

NIGHTHAWK ENERGY PLC

HALF YEARLY REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

Managing Director's Statement

I am pleased to report to the shareholders of Nighthawk Energy plc ("Nighthawk" or "the Company") continuing progress, growth and development during the six months ended 31 December 2008.

Although operating in a tough economic environment, the half yearly financial results of Nighthawk demonstrate a robust performance; with growing revenues, substantial investment in the Company's development projects and a reduction in administrative expenses and losses over the same period last year.

Financial highlights (on a like for like basis)

- Non-current assets increased by 108% from US\$31.7 million to US\$66.0 million
- Total equity increased by 72%
- Revenue increased by 566%
- Administrative costs reduced by 34%
- Operating loss reduced by 56%
- Total loss reduced by 64%

Operational highlights

- 1,088 bbl/d achieved from seven wells during testing on Jolly Ranch Project
- Primary production from waterfloods continues to grow
- Advanced negotiations over the farm-out of a minority stake in Jolly Ranch Group area ongoing

Our operational development has been strong with in excess of US\$22 million net invested during the period in our hydrocarbon projects across the US mid-west in partnership with Running Foxes Petroleum, Inc. ("Running Foxes").

Two recent institutional placings, conducted in November 2008 and January 2009, raising an aggregate of approximately US\$18 million, not only strengthened the Company's capital base but also ensured that our development plans in respect of our core projects; namely the Jolly Ranch Group, Devon Oilfield and the Buchanan Group, all of which are seeing increasing production, continue on track. The consolidated balance sheet at 31 December 2008 set out in this report does not reflect the proceeds from the placing in January of approximately US\$10.5 million.

In addition, Cisco Springs and Centurion are both now contributing to cash flow and, in common with our core projects, have yet to reach anywhere near their full potential.

A summary of Nighthawk's operations is set out below:

Jolly Ranch Group

Nighthawk holds a 50% interest in Jolly Ranch, covering 370,578 gross acres in Lincoln, Elbert and Washington Counties, Colorado. The Jolly Ranch Group comprises the Jolly Ranch, Middle Mist and Mustang Creek areas.

To date, 10 deeper wells of 7,500-8,000 feet have been drilled in the Jolly Ranch region, all of which have penetrated multiple pay horizons. Nine of these wells are production wells and one is being utilised as a water disposal well due to its prime location. A further two shallower wells of 3,000-4,000 feet to test the Codell formation have been drilled and cased for production.

The directors believe that Jolly Ranch represents an emerging shale play covering the full extent of the project area. Results to date from the Atoka and Cherokee shales have added to this belief and have exceeded our expectations. In addition, several conventional oil reservoirs have been encountered, providing further upside across the acreage. The oil being produced ranges from 32°-38° API and is of high quality, commanding a premium to the West Texas Intermediary ("WTI") price.

The fracking programme on the existing production wells is ongoing and the results are expected to enhance commercial production significantly in the future. In addition, Running Foxes plans to co-mingle production from multiple horizons in some wells, which will have a positive impact on project economics.

Test production figures from the Jolly Ranch core area, as anticipated, have been encouraging, resulting in a total combined output from seven wells of 1,088 barrels of oil per day. Two wells remain to be tested.

Drilling and completion costs continue to fall and the Board is of the opinion that, with the background of relatively low, albeit improving, oil prices, our efforts are best focused on proving up the extent of the asset to establish the project as a high reward world class non-conventional shale play, rather than concentrating on generating maximum production at this stage.

A major factor in this decision has been our ongoing discussions, together with Running Foxes, with an industry participant in respect of the sale of a minority working interest in the Jolly Ranch Group project area. Discussions are advanced and the Board is hopeful that this transaction, which would set an attractive initial benchmark for the value of the Jolly Ranch Group project, will be completed during April 2009.

Devon Oilfield

Nighthawk holds an 80% interest in the Devon Oilfield waterflood project ("Devon"), located in Bourbon County, Kansas, covering an area of 1,764 acres.

