

Nighthawk Energy plc ('Nighthawk' or 'the Company')

Final Results

Nighthawk, the US focused development and production company, today announces its final results for the year ended 30 June 2009.

Highlights

- Financial highlights for year ended 30 June 2009:
 - Non-current assets increased by 60% from US\$47.00 million to US\$75.18 million
 - Administrative costs reduced by 23%
 - Operating loss reduced by 42%
- Gross P50/most likely oil in place of 1.462 billion barrels of oil calculated by Schlumberger Data & Consulting Services, in July 2009 covering 246,000 of the 370,000 gross acre Jolly Ranch project
- Jolly Ranch shale formations likely to be laterally continuous across total area of 370,000 acres
- Gross P50/most likely oil in place of 210.51 million barrels calculated by Oilfield Production Consultants on Devon and Buchanan sections of the Revere Project
- Successful fund raising in July 2009 of US\$37 million

2010 Objectives

- Increase P50 reserves through the drill bit
- Increase production and revenue base
- Continue to delineate and develop unconventional and conventional resources at Jolly Ranch, including the drilling of a number of horizontal wells
- Continue development work at Revere

David Bramhill, Managing Director of Nighthawk commented: "Whilst no reminder is needed of the volatility and tough operating conditions all have seen during the last year, Nighthawk has emerged with a strong balance sheet and a portfolio of assets which the Board is confident will continue to add tremendous value into 2010 and beyond. The independent reviews of our core assets, Jolly Ranch and Revere, have reinforced our long held belief we have two "company making" projects in development. We look forward to updating the market on their progress over the next 12 months."

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Managing Director's Statement

I am pleased to report to the shareholders of Nighthawk on continuing growth and progress, particularly in respect of our two cornerstone projects, Jolly Ranch and Revere. Both projects have seen substantial development during the last 12 months and have continued to add value to the Company. I am confident that this expansion will increase as we move into the next pivotal phase of project advancement.

Moving forward our strategy for growth remains to:

- Expand the resource and reserve base and increase the production profile through a focused appraisal and development programme
- Create excellent returns for shareholders by building a scalable oil and gas company focused on low risk but high reward assets in a politically and fiscally stable environment

We need no reminding of the tough economic environment during the year under review. With most direct relevance to Nighthawk, we saw the oil price hit a low not seen for many years and an unfavourable £/US\$ exchange rate. Despite these adversities, the Board decided to continue with an aggressive development and drilling programme as planned. Approximately US\$30 million net was invested during the year in our hydrocarbon projects across the US mid-west in partnership with Running Foxes Petroleum Inc. ("Running Foxes") which is the operator of all of the projects and retains

in most cases a 50% interest. For the sake of clarity, Running Foxes contributes dollar for dollar on a “heads up” basis on each project. Unlike many European deals there is no promote added and all costs are divided on a pro rata basis.

The result of our decision to continue drilling and development as planned has enabled the Company to add value and report to shareholders on our two major hydrocarbon projects. In addition, the oil price has regained lost ground and as at 6 October 2009 was trading around US\$70 per barrel and the pound has performed positively against the dollar, lowering our development costs.

Jolly Ranch

Nighthawk initially invested in Jolly Ranch, located a two-hour drive from Denver, Colorado, in August 2007 with a land purchase of approximately 50,000 acres. Even at that time we had high expectations of the project. Since then, through patient and careful negotiation with local landowners, our land base has grown to approximately 370,000 gross acres, a scale more typically associated with oil majors.

The Jolly Ranch project comprises three areas, Jolly Ranch, Middle Mist and Mustang Creek, situated in Lincoln, Elbert and Washington Counties, Colorado. Nighthawk holds a 50% interest in the project and Running Foxes holds the remaining percentage interest.

To date, 10 vertical wells of 7,500-9,000 feet have been drilled on the project, all of which have encountered multiple pay horizons. Nine of these wells have been completed as production wells and one is being utilised as a water disposal well, lowering the costs associated with water transportation. A further two shallower wells of 3,000-4,000 feet, to test the Codell formation, have been drilled and cased for production.

