

Brady Exploration plc 2013 Interim Report

Unaudited interim results for the six months ended 30 June 2013

Brady Exploration plc ("Brady" or the "Company"), the AIM listed, natural resources focused investment company, announces its unaudited interim results for the six months ended 30 June 2013.

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Chairman's Statement

I am pleased to report on the Company's results for the six months ended 30 June 2013.

On 30 April 2013, the Company announced that it is at an advanced stage of acquiring the entire issued share capital of Energy Equity Resources (Norway) Limited ("EER") which has oil and gas interests in Nigeria and which the Directors believe is capable of generating significant value for the Company and its shareholders. As announced on 15 August 2013, the Company was encouraged by the positive development at EER of its acquisition of a 9% participating interest (16.875% economic interest) in Oil Mining Lease 113 ("OML 113"), a major offshore Nigerian oil and gas asset, from Chevron for US\$40 million, financed largely through a loan from First Bank of Nigeria plc, one of the largest banks in Nigeria.

The consideration for the proposed acquisition of EER (the "Proposed Acquisition") is expected to be satisfied through the issue of new ordinary shares in the Company. The Proposed Acquisition will also be conditional on the raising of additional equity finance. The Proposed Acquisition would constitute a reverse takeover under the AIM Rules and the Company's shares are currently suspended from trading on AIM. The shares will remain suspended pending publication of an admission document by the Company or an announcement being made that the Proposed Acquisition is no longer proceeding. The Directors are mindful that, under AIM Rule 41, if a company has been suspended from trading for six months the trading of the shares in that company on AIM will be cancelled.

Whilst the Proposed Acquisition is at an advanced stage, there can be no certainty that it will be concluded successfully. The Directors entered into a cost agreement with EER whereby, in the event that the Proposed Acquisition did not proceed, in certain circumstances, costs incurred by Brady in relation to the Proposed Acquisition would be reimbursed by EER. Such costs are therefore held as debtors within current assets on Brady's balance sheet.

The unaudited results for the six month period show a loss before taxation of £81,100, principally comprising administrative expenses, and a loss per share of 0.1p. Net assets at 30 June 2013 amounted to £154,800, while cash and cash equivalents at that date were £46,500.

During the period under review, the Company has also disposed of the remainder of the investments held which were acquired in 2012.

I look forward to updating shareholders on our progress with EER in the near future.

Alex Borrelli
Chairman

Profit and loss account for the six months ended 30 June 2013

	Unaudited Six months ended 30 June 2013 £'000	Unaudited Six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Loss on sale of shares	(16.6)	-	(5.9)
Loss on revaluation of shares	-	-	(13.3)
	<u>(16.6)</u>	<u>(81.7)</u>	<u>(19.2)</u>
Administrative expenses	(63.5)	(81.7)	(218.8)
Operating loss	<u>(80.1)</u>	<u>(81.7)</u>	<u>(238.0)</u>
Other interest receivable and similar income	-	0.6	1.6
Interest payable and similar charges	(1.0)	-	(0.6)
	<u>(81.1)</u>	<u>(81.1)</u>	<u>(237.0)</u>
Loss before taxation	<u>(81.1)</u>	<u>(81.1)</u>	<u>(237.0)</u>
Tax on loss on ordinary activities	-	-	-
	<u>(81.1)</u>	<u>(81.1)</u>	<u>(237.0)</u>
Loss on ordinary activities after taxation	<u>(81.1)</u>	<u>(81.1)</u>	<u>(237.0)</u>
Loss per share			
Basic and fully diluted	3	(0.1)p	(0.1)p
		(0.1)p	(0.4)p

Balance sheet as at 30 June 2013

	Unaudited as at 30 June 2013 £'000	Unaudited as at 30 June 2012 £'000	Audited as at 31 December 2012 £'000
Fixed assets			
Investments	-	-	-
Current assets			
Debtors	229.8	10.3	190.4
Investments	-	-	46.6
Cash and cash equivalents	46.5	342.8	65.0
Total current assets	<u>276.3</u>	<u>353.1</u>	<u>302.0</u>
Creditors amounts falling due within one year			
Other creditors and accruals	(61.5)	(21.5)	(74.8)
Loans and borrowings	(60.0)	-	-
Total current liabilities	<u>(121.5)</u>	<u>(21.5)</u>	<u>(74.8)</u>
Net assets	<u>154.8</u>	<u>331.6</u>	<u>227.2</u>
Capital and reserves			
Called up share capital	619.0	582.4	619.0
Share premium account	2,893.6	2,888.1	2,893.6
Share based payment reserve	18.0	40.3	9.3
Profit and loss account	(3,375.8)	(3,179.2)	(3,294.7)
Shareholder funds	<u>154.8</u>	<u>331.6</u>	<u>227.2</u>

