

Solo Oil plc
("Solo" or the "Company")

Unaudited Interim Results for 6 Months Ended 31 December 2010

CHAIRMAN'S STATEMENT

I am pleased to present the interim report for the Company for the 6 months ended 31 December 2010.

Investments

The Company, within its Investment Policy approved by the shareholders in 2009, has continued to develop its interests in the Ruvuma PSA in Tanzania and through its investment in Reef Resources Limited who operate in Ontario, Canada.

Consistent with the Company's desire for a diverse portfolio of direct and indirect interests in exploration, development and production further areas for future investment are also under close review including within East Africa and in North America. It is hoped that at least one of these new investments will be completed in the remainder of the financial year to June 2011.

Ruvuma PSA

In late June 2010 Solo completed the exercise of its option to obtain a direct 12.5% working interest in the Ruvuma Petroleum Sharing Agreement ("PSA") in Tanzania following the successful drilling of the Likonde-1 well. The Ruvuma PSA lies in the south-east of Tanzania and covers approximately 12,360 square kilometres with some 20% of this area offshore and the balance onshore. Within the Ruvuma PSA are two separate licence area known as Lindi in the north and Mtwara in the south, contiguous with the Mozambique border.

The Likonde-1 well was drilled in the Lindi Block to a total depth of 3647 metres and was plugged and abandoned after discovery of a 250 metre gross interval of sands with residual oil shows and reaching a gas zone at TD. As reported at the time the well confirmed the presence of a working oil play system in the southern Ruvuma Basin as well as indicating the potential for gas reserves and thus provided encouragement for further exploration in the PSA.

Following completion of the Likonde-1 well the Tullow operated partnership commissioned the reprocessing of the existing 2D seismic data in order to better image the prospective Tertiary section with a view to selecting a location for the drilling of the second well which is due to be drilled in the PSA during 2011. At the end of the period that seismic reprocessing was being completed and technical work was underway to select a drilling location.

Reef Resources Ltd

During first half 2010 Solo negotiated a CDN\$1.65 million participating loan agreement with Reef Resources Limited ("Reef") in order to finance the recommencement of oil and gas production at the Ausable Field in Ontario and to increase oil production through gas cycling and the drilling of additional wells.

Under the terms of the investment the financing was issued in two stages with the first stage of CDN\$750,000 issued in May 2010 and the balance of CDN\$900,000 paid in November 2010 after oil production at Ausable had been restarted. A Solo representative, Mr David Lenigas, joined the board of Reef in September 2010 to provide commercial and operational advice.

In November 2010, Reef advised it had made a well license application for the new Ausable #5 vertical well and following receipt of all permits that well was spudded on the 8 February 2011 and at the time of this report had reached total depth at 615 metres and the well was being logged. The Ausable#5 well lies some 300 metres from the

productive Ausable #1 well and is expected to be completed as an oil production well once the reservoir and oil characteristics have been confirmed by electric logging.

In the next phase of development Reef plans to drill four horizontal wells in two stages during 2011. These horizontal wells are part of the Natural Gas Recycling and Enhanced Oil Recovery program that Reef plans to execute. Two horizontal wells will be used for injecting natural gas to pressurize the reef structure and the other two horizontal wells, in addition to the existing vertical wells, will be deployed as production wells. The production wells will produce oil and natural gas liquids and the natural gas will be recycled. Reef's website is www.reefresources.ca

Board Composition

In December 2010 Solo appointed Mr Neil Ritson to the Board of Directors with immediate effect. Mr Ritson brings extensive oil and gas expertise from a 35 year career in the industry and will assist the Company to manage its existing assets and to locate and evaluate additional opportunities for investment.