The last six months have seen the testing of various productive formations to determine the optimum production plan and also gain a greater understanding of this new combined conventional / non-conventional play.

Production, although important, has not been a priority. As stated in the Half Yearly Report for the period ended 31 December 2008, we believe that our efforts are best focused on proving up the extent of the asset to establish the project as a world-class non-conventional shale play, rather than concentrating on generating maximum production at this stage.

We have continued this approach and the results to date have confirmed our belief that we have a major interest in a world-class project in the making. In July 2009, Schlumberger Data & Consulting Services completed an independent evaluation of the oil in place at the Jolly and Craig Ranch fields covering 246,000 gross acres of the 370,000 held within the project. The study was undertaken to assess resources in place under Nighthawk’s acreage in the Pennsylvanian (Upper Carboniferous) Marmaton, Cherokee and Atoka formations. The P50, or most likely, oil in place was calculated to be 1.462 billion barrels. In addition, a further model encompassing an area of 885,988

acres was generated and evaluated, the results of which concluded that the regional continuity of the formations was such that the resources in place are likely to be laterally continuous across the total acreage.

A full analysis of the production history of the area was outside the scope of the study, however results to date were reviewed in order to validate the petrophysical and geological interpretations. Actual production results provided evidence for successful play concepts and cross-validated oil in place calculations. Production histories from previously drilled wells in the immediate study area were reviewed to make general observations on Atoka and Cherokee production. Results from offset current activity in Lincoln County, from the Marmaton, Cherokee and Atoka were also reviewed.

Shallow production from the Cretaceous D and J sands at the Bluebird field, contained within the project acreage, were also reviewed as these sands are present within the study area and could represent additional upside if identified in an appropriate trap.

Nighthawk and Running Foxes have been producing and selling oil for the last nine months from various conventional and non-conventional formations during both test and continuous production from numerous wells.

The Marmaton, a conventional oil formation, has been a proven producer for decades and companies such as BHP America, Norske Hydro, SOHIO, Anschultz, Wepking-Fullerton and Newfield have all achieved viable production from this formation and other conventional zones. The historic recoverability factors have been in the region of the low twenties percentile.

There remains much work to be completed such as further delineating the oil in place. Recovery factors need to be established using modern completion practices and techniques.

Nighthawk has commenced a major development programme which is planned to continue for the next twelve months. At least a further 20 wells have been permitted, some of which will be lateral. In late September 2009 our first lateral well, the Craig 15-32-L reached Total Depth of 8,554 feet of which 2,006 feet was the horizontal leg through the Cherokee formation. This well has been cased and the horizontal leg will be fraced ahead of production.

The natural progression is to continue the pace of development, eliminating the normal uncertainties of a project of this magnitude, such that firm economics can be established. An extensive programme, as indicated above, comprising vertical and lateral wells and selected 3D seismic acquisition over key areas is currently underway.

Revere

Revere, a major waterflood project covering in excess of 40,000 acres, is the product of the consolidation of the Devon Oilfield, Buchanan and Worden and Xenia projects, all located on and around the State border between Kansas and Missouri.

The reservoir is underpressured, therefore there is little natural energy to bring the oil to the surface. In this type of project, water injection is commonly used to displace oil to the production wells. This is a straightforward process which has been applied successfully for decades on similar oilfields in the US and elsewhere in the world. Typical recovery factors in this type of waterflood project would be expected to range between 15-25% with careful design and implementation of the waterflood.

Activity on the project has been intense. There are currently 140 wells on primary production, 65 wells awaiting completion, 38 water injection wells at various stages of injection, one salt water disposal well active and a further 99 wells permitted.

Gross primary production from Revere is currently in excess of 150 barrels of oil equivalent per day and as the waterflood injection takes effect and new production wells are completed and put onstream this figure is expected to increase dramatically. A 12 kilometre gas pipeline at Xenia, part of the Revere project, in which Nighthawk holds a 50% interest, is under construction and will be linked to the Bourbon County pipeline. Initial gas production from Xenia is expected to be approximately+ 500,000 cubic feet per day, plus associated oil. Oilfield Production Consultants Limited (“OPC”) is currently conducting a study of the Xenia section of the project.

Pipelines, surface facilities and other production infrastructure are being installed throughout the project area and a drilling programme is ongoing targeting the shallow Bartlesville and McClouth formations at depths of less than 800 feet. Wells are being drilled and completed at an average of two per week. A further 200 wells have been budgeted for as part of the ongoing development programme. The shallow reservoir depth results in a very low drilling cost per well of approximately US\$50,000 including completion. In addition, the low reservoir pressure allows for the use of relatively inexpensive surface and production facilities. No high cost pressure equipment or pipelines are required. Following scoping simulation runs by OPC which has completed an independent review of certain sections of Revere, oil production rates ranging from 5-20 barrels a day are possible from each individual production well.

OPC has also recently completed a study of the Devon and Buchanan and Worden sections of Revere including a Monte Carlo probabilistic calculation of Stock Tank Oil Originally in Place. The P50, or most likely figure, was calculated to be 210.51 million barrels (gross), a figure likely to increase significantly on further development of outlying acreage.

Revere is a low cost, high upside development project and expectations remain for the project to become a significant contributor in respect of both production and the addition of further oil and gas reserves/resources, particularly following the planned major expansion during the remainder of 2009 and beyond.

Project Prioritisation

Nighthawk, together with its partner Running Foxes, has drilled over 250 commercial wells during the past two years spread over the whole portfolio of projects. As reported to shareholders in my statement last year, ongoing evaluation of the results obtained from these projects both in-house and, more importantly from a validation point of view, independently from external consultants, Schlumberger and OPC, demonstrate the difference in scalability and the range of resource and potential future production.

The directors' belief in Jolly Ranch and Revere has been confirmed independently and in the case of Jolly Ranch we are of the opinion following the findings of the Schlumberger report, that we have the makings of a future world-class project.

The potential returns from these two ventures are in multiples of our other projects and therefore cash resources have been focused in the past year on their development. This trend will continue.

In June 2009 the Company sold its 50% interest in the Centurion project for US\$5 million to Osceola Hydrocarbons Limited. This sale price represented full expenditure on the project since its acquisition and a profit of approximately 10% on the transaction.

Cisco Springs, located in Utah, although a non-core project, has 2P reserves of some 24 million barrels of oil equivalent and has in place considerable production facilities making this project a valuable asset, even more so when gas prices begin to firm up in the future.

Nighthawk also holds an 80% interest in Cliffs, a project located within Illinois Basin. The potential disposal of this interest is under review.

Corporate and Financial

During the period under review Nighthawk conducted two institutional share placings raising an aggregate of approximately US\$18 million, strengthening the Company's capital base and ensuring the timely and continued development of its core projects.

In August 2009 Nighthawk raised approximately US\$37 million via an institutional placing. The Consolidated Balance Sheet at 30 June 2009 does not reflect the proceeds from this placing.

As a result of this funding, Nighthawk is in a better financial position than at any time in its history and funds are in place for the development of its core projects for at least the next 12 months. In addition, the Company remains debt free.

The funds raised will be/have been used to:

- Drill a further 20 wells at Jolly Ranch, some of which will be lateral, construct production and oil storage facilities and the acquisition of 3D seismic over selected key areas
- Drill up to 200 oil production and water injection wells at Revere and construct production facilities
- Construct gas gathering facilities and Xenia pipeline at Revere

The financial results for the period continue to reflect the operations of an active hydrocarbon development company.

In comparison to the financials of 2008 on a like-for-like basis:

- Non-current assets increased by 60% from US\$47.00 million to US\$75.18 million
- Total equity increased by 19%
- Revenue increased by 258%
- Administrative costs reduced by 23%
- Operating loss reduced by 42%

During the period under review Nighthawk strengthened its senior management team and board with the appointment of Tim Heeley as Commercial Director and Michael Thomsen as Executive Chairman.

Due to the location of its assets, Nighthawk has recently established an American Depositary Receipt facility (“ADR”) programme, fully sponsored by The Bank of New York Mellon, which is acting as our depositary bank.

In addition, Nighthawk now has a quotation on the OTCQX International platform in New York. The quotation is complementary to the Company’s AIM quotation, which continues to serve as its principal listing.

