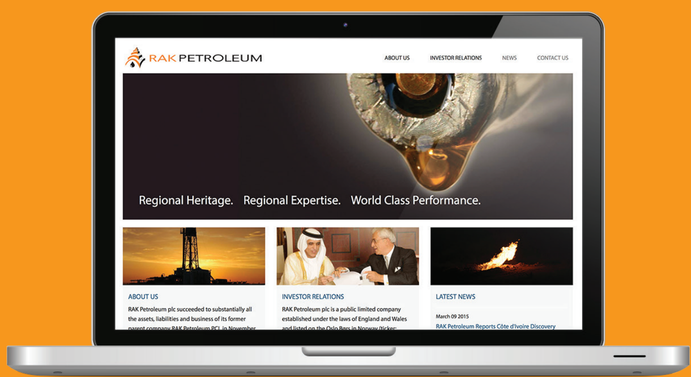
Half-Year Financial Report
RAK Petroleum plc

30 June 2015

RAK PETROLEUM



For further information on RAK Petroleum plc
please visit our website at www.rakpetroleum.uk

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Chairman's Interim Report

Dear Shareholders:

On behalf of the Board of Directors of RAK Petroleum plc (the "Company"), I am pleased to present the Half-Year Financial Report for the period ending 30 June 2015.

The Company's fundamental objective is to generate significant total shareholder returns from investments in the oil and gas industry, with a focus on the Middle East and Africa. We currently hold interests in two oil and gas companies, DNO ASA ("DNO") and Foxtrot International LDC ("Foxtrot International").

DNO

DNO is a publicly listed Norwegian exploration and production company focused on the Middle East and North Africa with interests in oil and gas blocks in various stages of exploration, development and production, both onshore and offshore. DNO's growth comes through smart exploration, cost effective and fast track development, efficient operating techniques and strategic acquisitions. On 10 March 2015, DNO raised NOK 975 million in gross proceeds from an equity offering of 73,584,906 shares, including 60,534,906 in new shares. The Company did not participate in this equity offering and accordingly its shareholding in DNO decreased from 42.84 percent to 40.45 percent. This dilution was accounted for as a deemed partial disposal in the attached interim consolidated financial statements.

In the first half of 2015, DNO achieved several milestones at its flagship Tawke field located in the Kurdistan region of Iraq, including a new daily production record of 180,130 barrels.

Notwithstanding stellar operational performance, DNO reported a net loss for the first half of 2015 of USD 114 million (compared to a net profit of USD 68 million in the same period of 2014), driven importantly by (i) continued weakness in world oil prices (down nearly one-half from prices at 30 June 2014), and (ii) delays in payments from the Kurdistan Regional Government ("KRG") for exports from the Tawke field.

DNO has disclosed that its receivables from the KRG approached USD 1 billion at 30 June 2015, USD 829 million of which are unbooked revenues, and that it would be forced to curtail further investments without regularisation of payments for Tawke exports, likely resulting in a decline in production from the field. On 3 August 2015, the Ministry of Natural Resources of the KRG announced that from September 2015 onwards it would allocate a portion of the revenue from its direct oil sales to the international oil companies, including DNO, to cover on-going expenses and would make additional revenue available in early 2016 from rising sales towards recovery of past receivables. This was reiterated in a subsequent statement issued on 27 August 2015.

The Company's 40.45 percent share of DNO's first half 2015 loss was USD 48 million.

Foxtrot International

Through its wholly owned subsidiary, Mondoil Enterprises, LLC ("Mondoil Enterprises") the Company also holds 33.33 percent of Foxtrot International, a privately held exploration and production company active in West Africa. Foxtrot International in turn holds a 27.27 percent stake in and operatorship of Block CI-27 in Côte d'Ivoire which contains the two largest gas fields in Côte d'Ivoire, contributing a gross daily average of 147 million cubic feet of natural gas or nearly three-quarters of the total production of the country. Foxtrot International also produced an average of 944 barrels per day of oil and condensate in the first half of 2015.

Foxtrot International is nearing completion of its four-year, USD 1 billion campaign to develop two other discoveries on this prolific offshore license; first production is expected in late 2015. Separately, on 9 March 2015, the Company announced that the Marlin North-1 appraisal well drilled on Block CI-27 flowed 25 million cubic feet per day of gas and 1,525 barrels per day of oil from the Turonian and Lower Senonian intervals, respectively, neither of which had previously tested hydrocarbons on the block.

The Company's share of Foxtrot International's first half 2015 net profit was USD 5.4 million prior to depletion (compared to USD 7.7 million during the same period in 2014) or USD 4.2 million after accounting for depletion. The Company received USD 11.7 million in cash distributions from Foxtrot International and reinvested USD 19.6 million towards capital and operating expenditures.

Board Changes

At the Company's 2015 Annual General Meeting held on 25 June 2015, Mr. Saeed Khoory resigned from the Board of Directors and the members/shareholders elected Mr. Bjorn Dale in his stead. The Board thanked Mr. Khoory for his service to the Company. The members/shareholders also authorised: (i) a potential reduction in the size of the Board to three members, (ii) general meetings other than annual general meetings to be called on at least 14 clear days notice, and (iii) appointment to the Nomination Committee of Dr. Oystein Noreng, Ms. Shelley Watson and Mr. Bijan Mossavar-Rahmani.

Consolidated Results

After adjustments for USD 0.5 million of other income, general, administrative and listing expenses of USD 7 million and finance costs of USD 0.8 million, the Company recorded a net loss of USD 29 million for the first half of 2015 (compared to a profit of USD 34 million during the same period of 2014). At 30 June 2015, total cash and cash equivalents stood at USD 4 million and the Company's indebtedness was USD 24 million.

At 30 June 2015, the Company's stake in DNO had a market value of USD 576 million, although the DNO shareholding is carried on the Company's statement of financial position at USD 563 million, reflecting the original acquisition cost after certain adjustments. The Company's stake in Mondoil Enterprises is carried on our statement of financial position at USD 107 million. Net equity at 30 June 2015 stood at USD 649 million compared with USD 676 million at 31 December 2014.

In addition to the challenges mentioned above, the principal risks and uncertainties facing the Company remain unchanged from our recently published 2014 Annual Report (pages 5-7, 66) available on our website www.rakpetroleum.uk.

On behalf of the Board of Directors, I wish to acknowledge executive management's and staff's diligence and commitment to the Company. Finally, the members of the Board of Directors are grateful to our fellow RAK Petroleum plc shareholders for your continued support and confidence. We look forward to an exciting future for our Company.

BIJAN MOSSAVAR-RAHMANI

Bijan Mossavar-Rahmani
Executive Chairman of the
Board of Directors

27 August 2015

I. Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- the interim condensed set of consolidated financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting";
- the half-year financial report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- the half-year financial report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein);

For and on behalf of the Board of Directors

BIJAN MOSSAVAR-RAHMANI

Bijan Mossavar-Rahmani

Executive Chairman of the Board of Directors

II. Interim Condensed Consolidated Financial Statements

As at 30 June 2015

Interim Condensed Consolidated Income Statement

	Notes	**1H 2015 USD'000**	1H 2014 USD'000
Share of (loss)/profit of an Associate	4	**(42,620)**	29,174
Share of profit of Joint Venture	5	**4,235**	7,716
Other income	9	**500**	529
General and administrative expenses		**(6,962)**	(3,435)
Gain from dilution of share in investment in Associate	4	**17,418**	-
Interest expense	8	**(623)**	(6)
(Loss)/profit before tax		**(28,052)**	33,978
Income tax		-	-
(Loss)/profit for the period		**(28,052)**	33,978

(Loss)/earnings per share (USD):		
Basic	**(0.090)**	0.011
Diluted	**(0.090)**	0.011

Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	**1H 2015 USD'000**	1H 2014 USD'000
(Loss)/profit for the period		**(28,052)**	33,978
Other comprehensive income/(loss) to be reclassified to income statement in subsequent periods:			
Reclassifying foreign currency translation reserve	4	**(826)**	
Share of other comprehensive income of an Associate (foreign currency translation reserve)	4	**(195)**	2,656
		(1,021)	2,656
Total comprehensive (loss)/income for the period		**(29,073)**	36,634

Interim Condensed Consolidated Statement of Financial Position

	Notes	*Jun 30th 2015* *USD'000*	*Dec 31st 2014* *USD'000*
Assets			
Non-current assets			
Equipment		**88**	99
Investment in Associate	4	**563,193**	588,226
Investment in Joint Venture	5	**106,558**	94,416
		669,839	682,741
Current assets			
Other receivables		**161**	855
Cash and cash equivalents		**3,974**	8,396
		4,135	9,251
Total assets		**673,974**	691,992
Equity and liabilities			
Equity			
Share capital	6	**523,565**	523,565
Share premium		**659**	659
Other reserves		**304,929**	303,739
Share - based payment reserve	7	**911**	61
Foreign currency translation reserve		**33,422**	34,443
Accumulated losses		**(214,101)**	(186,049)
Total equity		**649,385**	676,418
Non-current liabilities			
Employees' end of service benefits		**62**	54
Bank loan	8	**9,167**	-
		9,229	54
Current liabilities			
Trade and other payables		**359**	520
Bank loan	8	**15,000**	15,000
		15,359	15,520
Total liabilities		**24,589**	15,574
Total equity and liabilities		**673,974**	691,992

Interim Condensed Consolidated Statement of Cash Flows

	Notes	*1H 2015 USD'000*	*1H 2014 USD'000*
Operating activities			
(Loss)/profit for the period		**(28,052)**	33,978
Adjustments for:			
Depreciation of equipment		**11**	12
Provision for employees' end of service benefits		**-**	8
Employee share options	7	**850**	-
Share of loss/(profit) of an Associate	4	**42,620**	(29,174)
Share of profit of a Joint Venture	5	**(4,235)**	(7,716)
Gain form deemed partial disposal of Associate	4	**(17,418)**	-
Operating loss before working capital changes			(2,892)
Other receivables		**694**	(72)
Trade and other payables		**(161)**	(56)
Employees' end of service benefits paid		**8**	4
Net cash flows used in operating activities		**(5,681)**	(3,015)
Investing activities			
Purchase of equipment		**-**	(1)
Net funds movement with Joint Venture	5	**(7,908)**	1,144
Net cash flows (used in)/from investing activities		**(7,908)**	1,143
Financing activities			
Purchase of treasury shares		**-**	(538)
Proceeds from obtained bank loan	8	**10,000**	-
Principal of Bank Loan Paid	8	**(833)**	-
Net cash flows from/(used in) financing activities		**9,167**	(538)
Increase/(decrease) in cash and cash equivalents		**(4,422)**	(2,410)
Cash and cash equivalents at 1 January		**8,396**	7,437
Cash and cash equivalents at 30 June		**3,974**	5,027

Interim Condensed Consolidated Statement of Changes in Equity

	Share capital USD'000	Share premium USD'000	Treasury shares	Other reserves USD'000	Share-based payment reserve USD'000	Foreign currency translation reserve USD'000	Accumulated losses USD'000	Total USD'000
Balance at 1 January 2015	**523,565**	**659**	**–**	**303,739**	**61**	**34,443**	**(186,049)**	**676,418**
Loss for the period	–	–	–	–	–	–	(28,052)	(28,878)
Other comprehensive income for the period	–	–	–	–	–	(1,021)	–	(1,021)
Total comprehensive loss for the period	–	–	–	–	–	(1,021)	(28,052)	(29,073)
Total transactions with owners, recognised directly in equity								
Equity-settled share based payment (note 7)	–	–	–	–	850	–	–	850
Change in effective holding of the Company's shares held by DNO due to dilution (note 4)	–	–	–	1,190	–	–	–	1,190
Balance at 30 June 2015	**523,565**	**659**	–	**304,929**	**911**	**34,422**	**(214,101)**	**649,385**

	Share capital USD'000	Share premium USD'000	Treasury shares USD'000	Other reserves USD'000	Foreign currency translation reserve USD'000	Accumulated losses USD'000	Total USD'000
Balance at 1 January 2014	816,327	3,813	(29,538)	9,826	9,659	(100,772)	709,315
Net Profit for the period	–	–	–	–	–	33,978	33,978
Other comprehensive income for the period	–	–	–	–	2,656	–	2,656
Total comprehensive loss for the period	–	–	–	–	2,656	33,978	36,634
Total transactions with owners, recognised directly in equity							
Purchase of treasury shares (note 15)	–	–	(538)	–	–	–	(538)
Balance at 30 June 2014	816,327	3,813	(30,076)	9,826	12,315	(66,794)	745,411

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2015

1. Corporate Information

RAK Petroleum plc ("RAK Petroleum" or the "Company") is incorporated as a public limited company organised and existing under the laws of England and Wales pursuant to the UK Companies Act. The Company was incorporated on 17 June 2013 and the Company's registration number is 08572925. The registered office of the Company is 42-50 Hersham Road, Walton-on-Thames, Surrey, KT12 1RZ, United Kingdom.

The Company and its subsidiaries (together "the Group") are an energy investment group that has as its major asset a block of 438,379,418 shares in DNO ASA ("DNO") representing 40.45 percent of the total DNO shares outstanding at 30 June 2015.

The Group also holds 100 percent ownership of Mondoil Enterprises, LLC ("Mondoil Enterprises"). Through this investment in Mondoil Enterprises, the Group owns a one-third stake in Foxtrot International LDC ("Foxtrot International"), a privately held oil and gas company active in Côte d'Ivoire.

On 7 November 2014, the Company listed its Class A Shares on the Oslo Børs.

2. Basis of preparation and changes to the Group's accounting policies

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting and were not reviewed.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

3. Segment Information

Executive management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation, investment decisions and performance assessment (the Executive Chairman of the Board of Directors acts as the Chief Operating Decision Maker, "CODM"). Segment performance is evaluated based on the profit or loss including share price (market value) and is measured consistently with the net profit or loss in the consolidated financial statements.

Operating and reportable segments

For management purposes, the Group is organised into two operating segments that are also reportable segments:

- DNO (Associate)
- Mondoil Enterprises (Joint Venture)

'Others' are reconciling, items including head-office general and administrative transactions and balances that do not constitute separate operating segments.

3. Segment Information (continued)

Key segment information was as follows:

	DNO USD'000	Mondoil Enterprises USD'000	Others USD'000	Total USD'000
Period ended 30 June 2015:				
Results Net profit/(loss) for the period	**(42,620)**	**4,235**	**10,333**	**(28,052)**
Assets and liabilities as of 30 June 2015:				
Segment assets	**543,049**	**106,558**	**4,223**	**673,974**
Segment liabilities	-	-	**24,589**	**24,589**
Period ended 30 June 2014:				
Results Net profit/(loss) for the period	29,174	7,716	(2,912)	33,978
At 31 December 2014				
Segment assets	588,226	94,416	9,350	691,992
Segment liabilities	-	-	15,573	15,573

4. Investment in an Associate

The Group has the following investment in an Associate: DNO is a public limited company incorporated and domiciled in Norway and its shares are listed on the Oslo Børs. The Group exercises significant influence but does not control the Associate. During 2014 the Company had a 42.84 percent shareholding in DNO which decreased to 40.45 percent in March 2015 when DNO issued additional shares.

The Group interest in DNO is accounted for using the equity method.

Movement of investment

	1H 2015 USD'000
Opening balance 1 January 2015	**588,226**
Share of (loss)/profit for the period	**(47,927)**
Reversal of the Company's share of DNO's recorded impairment loss in the period on the Company's shares held by DNO	**5,307**
Change in effective holding of the Company's shares held by DNO due to dilution	**1,190**
Share of other comprehensive income	**(195)**
Gain on deemed partial disposal	**16,592**
Investment carrying value at 30 June 2015	**563,193**

Market value

As of 30 June 2015, the fair value of the investment in the Associate based on the quoted market price was USD 575 million (31 December 2014: USD 941 million). DNO's share price continued its downward trend and declined after the reporting period and is at the date of this report below the carrying value. If this devaluation persists, the Company may need to take an appropriate impairment charge at yearend. However, a share price based fair value may not necessarily be reflective of DNO's value in use.

Dilution/Deemed Partial Disposal

On 10 March 2015, DNO raised NOK 975 million in gross proceeds from the allocation of 73,584,906 shares, including 60,534,906 new shares. Because the Company did not participate in this equity offering, its shareholding in DNO decreased from 42.84 percent to 40.45 percent. This dilution was accounted for as a deemed partial disposal of that share of DNO and resulted in a gain of USD 17.4 million in the consolidated income statement, which included a gain of USD 0.83 million from partial recycling of the related foreign currency translation reserve to the consolidated income statement.

5. Investment in a Joint Venture

General information

The Group's subsidiary Mondoil Enterprises has a one-half interest in Mondoil Côte d'Ivoire LLC ("Mondoil Côte d'Ivoire"), registered in the United States, a jointly controlled entity. Mondoil Côte d'Ivoire has a 66.67 percent interest in Foxtrot International, which gives the Group an effective 33.33 percent equity share in Foxtrot International. Foxtrot International is a Cayman Islands company engaged in oil and gas exploration and production in Côte d'Ivoire, having at 30 June 2015 a

5. Investment in a Joint Venture (continued)

27.27 percent interest in Block CI-27, up from 24.0 percent following the acquisition on 1 December 2014 of a 27.5 percent shareholding of Energie de Côte d'Ivoire SA (ENERCI), which holds a 12.0 percent interest in Block CI-27. Following the ENERCI transaction, the Group has an effective 9.1 percent (2013: 8.0 percent) share in Block CI-27. In February 2014, Foxtrot International also acquired a 27.5 percent interest in another exploration block in Côte d'Ivoire, Block CI-502, with the Group holding an effective 9.2 percent share in that block too.

The Group's share of the purchase price of the shareholding in ENERCI was USD 10.6 million (subject to certain cash and working capital adjustments), which was accounted for as a capital contribution to Foxtrot International through Mondoil Enterprises.

Since Mondoil Enterprises and Mondoil Côte d'Ivoire are solely holding vehicles for Foxtrot International with no other activity or balances, the Group treats the 2014 acquisition as an acquisition of an Associate (i.e., a 33.33 percent share in Foxtrot International) and reports accordingly.

The Group's interest in Mondoil Côte d'Ivoire /Foxtrot International is accounted for using the equity method.

Movement of investment

	1H 2015 USD'000
Opening balance 1 January 2015	**94,416**
Depletion of acquired fair value uplift of property, plant and equipment	**(1,119)**
Share of profit for the period	**5,354**
Contributions via cash calls paid during the period	**19,564**
Dividends received during the period	**(11,657)**
Investment carrying value at 30 June 2015	**106,558**

6. Share Capital

Pursuant to provisions of the Company's Articles of Association and as part of its 8 November 2014 initial public offering, there was a six month period during which trading in certain of its Class A Shares was restricted and shareholders of such Restricted Class A Shares held associated Class B Shares that carried two votes each. At the end of the six month period, Restricted Class A Shares became freely tradable Class A Shares and the rights of the associated Class B Shares expired unless the shareholder opted to retain the trading restrictions. As a result, the Company's share capital and voting rights changed on 8 May 2015.

Previously, the Company had 34,058,067 Class A Shares, each with a par value of GBP 1.00; 293,756,638 Restricted Class A Shares, each with a par value of GBP 1.00; 293,756,638 Class B Shares, each with a par value of GBP 0.0000001; and 50,000 redeemable shares, each with a par value of GBP 1.00. The Company received Opt-In Notices with respect to 137,761,988 Restricted Class A and Class B Shares. Accordingly, 155,994,650 Restricted Class A Shares were re-designated as Class A Shares and 155,994,650 Class B Shares were cancelled or re-designated as non-voting Class C Shares. Of the 155,994,650 Class B Shares not retained, the Company received share transfers for 68,505,957 Class B Shares, which were subsequently cancelled by the Company. The remaining 87,488,693 shares were re-designated as non-voting Class C Shares.

Following the re-designations and cancellations, the share capital of the Company consists of 190,052,717 Class A Shares, each with a par value of GBP 1.00; 137,761,988 Restricted Class A Shares, each with a par value of GBP 1.00; 137,761,988 Class B Shares, each with a par value of GBP 0.0000001; 50,000 redeemable shares, each with a par value of GBP 1.00; and 87,488,693 Class C Shares, each with a par value of GBP 0.0000001.

Each Class A Share and Restricted Class A Share provides the holder with one vote per share on any matters put to the shareholders at a general meeting. Each Class B Share provides the holder with two votes per share. Neither the redeemable shares nor the Class C Shares have any voting rights. Accordingly, there are now 603,338,681 votes eligible to vote on matters put to the shareholders.

Five of the seven largest Company shareholders, each holding 3.0 percent or more of the Restricted Class A Shares and the associated Class B Shares at the time of the initial public offering, elected to retain their Restricted Class A Shares and the associated Class B Shares.

All shares are issued and fully paid.

7. Share-Based Payments

On 27 October 2014, the Group established a Long Term Incentive Plan (LTIP) to provide a share-based remuneration plan for the benefit of executive management and general employees. Pursuant to the terms of the LTIP, Class A Shares and options for Class A Shares in the Company can be issued to the executive management and general employees of the Company on and under certain conditions. On 18 December 2014 the Board of Directors authorised and granted awards under the LTIP to three members of executive management covering a total of 1,896,978 Class A Shares. For more information on these awards regarding the vesting, terms, accounting valuation assumptions using the Black Scholes model please refer to the 2014 Annual Report.

The total fair value of options granted during 2014 was USD 2,607,250 as of grant date and total expense thereof recognised during the first half of 2015 is USD 849,555.

8. Bank Loan

On 15 March 2015, the Company drew USD 10 million under a new USD 15 million loan facility agreement with a major financial institution in the Middle East, arranged through RAK Petroleum PCL. RAK Petroleum PCL has agreed to pass through the external bank loan to the Group. Pursuant to the terms of the various agreements involved, borrowings by the Group will bear interest at the three-month EIBOR plus 3.5 percent, with a one-time facility fee of 1.0 percent and a commitment fee of 0.25 percent on undrawn amounts. Repayments of principal and interest are due quarterly on a three-year amortisation schedule commencing on the first draw down. While borrowings are outstanding, the Group has agreed to (i) guarantee repayment of the RAK Petroleum PCL loan towards the bank of any indebtedness, (ii) maintain a net worth exceeding USD 544.5 million, (iii) not dispose of or encumber its indirect interest in Mondoil Enterprises, (iv) maintain a pledge account holding shares in DNO with a value of at least twice the outstanding indebtedness, and (v) maintain a balance of two quarters' payments in a service account. The proceeds will be used for general working capital purposes, which may include, among others, repayment of existing bank loans or meeting capital calls from Foxtrot International for the ongoing development of Block CI-27

As of 30 June 2015 (USD'000)	*Facility Size*	*Drawn Down*	*Principal Repaid*	*Interest Paid During Period*
DNB Bank ASA	25,000	15,000	-	518
Mashreq Bank	15,000	10,000	833	107
Total	**40,000**	**25,000**	**833**	**625**

9. Related Party Disclosures

Transactions with related parties were carried out in the normal course of business on terms agreed between the parties. Significant related party transactions are as follows:

Related party transactions and balances have been disclosed elsewhere in these interim condensed consolidated financial statements, except for the below.

	1H 2015 USD'000	*2014 USD'000*
Services rendered to Associate		
Service agreement	**500**	1,000
Cost recharges	**-**	283
	500	1,283

Key management compensation:

	1H 2015 USD'000	2014 USD'000
Salaries and other short-term employee benefit	**979**	1,816
Termination benefits (end of service benefits)	**-**	91
Share-based payments	**850**	61
	1,829	1,968

We’re not just hands on.
We’re hands in.