CONTACTS:

Solo Oil PLC

David Lenigas/Neil Ritson

+44 (0) 20 7440 0642

Beaumont Cornish - Nominated Adviser

Roland Cornish

+44 (0) 20 7628 3396

Shore Capital - Joint Broker

Pascal Keane

+44 (0) 20 7408 4090

Edward Mansfield

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2010**

	Notes	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
		(Unaudited) £ 000's	(Unaudited) £ 000's	Audited £ 000's
Revenue		-	-	-
Cost of Sales		-	-	-
Gross profit		-	-	-
Administrative expenses		(219)	(274)	(898)
Operating loss		(219)	(274)	(898)
Finance revenue		-	-	-
Loss on ordinary activities before taxation		(219)	(274)	(898)
Income tax (expense)		-	-	-
Loss on ordinary activities after taxation		(219)	(274)	(898)
Retained loss	2	(219)	(274)	(898)
Loss per share (pence)				
Basic	3	(0.01)	(0.03)	(0.06)
Diluted	3	(0.01)	(0.03)	(0.06)

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2010**

	Six months ended 31 December 2010	Six months ended 31 December 2009	Year ended 30 June 2010
	(Unaudited) £ 000's	(Unaudited) £ 000's	Audited £ 000's
Loss for the period	(219)	(274)	(898)
Currency translation differences	(3)	-	18
Total comprehensive income	(222)	(274)	(880)

**GROUP STATEMENT OF FINANCIAL POSITION
FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2010**

	Notes	As at 31 December 2010 (Unaudited) £ 000's	As at 31 December 2009 (Unaudited) £ 000's	As at 30 June 2010 (Audited) £ 000's
Non-current assets				
Intangible assets	6	3,693	885	3,512
Trade and other receivables		1,064		528
Total non-current assets		4,757	885	4,040
Current assets				
Trade and other receivables		141	541	600
Cash and cash equivalents		481	4,501	1,007
Total current assets		622	5,042	1,607
Total assets		5,379	5,927	5,647
Current liabilities				
Trade and other payables		(47)	(9)	(93)
Provisions		-	-	-
Total liabilities		(47)	(9)	(93)
Net assets		5,332	5,918	5,554
Equity				
Share capital	4	208	208	208
Deferred share capital		1,831	1,831	1,831
Share premium reserve		8,780	8,964	8,780
Foreign exchange reserve		142	127	145
Warrant reserve		33	33	33
Share-based payments		501	75	501
Retained loss		(6,163)	(5,320)	(5,944)
		5,332	5,918	5,554

GROUP STATEMENT OF CASH FLOW
FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2010

	Six months ended 31 December 2010 (Unaudited) £ 000's	Six months ended 31 December 2009 (Unaudited) £ 000's	Year ended 30 June 2010 (Audited) £ 000's
Cash outflow from operating activities			
Operating loss	(219)	(274)	(898)
Adjustments for:			
Share-based payments	-	-	271
Decrease in provisions	-	-	-
Decrease/(Increase) in receivables	459	(286)	(345)
Increase/(Decrease) in payables	(46)	(11)	73
Cash used in operating activities	194	(571)	(899)
Net cash inflow/(outflow) from operating activities	194	(571)	(899)
Cash flows from investing activities			
Interest received		-	-
Payments to acquire intangible assets	(181)	(785)	(3,412)
Loans made to third party	(536)	-	(528)
Net cash (outflow)inflow from investing activities	(717)	(785)	(3,940)
Cash flows from financing activities			
Proceeds on issuing of ordinary shares	-	6,400	6,400
Cost of issue of ordinary shares	-	(696)	(725)
Net cash inflow from financing activities	-	5,704	5,675
Net increase/(decrease) in cash and cash equivalents	(523)	4,348	836
Cash and cash equivalents at beginning of period	1,007	153	153
Foreign exchange differences on translation	(3)	-	18
Cash and cash equivalents at end of period	481	4,501	1,007

GROUP	Share capital £000's	Deferred share capital £000's	Share premium £000's	Share based payments £000's	Warrant reserve £000's	Foreign exchange £000's	Accumulated losses £000's	Total £000's
Balance at 30 June 2009	80	1,831	3,388	75	33	127	(5,046)	488
Currency translation differences	-	-	-	-	-	18	-	18
Loss for the period	-	-	-	-	-	-	(898)	(898)
Total comprehensive income	-	-	-	-	-	18	(898)	(880)
Share capital issued	128	-	6,272	-	-	-	-	6,400
Cost of share issue	-	-	(880)	-	-	-	-	(880)
Share-based payment and warrant charge	-	-	-	426	-	-	-	426
Balance at 30 June 2010	208	1,831	8,780	501	33	145	(5,944)	5,554
Foreign translation differences	-	-	-	-	-	(3)	-	(3)
Loss for the period	-	-	-	-	-	-	(219)	(219)
Balance at 31 December 2010	208	1,831	8,780	501	33	142	(6,163)	5,332

NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2009

1 BASIS OF PREPARATION

The financial information has been prepared under the historical cost convention and on a going concern basis and in accordance with International Financial Reporting Standards and IFRIC interpretations adopted for use in the European Union ("IFRS") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information for the period ended 31 December 2010 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the period ended 30 June 2010. The figures for the period ended 30 June 2010 have been extracted from these accounts, which have been delivered to the Registrar of Companies, and contained an unqualified audit report.

The financial information contained in this document does not constitute statutory accounts. In the opinion of the directors the financial information for this period fairly presents the financial position, result of operations and cash flows for this period.

This Interim Financial Report was approved by the Board of Directors on 31 March 2011.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ('IAS') 34 – Interim Financial Reporting as adopted by the European Union. Accordingly the interim financial statements do not include all of the information or disclosures required in the annual financial statements and should be read in conjunction with the Group's 2010 annual financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Solo Oil Plc and its controlled entities. The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All inter-company balances and transactions have been eliminated in full.

Foreign currencies

The functional currency of each entity is determined after consideration of the primary economic environment of the entity. The group's presentational currency is Sterling (£).

2 SEGMENT REPORTING

Segment information is presented in respect of the Group's management and internal reporting structure. As currently the Group is not in producing or exploring directly, there is no revenue being generated, and the main business segment is that of a corporate administrative entity.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating and Geographical segments

The Group comprises the following operating segments:

Corporate – Parent company administrative costs, and investments, in United Kingdom.

Product R&D and Design – Holding of patent technology for now discontinued activity, in United Kingdom.

Product Manufacture – Remainder of costs and assets in relation to previous manufacturing of speaker technologies.

2 SEGMENT REPORTING CONTINUED

Six months ended 31 December 2010 (Unaudited)	Corporate	Product R&D and Design	Product Manufacture	Total
Business segments	£ 000's	£ 000's	£ 000's	£ 000's
Revenue				
External sales	-	-	-	-
Total revenue	-	-	-	-
Result				
Segment result	(219)			(219)
Finance income				-
Impairment charge				-
Loss before tax				(219)
Income tax expense				-
Loss for the period				(219)
Balance sheet				
Segment assets	5,279	100	-	5,379
Segment liabilities	(47)	-	-	(47)
Net assets	5,232	100	-	5,332
Geographical segments		United Kingdom	Australia	Total
Revenue		£000's	£000's	£000's
External sales		-	-	-
Total revenue		-	-	-
Result				
Segment result		(219)	-	(219)
Finance income		-	-	-
Impairment charge		-	-	-
Loss before tax				(219)
Income tax expense				-
Loss for the period				(219)
Balance sheet				
Segment assets		5,379	-	5,379
Segment liabilities		(47)	-	(47)
Net assets		5,332	-	5,332