Nighthawk has engaged SMH Capital Inc., the broker dealer subsidiary of Sanders Morris Harris Group (NASDAQ: SMHG), to serve as the Principal American Liaison (“PAL”) in connection with the Company’s OTCQX quotation, to provide capital markets advisory, strategic investor communication, in-depth company research and analysis plus trading monitoring and services in the US.

Financial Dynamics has also been appointed, to work alongside our financial public relations consultants, Bishopsgate Communications, to enhance our communication with analysts and institutional investors as the Company expands.

I would like to take this opportunity to thank our shareholders, my fellow directors and management, advisers in the UK and US and Steve Tedesco and his team from Running Foxes – responsible for introducing and operating our projects.

The next 12 months have the potential to be transformational for Nighthawk as we continue the development of our core projects and I look forward to reporting further progress.

David Bramhill
 Managing Director
 6 October 2009

This announcement was approved by the Board of Directors on 6 October 2009.

**Consolidated Income Statement
 for the year ended 30 June 2009**

	Notes	2009 US\$	2008 US\$
Continuing operations:			
Revenue		497,876	138,998
Unsuccessful exploration costs		—	(316,370)
		<hr/>	<hr/>
Gross profit / (loss)		497,876	(177,372)
Administrative expenses		(2,511,055)	(3,272,928)
		<hr/>	<hr/>
Operating loss		(2,013,179)	(3,450,300)
Finance income		338,121	985,243
Loss on sale of available-for-sale investments		(19,587)	(26,421)
		<hr/>	<hr/>
Loss before taxation		(1,694,645)	(2,491,478)
Taxation		—	—
		<hr/>	<hr/>
Loss for the financial year from continuing operations		(1,694,645)	(2,491,478)
Discontinued operations:			
Profit for the financial year from discontinued operations		396,557	—
		<hr/>	<hr/>

Loss for the financial year		(1,298,088)	(2,491,478)
Attributable to:			
Equity shareholders of the Company		(1,298,088)	(2,491,478)
Loss per share from continuing and discontinued operations			
Basic and diluted loss per share (US cents)		(0.55)	(1.34)
Loss per share from continuing operations			
Basic and diluted loss per share (US cents)	2	(0.72)	(1.34)

**Consolidated Balance Sheet
as at 30 June 2009**

	Notes	2009 US\$	2008 US\$
Assets			
Non-current assets			
Property, plant and equipment		11,769,386	2,196,494
Intangible assets		61,911,429	41,499,037
Available-for-sale financial assets		1,497,941	3,305,756
		<u>75,178,756</u>	<u>47,001,287</u>
Current assets			
Trade and other receivables		179,824	134,539
Cash and cash equivalents		5,932,315	21,067,305
		<u>6,112,139</u>	<u>21,201,844</u>
Total assets		<u>81,290,895</u>	<u>68,203,131</u>
Equity and liabilities			
Capital and reserves attributable to the Company's equity shareholders			
Share capital		1,219,415	998,622
Share premium account		84,546,504	67,977,242
Foreign exchange translation reserve		(2,698,549)	(290,050)
Retained earnings		(5,638,419)	(3,707,281)
Share-based payment reserve		815,639	748,584
Merger reserve		180,533	180,533

Total equity	78,425,123	65,907,650
Current liabilities		
Trade and other payables	2,865,772	2,295,481
Total liabilities	2,865,772	2,295,481
Total equity and liabilities	81,290,895	68,203,131

**Consolidated Cash Flow Statement
for the year ended 30 June 2009**

	Notes	2009 US\$	2008 US\$
Cash outflow from operating activities	3	(1,990,684)	(608,593)
Cash flow from investing activities			
Purchase of intangible assets		(23,749,531)	(27,111,791)
Proceeds on disposal of intangible assets		–	6,402
Purchase of property, plant and equipment		(10,457,763)	(1,094,380)
Proceeds on disposal of property, plant and equipment		–	6,208
Purchase of financial assets		(185,557)	(1,755,506)
Proceeds on disposal of financial assets		747,153	305,974
Dividends received		138,051	98,580
Proceeds on disposal of project		5,000,000	–
Interest received		200,070	886,663
Net cash used in investing activities		(28,307,557)	(28,657,850)
Cash flow from financing activities			
Proceeds on issue of new shares		17,663,460	29,207,213
Expenses of new share issue		(873,405)	(1,396,094)
Net cash generated from financing activities		16,790,055	27,811,119
Net decrease in cash and cash		(13,508,186)	(1,455,324)

equivalents

Cash and cash equivalents at beginning of financial year	21,067,305	22,611,746
Effects of exchange rate changes	<u>(1,626,804)</u>	<u>(89,117)</u>
Cash and cash equivalents at end of financial year	<u>5,932,315</u>	<u>21,067,305</u>

Notes

1. Basis of Preparation

This announcement has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“EU”) (“IFRS”) applied in accordance with the provisions of the Companies Act 2006.

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. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 30 June 2009.

The accounting policies applied for the year ended 30 June 2009 are consistent with the year ended 30 June 2008.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments which are carried at fair value. The principal accounting policies have been consistently applied to all periods presented.

2. Loss per share

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Given the Group’s reported loss for the year, share options are not taken into account when determining the weighted average number of ordinary shares in issue during the year and therefore the basic and diluted earnings per share are the same.

Basic loss per share	2009 US cents	2008 US cents
Loss per share from continuing operations	(0.72)	–
Earnings per share from discontinued operations	0.17	–
Total basic loss per share (US cents)	<u>(0.55)</u>	<u>(1.34)</u>

	2009 US\$	2008 US\$
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Earnings used in the calculation of total basic and diluted earnings per share	(1,298,088)	(2,491,478)
Profit for the year from discontinued operations used in the calculation of basic and diluted earnings per share from discontinued operations	396,557	–
Earnings used in the calculation of basic earnings per share from continuing operations	(1,694,645)	(2,491,478)
	<u>2009</u>	<u>2008</u>

Number of shares

Weighted average number of ordinary shares for the purposes of basic loss per share	234,475,130	185,983,238
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If the Company's share options were taken into consideration in respect of the Company's weighted average number of ordinary shares for the purposes of diluted earnings per share, it would be as follows:

Number of shares

Weighted average number of ordinary shares for the purposes of diluted earnings per share	241,100,472	194,743,581
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3. Cash outflow from operating activities

	2009	2008
	US\$	US\$
Loss for the financial year	(1,298,088)	(2,491,478)
Investment income	(338,121)	(985,243)
Transfer to share option reserve	67,055	665,516
Loss on disposal of available-for-sale investments	19,587	26,421
Profit on disposal of property plant and equipment	–	(1,311)
Gain on disposal of business	(370,321)	–
Depreciation	11,892	78,100
Amortisation	4,353	4,730
Impairment of exploration costs	–	316,370
Net foreign exchange (gain) / loss	(181,000)	144,677
	<u>(2,084,643)</u>	<u>(2,242,218)</u>
Changes in working capital		
(Increase)/decrease in trade and other receivables	(45,285)	263,096
Increase in trade and other payables	139,244	1,370,529
	<u>(1,990,684)</u>	<u>(608,593)</u>

4. Publication of non-statutory accounts

The financial information set out in this announcement does not comprise the Group's statutory accounts for the years ended 30 June 2009 or 30 June 2008.

The financial information has been extracted from the statutory accounts of the Company for the years ended 30 June 2009 or 30 June 2008. The auditors reported on those accounts; their reports were unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006 or section 237(2) or section 237(3) of the Companies Act 1985 respectively and did not include references to any matters to which the auditor drew attention to by way of emphasis.

The statutory accounts for the year ended 30 June 2008 have been delivered to the Registrar of Companies, whereas those for the year ended 30 June 2009 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

5. Annual Report and AGM

The Annual Report will be available from the Company's website, www.nighthawkenergy.com, from 7 October 2009 and will be posted to shareholders by 15 October 2009. The Annual Report contains notice of the Annual General Meeting of

the Company which will be held at 11.00 a.m. on 12 November 2009 at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB.