Nostra Terra Oil and Gas Company plc

(“Nostra Terra” or the “Company”)

Interim results for the six months ended 30 June 2010

Highlights

- First US oil production achieved
- Ukrainian assets transferred, with Nostra Terra retaining a right to 25% of any future net profits
- Additional investments made in Utah and Texas
- Appointment of COO
- Interim loss before taxation: £178,000 (2009: £181,000)
- Loss per share for the interim period: 0.011p (2009: 0.040p)
- Cash at 30 June 2010: £932,000

Chairman’s statement

During the six months to 30 June 2010, Nostra Terra made considerable progress in implementing the new strategic direction which it embarked on in the previous financial year. As a result, the Company became an oil and gas producer in the US for the first time.

By the end of the interim period, seven of the mature Kansas wells in which Nostra Terra has an interest had been redeveloped and brought into production. These wells are generating modest oil production, but their performance has so far been below our expectations. We are currently carrying out a comprehensive assessment to identify measures that may improve their productivity.

Meanwhile, the Company has continued to upgrade its asset portfolio. In February, we transferred our Ukrainian assets to Crimea Nadra Invest, with Nostra Terra retaining rights to 25% of any future net profits without further cost exposure, leaving the Company free to focus its resources on building a strong and growing presence in established hydrocarbon provinces within the US.

We also participated in the drilling of an exploratory well in the Utah Overthrust, and took our first small but highly encouraging step into Texas by acquiring a 2 per cent interest in a redevelopment well in the Austin Chalk formation. More details of all these activities are included in the Chief Executive’s report that follows.

The financial results for this interim period are prior to the recognition of any income from our US properties. Costs remain tightly controlled with a loss before tax of £178,000 virtually unchanged from the comparable period in 2009, but with reduced losses per share of 0.011 pence (2009: 0.040 pence). Investment in new oil properties during the period of £815,000 left the Company with cash at the period end of £932,000.

In June this year, we were delighted to welcome Alden McCall to our board as Nostra Terra’s Chief Operating Officer. Alden is an MBA from Thunderbird School of Global Management and a Certified Petroleum Geologist by the American Association of Petroleum Geologists. Alden’s business and technical experience spans 25 years, he has served as Exploration Manager for several companies and has excellent relationships within the US upstream oil and gas industry. His key priorities are to accelerate our growth in horizontal plays like the Austin Chalk and to lead the development of our overall operational capabilities.

I would like to end by thanking all our shareholders for their continued support. Transforming a business is rarely achieved overnight, but I am confident that we have laid a solid foundation on which to grow sustainably in scale and value, and I look forward to reporting on further significant progress in the coming months.

Sir Adrian Blennerhassett
Chairman

30 September 2010

Chief Executive's report

The first half of 2010 was an extremely busy and generally positive period for Nostra Terra. Field work on our first US properties, located within the Central Kansas Uplift ("CKU"), was hampered by the exceptionally severe winter, but by late March five rigs were in operation.

By the end of the period, two producing wells had been brought into production on the Boxberger property, two on Hoffman and three on Bloom.

Nostra Terra's net* monthly production in barrels of oil equivalent (boe) for June and the two months after the end of the reporting period was as follows:

	Boxberger	Bloom	Hoffman	Austin Chalk	Total
June	238	504	9	254	1,005
July	177	383	13	166	739
August	284	407	13	50	754
Total	699	1294	34	470	2,497

*Net to Nostra Terra's working interests, after royalties of approximately 20%. The Company's working interests in the four properties are as follows: Hoffman 25%, Bloom 75% before payout, Boxberger 75% before payout, Austin Chalk 2%.

Production from the seven reworked Kansas wells is now relatively stable and is expected to remain so for an extended period since wells within the CKU typically have very shallow decline curves. The income benefits from current production will become apparent in the second half of the year as there is a delay of several weeks before oil revenues are realised.

While first oil production is an important milestone for the Company, the volumes recovered to date remain below our expectations. Consequently, we shall not achieve our original cash flow targets for 2010, nor will we bring 15 of the CKU wells online by year end as originally anticipated since we do not consider that would be the best means of creating long-term value for our shareholders at this point.

Nostra Terra is currently conducting a detailed review covering all aspects of the redevelopment programme in order to improve both well performance and operational efficiency. The outcome of this review will determine the scope of further activity and investment in these properties as well as in other opportunities capable of delivering sustainable growth. In the meantime, the Company has applied for and been granted an operator licence in Kansas.

During the interim period, the Company acquired a 50% working interest in an additional 160 acres close to the Hoffman property, and also exercised an option to acquire a 50% working interest in two production wells and a salt water disposal well in the nearby Koelsch field.

A second important strategic milestone reached during the period was our exit from Ukraine. In February 2010, we signed an agreement with Crimea Nadra Invest ("CNI"), whereby CNI assumed all rights and obligations associated with the Joint Activity Agreement ("JAA") of 27 January 2001 covering Nostra Terra Overseas Ltd's "(NTOL"'s) interest in the Oktyabrskoe field licence, while NTOL retains a right to 25% of any net profits generated by CNI from the JAA, which runs until 2026. We believe this is an excellent outcome for Nostra Terra: CNI, with its local expertise and relationships, is well positioned to unlock additional value from the Oktyabrskoe reservoir, while we are now able to focus all our resources on achieving profitable and sustainable growth in regions of relatively low geological and political risk.

In line with that objective, Nostra Terra added to its US portfolio by acquiring a 7% working interest ("WI") before payout and 5% WI after payout in the Liberty #1 exploratory well in Juab County, Utah, which was completed in May. The well was classified as "tight" or confidential for commercial reasons, so the drilling results have not yet been made public.

In June, we further extended our search for reserves by acquiring a 2% interest in the redevelopment of a well within the Austin Chalk formation. A new section extending just over 1,900 feet horizontally from the original wellbore was drilled into the target formation, and in an initial 24-hour flow test the redeveloped well produced at a gross rate of 994 barrels of oil and 804,000 cubic feet of gas per day – well above our expectations.

A common characteristic of Austin Chalk producing wells is that they flow at high initial rates followed by relatively steep decline curves. Nevertheless, the total redevelopment costs of $890,000, including Nostra Terra's share, were fully recovered in just 35 days. The well is expected to remain profitable, albeit at lower production volumes, for several years. There is also the possibility of drilling a second horizontal section into a lower zone within the producing formation at a later date.

We see abundant opportunities, both in Texas and elsewhere in the US, to build on this initial success through the application of horizontal drilling technology in known carbonate and sandstone reservoirs. A number of such properties are currently been evaluated, and we believe this is a model that will generate significant and sustainable value for Nostra Terra and its shareholders.

During the remainder of this financial year, we shall be focused on two strategic priorities: screening and acquiring larger interests in established reservoirs that are candidates for horizontal drilling and have the potential to deliver substantial ongoing cash flow; and identifying and implementing measures to extract maximum value from our assets in Kansas.

Matt Lofgran
Chief Executive Officer

30 September 2010

Nostra Terra Oil and Gas Company plc

Statement of comprehensive income
for the six months ended 30 June 2010

	Six months to 30 June 2010 Unaudited £'000s	Six months to 30 June 2009 Unaudited £'000s	Year to 31 December 2009 Audited £'000s
Revenue	4	14	33
Cost of sales	-	(21)	(247)
Gross profit/(loss)	4	(7)	(214)
Administrative expenses	(182)	(174)	(445)
Operating loss	(178)	(181)	(659)
Impairment of goodwill and other intangibles	-	-	(3,268)
Other income	-	-	61
Loan notes and interest waived	-	-	25
Loss before tax	(178)	(181)	(3,841)
Income tax (charges)/recovery	-	-	-
Other comprehensive income/(cost)	(178)	(181)	(3,841)
Translation difference	12	-	-
Total comprehensive loss for the period from continuing operations attributable to owners of the company	(166)	(181)	(3,841)
Loss per share			
Attributed to:			
Equity holders of the company	Pence	Pence	Pence
Basic and diluted	(.011p)	(0.04p)	(0.46p)

The Company's operating loss arose from continuing operations.

There were no recognised gains or losses other than those recognised in the income statement above.

Nostra Terra Oil and Gas Company plc

Statement of financial position as at 30 June 2010

	Note	As at 30 June 2010 Unaudited £'000s	As at 30 June 2009 Unaudited £'000s	As at 31 December 2009 Audited £'000s
Assets				
Non-current assets				
Goodwill		-	3,044	-
Other intangibles		2,621	133	1,806
Property, plant and equipment		-	-	4
		2,621	3,177	1,810
Current assets				
Trade and other receivables		12	587	30
Cash and cash equivalents		932	1	1,895
		944	588	1,925
Current liabilities				
Trade and other payables		277	135	292
Financial liabilities - borrowings		-	35	-
		277	170	292
Net current assets		667	418	1,633
Non-current liabilities				
Other loans	5	380	367	357
Net assets		2,908	3,228	3,086
Equity				
Capital and reserves				
Share capital		1,550	988	1,550
Share premium account		6,842	4,066	6,842
Translation reserve		-	(168)	12
Accumulative deficit		(5,484)	(1,658)	(5,318)
Total equity		2,908	3,228	3,086

Nostra Terra Oil and Gas Company plc

Cash flow statement
for the six months ended 30 June 2010

	Note	Six months to 30 June 2010 Unaudited	Six months to 30 June 2009 Unaudited	Year to 31 December 2009 Audited
		£'000	£'000	£'000
Cash flows from operating activities	**3**			
Cash generated/(consumed) by operations		(148)	(19)	(485)
Net cash outflow from operating activities		(148)	(19)	(485)
Cash flows from investing activities				
Sale/(purchases) of plant and equipment		-	9	(5)
Purchase of intangibles - new oil properties		(815)		(1,551)
Net cash from investing activities		(815)	9	(1,556)
Cash flows from financing activities				
Proceeds on issue of shares		-	-	3,925
Increase/(decrease) in cash and cash equivalents		(963)	(10)	1,884
Cash and cash equivalents at the beginning of the period		1,895	11	11
Bank balances and cash		932	1	1895

Nostra Terra Oil and Gas Company plc

Consolidated statement of changes in equity
for the six months ended 30 June 2010

	As at 30 June 2010 £'000	As at 30 June 2009 £'000	As at 31 December 2009 £'000
As at beginning of period	3,086	2,886	2,886
Deficit for the period	(178)	(181)	(3,841)
Issue of share capital net of expenses		356	4,041
Translation reserves		(181)	-
Conversion of loan notes and other debt		348	-
As at end of period	2,908	3,228	3,086

Nostra Terra Oil and Gas Company plc

Notes to the interim report for the six months ended 30 June 2010

1. Nature of financial information

These interim results have been prepared in accordance with International Financial Reporting Standards and on the historical cost basis, using generally recognised accounting principles and using the accounting policies which are consistent with those set out in the Company's annual report and accounts for the year to 31 December 2009.

The unaudited results for period ended 30 June 2010 do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the 12 months ended 31 December 2009 are extracted from the statutory financial statements which have been filed with the Registrar of Companies and which contain an unqualified audit report, did not draw attention to any matters by way of an emphasis of matter paragraph and contained no statement under Section 498 (2) or (3) of the Companies Act 2006.

Copies of this interim statement are available from the Company at its registered office at Finsgate, 5-7 Cranwood Street, London EC1V 9EE. The interim statement will also be available on the Company's website www.ntog.co.uk.

2. Loss per share

	Six months to 30 June 2010 Unaudited	Six months to 30 June 2009 Unaudited	Year to 31 December 2009 Audited
Loss per ordinary share			
Basic and diluted	(0.011p)	(0.04p)	(0.46p)

The loss per ordinary share is based on the Company's loss for the period of £178,000 (30 June 2009 - £181,000; 31 December 2009 £3,841,000) and basic weighted average number of shares in issue of 1,549,600,913 (30 June 2009- 379,256,131; 31 December 2009- 827,205,057).

Given the Company's loss for the period, the diluted loss per share is the same as the basic loss per share.

Nostra Terra Oil and Gas Company plc

Notes to the interim report for the six months ended 30 June 2010 (continued)

3. Reconciliation of operating loss to net cash outflow from operating activities.

	Six months to 30 June 2010 Unaudited £'000s	Six months to 30 June 2009 Unaudited £'000s	Year to 31 December 2009 Audited £'000s
Loss for the period	(178)	(181)	(3,841)
Adjustments for:			
Depreciation of property, plant and equipment	-	46	48
Amortisation of intangibles	-	-	153
(Increase)/decrease in receivables	18	23	57
(Decrease)/increase in payables	(15)	91	(288)
Contribution from Director	-	-	(61)
Expenses settled in shares	-	-	83
Loan notes waived	-	-	(25)
Impairment on goodwill	-	-	3,268
Loan from participating interest write off	-	-	168
Foreign exchange losses	27	2	(47)
Net cash from operating activities	(148)	(19)	(485)

4. Segmental analysis

In prior years, segment information reported externally was analysed on the basis of one class of business, being oil and gas exploration, development and production and the sale of hydrocarbons and related activities; and in only one geographical area, the Ukraine. However, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is now more specifically focused on the different geographical location of the oil properties. The Group's reportable segments under IFRS 8 are therefore as follows:

Ukraine: a 25% profit share in the onshore Oktyabrskoe oil field in the Ukraine.

US mid-continent properties are located in the Central Kansas Uplift (CKU) and include the following:

(i) Hoffman: a 25% working interest in five production wells and one salt water disposal well on the Hoffman property, located within the Trapp field in Barton County and Russell County, Kansas, and a 50% interest in an additional undeveloped 160 acres nearby, also within the Trapp field

(ii) Bloom: a 50% working interest in nine production wells and two salt water disposal wells on the Bloom property, located within the Chase-Silica field in Rice County, Kansas. The Company is entitled to 75% of revenues until it has received 100% of its initial development costs from production revenues.

(iii) Boxberger: a 50% working interest in 11 wells, including at least two salt water disposal wells, on the Boxberger property, located in Russell County, Kansas within the Gorham field. The Company is entitled to 75% of revenues until it has received 100% of its initial development costs from production revenues

(iv) Koelsch: a 50% working interest in two production wells and one salt water disposal well in the Koelsch property, located in Stafford County, Kansas.

Utah: a 7% working interest before payout and a 5% working interest after payout in the Liberty #1 exploratory well in Juab County, Utah.

Texas: a 2% working interest in an Austin Chalk re-entry well in Lee County, Texas.

The chief operating decision maker internal report is based on the location of the oil properties as disclosed below.

Segment results - 30 June 2010	**US mid-continent 2010 £**	**Ukraine 2010 £**	**Head office 2010 £**	**Total 2010 £**
Revenue				
Total	-	4	-	4
Inter company	-	-	-	-
Revenue	-	4	-	4
Operating loss before depreciation, amortisation, share-based payment charges and restructuring costs:	-	(8)	(174)	(182)
Operating loss	-	(4)	(174)	(178)
Loss before taxation		(4)	(174)	(178)
Segment assets - 30 June 2010				
Intangible assets	2,621	-	-	2,621
Other assets	-	7	937	944
	2,621	7	937	3,565

5. Loan notes issued by Nostra Terra (Overseas) Limited

The long-term creditors represent unsecured and interest-free loan notes issued by Nostra Terra (Overseas) Limited ("NTOL") on 25 May 2007 which are due for repayment on or before 30 November 2012 with no contingency based on the cash flow from NTOL's Ukrainian assets.