2 SEGMENT REPORTING CONTINUED

Six months ended 31 December 2009 (Unaudited)	Corporate	Product R&D and Design	Product Manufacture	Total
Business segments	£ 000's	£ 000's	£ 000's	£ 000's
Revenue				
External sales	-	-	-	-
Total revenue	-	-	-	-
Result				
Segment result	(274)	-	-	(274)
Finance income	-	-	-	-
Impairment charge	-	-	-	-
Loss before tax				(274)
Income tax expense				-
Loss for the period				(274)
Balance sheet				
Segment assets	5,788	100	39	5,927
Segment liabilities	(6)	-	(3)	(9)
Net assets	5,782	100	36	5,918
Geographical segments		United Kingdom	Australia	Total
Revenue		£000's	£000's	£000's
External sales		-	-	-
Total revenue		-	-	-
Result				
Segment result		(274)	-	(274)
Finance income		-	-	-
Impairment charge		-	-	-
Loss before tax				(274)
Income tax expense				-
Loss for the period				(274)
Balance sheet				
Segment assets		5,888	39	5,927
Segment liabilities		(6)	(3)	(9)
Net assets		5,882	36	5,918

2 SEGMENT REPORTING CONTINUED

Year ended 30 June 2010 (Audited)	Corporate £ 000's	Product R&D and Design £ 000's	Product Manufacture £ 000's	Total £ 000's
Business segments				
Revenue				
External sales	-	-	-	-
Total revenue	-	-	-	-
Result				
Segment result	(898)	-	-	(898)
Finance income	-	-	-	-
Impairment charge	-	-	-	-
Loss before tax				(898)
Income tax expense				-
Loss for the period				(898)
Balance sheet				
Segment assets	5,497	100	50	5,647
Segment liabilities	(93)	-	-	(93)
Net assets	5,404	100	50	5,554
Geographical segments		United Kingdom £000's	Australia £000's	Total £000's
Revenue				
External sales		-	-	-
Total revenue		-	-	-
Result				
Segment result		(898)	-	(898)
Finance income		-	-	-
Impairment charge		-	-	-
Loss before tax				(898)
Income tax expense				-
Loss for the period				(898)
Balance sheet				
Segment assets		5,597	50	5,647
Segment liabilities		(93)	-	(93)
Net assets		5,504	50	5,554

3 LOSS PER ORDINARY SHARE

The calculation of earnings per share is based on the loss after taxation divided by the weighted average number of share in issue during the period:

	Six months ended 31 December 2010 (Unaudited)	Six months ended 31 December 2009 (Unaudited)	Year ended 30 June 2010 (Audited)
Net loss after taxation (£ 000's)	(219)	(274)	(898)
Weighted average number of ordinary shares used in calculating basic earnings per share (millions)	2,080.3	976.9	1,519.8
Basic loss per share (pence)	(0.01)	(0.03)	(0.06)

As the inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered to be anti-dilutive and, as such, a diluted loss per share is not included.

4 SHARE CAPITAL

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital. As a result, the Company's Articles of Association were amended at the AGM on 7 January 2010 to remove all reference to an authorised share capital.

The Directors of the Company continue to be limited as to the number of shares they can allot at any time and remain subject to the allotment authority granted by the shareholders pursuant to section 551 of the Companies Act 2006.

On 6 February 2009, a resolution was passed at the Company's annual general meeting to subdivide each existing issued and unissued ordinary share of 0.7p each into one ordinary share of 0.01p each and one deferred share of 0.69p each. The deferred shares have no voting rights, are not admitted to trading on AIM and are only entitled to negligible participation in the dividends and return of capital in the Company.