Devon has witnessed tremendous progress over the period under review which has continued during Q1 2009. Although one of the smallest development projects in Nighthawk's portfolio, the results are impressive and very encouraging for the future.

A total of 34 wells are seeing primary production, an event that is an excellent precursor ahead of the impact of the water injection process, which is underway, and should be regarded as "bonus" production. In addition there are a further 46 wells awaiting completion for production or tie-in to surface facilities.

An additional positive in respect of Devon is the recent and highly promising gas reservoir discovery in the Lower Bartlesville formation on the Graham lease. Several wells have been drilled over this area, all of which have been completed for production.

The impact of waterflooding is expected to be apparent during Summer 2009 and oil production is expected to increase significantly at this time. Nighthawk's short term target of 100 barrels of oil equivalent per day has easily been surpassed and production is increasing on a weekly basis as further wells are brought on line. Primary production is expected to increase significantly during Q2 2009.

Buchanan Group

Nighthawk holds a 50% interest the Buchanan Group waterflood project located in Vernon and Bates Counties, Missouri and covering approximately 40,000 acres. The project has similarities with Devon and is seeing aggressive development. As at Devon, all wells are targeting the shallow Bartlesville formations at depths of less than 800 feet.

Pipelines, surface facilities, pump jacks, storage tanks and other infrastructure are being installed at the six production cells, namely Buchanan, Worden, Celtic, Farragut, Roundtop and Porter, which comprise the Buchanan Group. Primary production has commenced at Buchanan, Worden and Farragut with product being sold.

A drilling programme is ongoing with over 83 successful wells recorded to date and a further 32 low cost wells currently permitted.

Buchanan Group is expected to make a significant impact on production and cash generation for Nighthawk in the latter part of 2009 and its importance to the Company in the future should not be underestimated.

Xenia

Nighthawk holds a 50% interest in the Xenia project located approximately 10 miles west of the Devon project in Kansas and covering an area of 1,959 acres. Gas was previously produced at Xenia for a local municipality.

A development drilling programme commenced in late 2008. 13 production wells are in various stages of completion and a further 14 are currently permitted. Xenia is likely to be the next Nighthawk project to move from development into production.

Again, the Bartlesville sandstones are the primary target and, based on core analysis of previously drilled wells, there are an average of 25 feet of oil saturated net pay per well at

depths of less than 700 feet. Secondary targets are the Riverton Coal and Excello Shale, which are known significant gas producing zones.

Land rights have recently been negotiated and agreed upon and a gas pipeline will be constructed in the future to connect to a nearby main overland trunkline.

Cisco Springs

Nighthawk holds a 50% interest in the Cisco Springs project located in Grand County, Utah, covering approximately 24,000 acres.

Although Cisco Springs does not sit at the top of the internal ranking of our development projects, it is a valuable asset within the portfolio with over 30 commercial wells having been made since the initial acquisition of the project interest.

An independent group, Oilfield Production Consultants (“OPC”), completed a review in late 2008 of Nighthawk’s interest in Cisco Springs for the purpose of estimating the 2P (proved + probable) deterministic gas and oil reserves.

The reserves, net to Nighthawk, were calculated as;

- 2P net deterministic gas reserves 121 billion cubic feet of gas
- 2P net deterministic oil reserves 3.8 million barrels

In addition, OPC estimated Nighthawk’s unrisksed Mancos shale reserves to be 16 million barrels of oil and 30.8 billion cubic feet of gas.

In terms of the current value of 2P reserves, a highly regarded industry periodical this week issued a 12 month valuation range of a 2P barrel of oil equivalent for industry deals in the US of between US\$2.83 to US\$5.63. This range corresponds to a cash value between US\$67 million to US\$135 million for Nighthawk’s share of the Cisco Springs project.

Comprehensive infrastructure and full production facilities are in place for both gas and oil production. However, winter gas production was curtailed due to uncharacteristically low regional gas prices and the opportunity was taken to upgrade the Cisco Springs plant. Environmental certification has recently been granted and gas production has re-commenced and is expected to increase over the coming months.

Centurion

Nighthawk holds 50% of the Centurion project located in Sumner County, Kansas, covering approximately 15,000 acres.

Development at Centurion has been relatively restrained as the focus has been directed at Jolly Ranch and the waterflood projects. However, some excellent results have been achieved and the project holds high upside potential for both future discoveries and subsequent production.

Three wells have been drilled and reported upon. The Franklin 13-6 well reached a total depth at 3,904 feet into the Arbuckle formation and encountered excellent live oil shows. The well has subsequently been on controlled production for four months and product being sold.

The Atoka-Nighthawk 13-11 and 12-29 have both been completed as future gas producers.

Cliffs

Nighthawk holds an 80% interest in the Cliffs project, located in Clark, Cumberland, Jasper and Crawford Counties, Illinois and covering 15,591 acres.

This project is located within the Illinois Basin, a significant producer of hydrocarbons that has yielded in excess of four billion barrels of oil from numerous reservoirs at less than 2,900 feet.

The primary target is the New Albany Shale, which has been the subject of successful exploitation in recent years. Running Foxes has identified a major structural flexure within the project acreage. A test well is planned to be drilled during 2009 to collect gas content data.

Corporate

During the period under review Nighthawk strengthened its senior management team and board with the appointment of Michael Thomsen as Executive Chairman and Tim Heeley as Commercial Director. I am very pleased to welcome both in their new roles within Nighthawk at a time when I firmly believe that the two and a half years spent building the asset base of the Company is about to bear fruit.

As described in our review of operations, Nighthawk has a number of excellent projects in its development portfolio. The rate of development is impressive and is primarily due to the commitment and enthusiasm of the Running Foxes team and its founder and CEO, Steven Tedesco. There is still work to be done before the Company reaches anywhere near its potential. However, I remain confident that the support shown by our shareholders will be well rewarded.

Nighthawk, first and foremost, is a development company, which raises the question of how the Company should be appropriately valued. In this regard, the expected sale of a working interest in the Jolly Ranch Group project will provide an indication to the market of the substantial intrinsic value of this project. In addition, we intend to commission a full independent consultants report on our major projects when appropriate.

We will continue our aggressive development whilst striking a balance between cash flow from production and the proving up of significant reserves.

To close, we firmly believe our goal of achieving mid-tier status is on track and that Nighthawk is extremely well positioned for the future.

David Bramhill

Managing Director

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT for the six months ended 31 December 2008

	Notes	Six months ended 31 December 2008 US\$	Six months ended 31 December 2007 US\$	Year ended 30 June 2008 US\$
Continuing operations:				
Revenue		318,930	47,857	138,998
Unsuccessful exploration costs		-	(43,860)	(316,370)
Administrative expenses		(947,844)	(1,441,765)	(3,272,928)
Operating loss		(628,914)	(1,437,768)	(3,450,300)
Finance income		282,483	461,830	985,243
(Loss) / profit on disposal of financial assets		(1,130)	15,843	(26,421)
Loss before taxation		(347,561)	(960,095)	(2,491,478)
Taxation		-	-	-
Loss for the period		(347,561)	(960,095)	(2,491,478)
Attributable to:				
Equity shareholders of the Company		(347,561)	(960,095)	(2,491,478)
Loss per share from continuing operations attributable to the equity shareholders of the Company				
Basic and diluted loss per share	2	(0.17)	(0.56)	(1.34)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET as at 31 December 2008

	Notes	31 December 2008 US\$	31 December 2007 US\$	30 June 2008 US\$
ASSETS				
Non-current assets				
Property, plant and equipment		7,478,819	1,688,376	2,196,494

Intangibles	57,019,520	28,295,436	41,499,037
Financial assets	1,486,063	1,700,978	3,305,756
	65,984,402	31,684,790	47,001,287
Current assets			
Trade and other receivables	229,573	47,462	134,539
Cash and cash equivalents	3,656,040	11,847,661	21,067,305
	3,885,613	11,895,123	21,201,844
TOTAL ASSETS	69,870,015	43,579,913	68,203,131

EQUITY AND LIABILITIES

Capital and reserves attributable to the Company's equity shareholders:

Share capital	1,094,668	834,928	998,622
Share premium account	75,164,716	41,185,135	67,977,242
Foreign exchange translation reserve	(3,274,316)	(302,076)	(290,050)
Retained earnings	(4,931,788)	(2,527,909)	(3,707,281)
Share-based payment reserve	788,027	692,006	748,584
Merger reserve	180,533	180,533	180,533
Total equity	69,021,840	40,062,617	65,907,650

Current liabilities

Trade and other payables	848,175	3,517,296	2,295,481
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TOTAL EQUITY AND LIABILITIES	69,870,015	43,579,913	68,203,131
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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT for the six months ended 31 December 2008

	Notes	Six months ended 31 December 2008 US\$	Six months ended 31 December 2007 US\$	Year ended 30 June 2008 US\$
Cash outflow from operating activities		(644,092)	(1,096,140)	(608,593)
Cash flow from investing activities:				
Purchase of intangible non current assets		(21,941,109)	(9,178,500)	(27,111,791)
Proceeds on disposal of intangible		-	-	6,402

non current assets			
Purchase of property, plant and equipment	(825,275)	(1,499,800)	(1,094,380)
Proceeds on disposal of property, plant and equipment	-	7,560	6,208
Purchase of financial assets	(39,846)	(252,563)	(1,755,506)
Proceeds on disposal of financial assets	73,261	104,928	305,974
Dividend received	81,653	54,565	98,580
Interest received	200,830	407,264	886,663
Net cash outflow from investing activities	(22,450,486)	(10,356,546)	(28,657,850)
Cash flow from financing activities:			
Proceeds on issue of new shares	7,683,700	855,318	29,207,213
Share issue costs	(400,179)	-	(1,396,094)
Net cash inflow from financing activities	7,283,521	855,318	27,811,119
Net decrease in cash and cash equivalents	(15,811,057)	(10,597,368)	(1,455,324)
Cash and cash equivalents at beginning of period	21,067,305	22,611,746	22,611,746
Effects of foreign exchange movements	(1,600,208)	(166,717)	(89,117)
Cash and cash equivalents at end of period	3,656,040	11,847,661	21,067,305

NOTES TO THE UNAUDITED FINANCIAL INFORMATION for the six months ended 31 December 2008

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 30 June 2008, which complied with International Financial Reporting Standards as adopted for use in the European Union (“IFRS”).

IFRS is subject to amendment and interpretation by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) and there is an ongoing process of review and endorsement by the European Commission.

The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 30 June 2009.

The condensed financial information for the year ended 30 June 2008 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 30 June 2008, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified, and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985.

2. Earnings per share from continuing operations attributable to the equity shareholders of the Company

	Six months ended 31 December 2008 US\$	Six months ended 31 December 2007 US\$	Year ended 30 June 2008 US\$
Earnings			
Earnings for the purposes of basic and diluted earnings per share being net loss attributable to equity shareholders	(347,561)	(960,095)	(2,491,478)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	209,755,580	172,180,462	185,983,238
Loss per share	(0.17)	(0.56)	(1.34)

As at 31 December 2008, 30 June 2008 and 31 December 2007 the options in issue are not dilutive under IAS 33, Earnings per Share, because they would have the effect of decreasing the loss per share. As such there is no difference between the basic and dilutive loss per share at these dates.

3. Copies of the Half Yearly Report

A copy of this half yearly report will be posted to shareholders on or around 3 April 2009 and is now available on the Company's website at www.nighthawkenergy.com.

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