Cash flow statement for the six months ended 30 June 2013

	Unaudited as at 30 June 2013 £'000	Unaudited as at 30 June 2012 £'000	Audited as at 31 December 2012 £'000
Cash flows from operating activities			
Operating loss	(80.1)	(81.7)	(238.0)
(Increase)/decrease in debtors	(39.5)	3.3	(176.7)
(Decrease)/increase in creditors	(13.2)	(23.9)	29.4
Share based payment	8.7	-	9.3
Loss on disposal of shares	16.6	-	5.9
Loss on revaluation of shares	-	-	13.3
Net cash outflow from operating activities	(107.5)	(102.3)	(356.8)
Return on investment and servicing of finance			
Interest received	-	0.6	1.6
Interest paid	(1.0)	-	(0.6)
Net cash (outflow)/inflow from returns on investment and servicing of finance	(1.0)	0.6	1.0
Capital expenditure and financial investments			
Purchases of investments	-	-	(300.2)
Receipts from sale of investments	30.0	-	234.4
Net cash inflow/(outflow) from capital expenditure and financial investments	30.0	-	(65.8)
Financing activities			
Issue of ordinary shares	-	5.7	47.8
Proceeds of loans	60.0	-	-
Loan stock repaid	-	(25.0)	(25.0)
Net cash inflow/(outflow) from financing	60.0	(19.3)	22.8
Net decrease in cash in the period	(18.5)	(121.0)	(398.8)
Cash and cash equivalents at beginning of period	65.0	463.8	463.8
Cash and cash equivalents at end of period	46.5	342.8	65.0

Notes to the unaudited interim accounts For the six months ended 30 June 2013

1. Basis of preparation

The financial statements included in the interim accounts have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). The comparative financial statements for the six months ended 30 June 2012 have also been re-produced for the purposes of these interim accounts under the historical cost convention and in accordance with UK GAAP.

The principal accounting policies used in preparing these interim accounts are those expected to apply in the Company's Financial Statements for the year ended 31 December 2013 and are unchanged from those disclosed in the Company's Annual Report for the year ended 31 December 2012.

The interim accounts were approved by the Board of Brady on 30 September 2013. The interim financial information for the six months ended 30 June 2013 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 and is unaudited. The comparatives for the year ended 31 December 2012 are not the Company's full statutory accounts for that period. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006. Copies of the accounts for the year ended 31 December 2012 are available on the Company's website (www.bradyexploration.com).

Except as noted above, the following principal accounting policies have been applied consistently in the preparation of these interim accounts:

2. Accounting policies

The principal accounting policies are:

Basis of preparation

At 30 June 2013 Brady Exploration plc had one wholly owned subsidiary, Brady Exploration (Operations) Limited. Since incorporation, Brady Exploration (Operations) Limited has not commenced operations and has no material assets or liabilities. As such, no consolidated financial statements have been prepared on the basis that in accordance with section 405 of the Companies Act 2006 its inclusion is not material for the purpose of giving a true and fair view.

The comparative figures for the six months ended 30 June 2012 have been presented on the same basis as the interim accounts for the six months ended 30 June 2013.

Going concern

The interim financial statements have been prepared on the going concern basis as, in the opinion of the Directors, at the time of approving the interim financial statements, there is a reasonable expectation that the Company will continue in operational existence for the foreseeable future. The interim financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Financial Instruments

Financial instruments are measured initially and subsequently at cost. Finance costs are charged to the profit and loss account over the term of the debt so that the amount charged is at the constant rate on the carrying amount of the debt. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument. Loan stock interest accruals are rolled up and included in the loan stock balance.

**Notes to the interim accounts
For the six months ended 30 June 2013**

2. Accounting policies (cont'd)

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of the grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

Where warrants are issued for services of Directors and employees the accounting treatment is consistent with the above.

3. Loss per share

	Unaudited Six months ended 30 June 2013 £'000	Unaudited Six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Loss used for calculation of basic and diluted EPS	(81.1)	(81.1)	(237.0)
	=====	=====	=====
Shares used for calculation of basic and diluted EPS	61,905,803	58,112,637	58,839,864
	=====	=====	=====
Loss per share			
Basic and fully diluted	(0.1)p	(0.1)p	(0.4)p

4. Distribution of Interim Report and Change of Registered Office Address

A copy of the Interim Report will be available shortly on the Company's website, www.bradvexploration.com, in accordance with Rule 26 of the AIM Rules for Companies and copies will be available from the Company's registered office. With immediate effect the registered office address has been changed to 40 Dukes Avenue, London, W4 2AE.