	Number of shares	Nominal value £000's
<u>Issued and fully paid shares:</u>		
1 July 2006	342,761,601	343
11 April 2007 - Consolidation of share capital	(293,795,658)	-
30 April 2007 – non cash for acquisition of Immersion Technology International Plc	175,903,671	1,231
1 July 2007 – non cash for minority interest compensation	1,731,645	12
6 May 2008 – non cash for director salary settlements	1,623,375	11
16 July 2008 for cash at 1p per share	18,500,000	130
14 August 2008 for cash at 1p per share	18,600,000	130
6 February 2009 – Reorganisation of share capital	-	(1,831)
6 May 2009 for cash at 0.1p per share	535,000,000	54
16 November 2009 for cash at 0.5p per share	224,700,000	22
11 December 2009 for cash at 0.5p per share	1,055,300,000	106
As at 31 December 2010	<u>2,080,320,634</u>	<u>208</u>
<u>Deferred shares</u>		
Deferred shares of 0.69 pence each	<u>265,324,634</u>	<u>1,831</u>

Total share options in issue

During the period 20 million options were issued (2009: 185 million).

As at 31 December 2010 the options in issue were:

<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Options in Issue</u>
21p	19 May 2011	734,489
1.54p	30 April 2018	7,000,000
0.5p	18 December 2012	205,000,000
0.5p	11 December 2012	60,000,000
		<u>272,734,489</u>

No options lapsed or were cancelled or exercised during the period ended 31 December 2010 (2009: nil).

Total warrants in issue

During the period, no warrants were issued (2009: nil).

As at 31 December 2010 the warrants in issue were;

<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Warrants in Issue</u>
1.5p	14 August 2013	18,550,000

No warrants lapsed or were cancelled or exercised during six months ended 31 December 2010 (2009: nil).

5 INVESTMENT IN GROUP COMPANIES

Company name	Country of incorporation	Proportion of ownership interest
Immersion Technology Property Limited	UK	100%
Immersion Technologies Australia Pty Limited	Australia	100%
Whise Technologies Pty Limited	Australia	100%

6 INTANGIBLE ASSETS

Group	Six months to 31 December 2010 (Unaudited) £ 000's	Six months to 31 December 2009 (Unaudited) £ 000's	Year ended 30 June 2010 (Audited) £ 000's
Cost			
Balance brought forward	3,512	100	5,022
Additions	181	785	3,412
Disposal	-	-	(4,922)
	<hr/> 3,693	<hr/> 885	<hr/> 3,512
Impairment			
Balance brought forward	-	-	4,922
Impairment charge	-	-	-
Disposal	-	-	(4,922)
Balance Carried Forward	<hr/> -	<hr/> -	<hr/> -
Net book value	<hr/> 3,693	<hr/> 885	<hr/> 3,512
The cost is analysed as follows:			
Intellectual property	100	100	100
Deferred exploration expenditure	3,593	785	3,412
	<hr/> 3,693	<hr/> 885	<hr/> 3,512

Impairment review

At 31 December 2010, the Directors have carried out an impairment review and are of the opinion that carrying value is now stated at fair value.

7 EVENTS AFTER THE REPORTING DATE.

There are no post balance sheet events to disclose.

8 The financial information set out above does not constitute the Group's statutory accounts for the period ended 30 June 2010, but is derived from those accounts.

9 A copy of this interim statement is available on the Company's website www.solooil.co.uk

DIRECTORS	David Lenigas – Executive Chairman Neil Ritson – Executive Director Kiran Morzaria – Non Executive Director Sandy Barblett – Non Executive Director
COMPANY SECRETARY	Kiran Morzaria
REGISTERED OFFICE	Suite 3B, Princes House 38 Jermyn Street London SW1Y 6DN
NOMINATED ADVISOR	Beaumont Cornish Limited 2nd Floor, Bowman House, 29 Wilson Street London EC2M 2SJ
AUDITORS	Chapman Davis LLP 2 Chapel Court London SE1 1HH
PUBLIC RELATIONS	Pelham Bell Pottinger 12 Arthur Street London EC4R 9AB
JOINT BROKERS	Beaumont Cornish Limited 2nd Floor, Bowman House, 29 Wilson Street London EC2M 2SJ Shore Capital Group Limited Bond Street House 14 Clifford Street London W1S 4JU
SOLICITORS	Kerman and Co LLP 200 Strand London WC2R 1DJ
REGISTRARS	Share Registrars Limited Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL