment	-	1,460,520	36,617,592
Depreciation	1,569,965	2,651,796	6,711,917
Amortisation and contribution from test revenue	2,018	311,424	573,221
	3,119,688	6,818,533	14,732,171
Changes in working capital			
Decrease in inventory	30,500	79,959	134,153
Decrease in trade and other receivables	118,476	680,417	1,008,766
(Decrease) increase in trade and other payables	(1,286,323)	1,867,190	788,370
	1,982,341	9,446,099	16,663,460
Tax paid	-	-	-
Cash inflow from operating activities	$1,982,341	$9,446,099	$16,663,460

Notes to the Unaudited Financial Information (continued)
For the Six months ended 30 June 2016

12. Post Balance Sheet Events

Subordinated Loan Notes
During July 2016, the Company entered into $3,000,000 of Subordinated Loan Notes with four parties. The loans do not contain a conversion feature for shares of the Company. The Subordinated Loan Notes are subordinate to the CBA borrowings, secured by a second lien in the oil producing properties of the Company's wholly owned subsidiary Nighthawk Production, LLC, and mature on 30 April 2019. Proceeds from the financing are designated for the implementation and development of the Arikaree Creek Pilot water flood project that was approved on 7 June 2016.

Interest accrues at the rate of 15% per annum, and is payable in arrears at the end of each calendar quarter. In addition to interest, the holders of the notes will be paid an overriding royalty interest equal to 1.0% of the incremental production from the Pilot Project in excess of those currently specified projected production rates. The overriding royalty interest payments may not exceed $100,000 as long as the CBA borrowings are outstanding; however, amounts due in excess of the $100,000 will accrue and be payable after extinguishment of the CBA borrowings.

At any time, the Company can elect to redeem the Subordinated Loan Notes and pay the face amount of the obligation plus a fee equal to 2.0% of the obligation if redeemed within 12 months from the date of the deed, 1.0% of the obligation if redeemed between 12 months to 24 months, and no fee after 24 months.

Amendments to existing borrowing agreements
As part of the renegotiated CBA loan provisions, certain of the Company's existing loans were amended to defer all interest and royalty/profit sharing payments. As detailed more fully in the 31 December 2015 annual report, 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 31 July 2017 may be paid in cash or in shares of the Company at £0.01 per share. Interest accrues on the deferred amounts at 15%. If the Lender 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 on 1 October 2017. The final maturity date for the loans remains March 2019.

12. Post Balance Sheet Events (continued)

Fifth Amendment to Credit Agreement with CBA

On 30 June 2016, the Company entered into a Fifth Amendment to the Credit Agreement ("Fifth Amendment") with CBA. The terms and conditions of the Fifth Amendment provide that, should CBA propose to dispose of its interest in the Credit Agreement, CBA will provide to an existing note holder a right of first refusal to acquire that interest on terms and conditions consistent with those proposed by or to other interest parties.

Litigation update

As disclosed in the year-end financial report, the Company was defendant in a lawsuit brought by Running Foxes Petroleum, Inc.("RFP"). On 19 September 2016, the Company reached a global settlement agreement which fully and completely resolved all claims and defences in the federal court litigation and state court litigation.

Under the terms of the settlement, both parties were released from all past, current, and future claims related to all current, pending and potential future issues between the parties within the Arikaree Creek Field. The parties agreed to dismiss all current and pending federal and state litigation between them related thereto.

As part of the global settlement, no money was exchanged by the parties, however Nighthawk has assigned RFP a minor override royalty interest in one lease in Arikaree Creek, and the Company was assigned certain leases totalling approximately 640 acres.

Settlement of drilling commitment with JDA partner

Under the joint development agreement ("JDA") for the Monarch development area between the Company and its partner, Cascade Petroleum, the Company was required to drill two wells within the JDA or pay certain liquidating damages. The Company and Cascade have agreed upon terms regarding this requirement, subject to finalising binding documentations. The agreed upon terms include that the Company will 1) pay Cascade \$500,000 cash, 2) complete an up-hole zone at the Company's expense which is estimated to be \$75,000, 3) provide Cascade with an increased revenue share from the Monarch 10-15 well, and 3) assign a 2% overriding revenue interest in the land section surrounding the Monarch 10-15 wellbore. The Company will receive from Cascade an assignment of their interest in all remaining acreage in the JDA. As of 30 June 2016, the Company has recorded an increase to property, plant and equipment of \$500,000 for the value of the undeveloped land, an increase of \$50,000 to intangibles for the obligation to complete the up-hole zone with a corresponding increase of \$575,000 to trade and other payables in the unaudited consolidated balance sheet.

Notes to the Unaudited Financial Information (continued)
For the Six months ended 30 June 2016

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