

CARDINAL RESOURCES PLC ANNOUNCES 2006 INTERIM RESULTS

LONDON - Wednesday, 27th September 2006

Cardinal Resources plc (AIM:CDL) ("Cardinal" or "the Company"), an independent oil and gas production and exploration company operating in Ukraine, today announces its interim results for the six month period ending 30th June 2006.

Financial highlights for the period:

- Group turnover, including the Company's share of joint venture turnover at the Bytkiv Field, increased 205% to \$5.8 million.
- Gross profit increased to \$3 million from \$0.3 million.
- Cash at bank and in hand at the end of the period totalled \$14.8 million. A further \$14.1 million remains un-drawn from the \$38 million Silver Point Capital (SPC) facility.
- EBITDA improved to a loss of \$1 million from a loss of \$2.1 million in the same period last year.
- Loss per ordinary share was \$0.035, compared to \$0.042 in the same period last year, and \$0.093 at 2005 year end.

Operational highlights during the period:

- Well swap announced in March with joint activity partner, Ukgazvydobuvannya (Ukgaz), increased Cardinal's ownership and operational control of the Bilousivsko-Chornukhinska (BC) licence area. Work programme on Rudis assets was subsequently initiated.
- Exploration well #2 on the Dubrivska (DB) licence reached total depth in March and workovers on wells BC #13 and Bytkiv #506 were successfully completed in January and March, respectively.
- Highlights of Scott Pickford Ltd's reserve report were published in May, estimating Cardinal's P1 and P2 reserves at 32.5 MBOE and the pre-tax present value of the Company's reserves, discounted at 10%, at \$124.7 million.
- Average gas realisations for the Company during the period, including VAT, were \$3.24/Mcf, an increase of 36% since year end 2005. The price

reached a high of \$3.55/Mcf in April.

Post reporting period operational highlights:

- BC well #3A reached total depth in September and is being prepared for testing.
- Well NY #4 spudded in September.
- 3-D seismic survey commenced on the DB licence in September.
- Recovery of production of BC well #111 was carried out and, in September, was being tested.

Commenting on today's results, Robert J. Bensch, Chairman and Chief Executive Officer of Cardinal said, "During the period Cardinal has made considerable progress on the Rudis work programme, which has been the key focus of our activity since the acquisition of these assets in October of last year. We are already yielding results and hope to significantly increase production by the end of 2007 as previously announced. While the political uncertainty in Ukraine has somewhat impacted our business, particularly with regards to negotiating the RC Field reinstatement, we remain committed to resolving this issue."

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CHAIRMAN'S STATEMENT

The first half of 2006 has been an active period for Cardinal. We have initiated the work programme on the oil and gas fields acquired in the Rudis acquisition, which we believe, if successful, should be capable of generating substantial production and cash flow by the end of 2007. I believe we are making steady

progress towards the Company's goal of aggregating an asset base of under-developed oil and gas properties in Ukraine and comparable regions that we can develop using modern equipment, technology and the know-how of an experienced management team. After almost 18 months since the Company's admission to AIM, reserves and production have increased considerably and an active development programme is underway to exploit the optimum production potential of reserves in the ground.

Progress at the RC Field continues to be constrained pending a resolution to Cardinal's attempt to reinstate its working interest in the field to 45%. Negotiations with our JAA partner, Ukrnafta, were halted prior to the Ukrainian parliamentary elections on March 26, 2006 and have yet to resume due to the extended time it has taken to form a coalition government. Now that a new Prime Minister is in office I expect some stability to return to the country. Direct discussions with our partner regarding the reinstatement of the RC Field are forthcoming, as well as with other influential parties in the country. The Board is also reviewing all of our options with regards to ensuring a swift resolution to the reinstatement, including Cardinal's contractual right to initiate arbitration in Stockholm. We will continue to update the market when developments occur.

Average production net to the Company in June 2006 was 999 boepd. The decrease since the end of 2005 is due to wells being worked over and the decline in production of the two wells on the Kulickykhin Field, which is explained in further detail below. Average net daily production on the Rudis properties at the end of the period was 536 boepd versus 672 boepd at the end of December 2005. Net production at the RC and Bytkiv Fields at 30th June was 325 boepd and 138 boepd respectively.

Gas prices have continued to rise during the first half of 2006. Cardinal's average realisations during the period were \$3.24/Mcf - an uplift of 36% since the end of 2005. With further increases in import prices expected for 2007, I am optimistic that prices will remain at these higher levels over the next twelve months.

Financial Review

The 205% increase in Group turnover was partially offset by higher general and administration costs (G&A) as a result of the amortisation of fees for the SPC

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financing in accordance with FRS 4, recruitment costs for operating and engineering staff in Ukraine, advisory fees and additional staffing and facilities costs related to the Rudis acquisition. Excluding exploration costs and non-cash items, such as depreciation, and the application of FRS 4 and FRS 20, G&A totalled \$4.0 million, compared with \$3.0 million for the same period last year.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the period was a loss of \$1 million, compared to a loss of \$2.1 million in 2005, excluding non-recurring costs.

	30 June 2006 \$'000	30 June 2005 \$'000 Restated	31 December 2005 \$'000 Restated
Operating loss	(1,895)	(3,139)	(8,348)
Depreciation/depletion charge	419	279	196
Share of joint venture	(16)	185	1,173
Amortisation of finance charges	506	-	-
EBITDA (including non-recurring costs)	(986)	(2,675)	(6,979)
Non-recurring costs	-	601	1,976
EBITDA (excluding non-recurring costs)	(986)	(2,074)	(5,003)

Review of Operations

The work programme on the Rudis properties, on which Cardinal owns the licences and controls operations, is progressing well. It is our intention, as announced in March, to complete seven workovers and drill four of seven new wells on the BC and NY licences by the end of 2007. If the work progresses as planned, we believe that production could increase by approximately 2,500 to 3,000 boepd by the end of this period. The uplift in production is dependent upon the gas gathering facility which is currently under construction on the BC licence and scheduled to be completed in the second quarter of 2007.

Following the well swap with Ukgaz announced in March, which provided Cardinal with increased ownership and operating control of the BC licence, two workovers have been completed in January and September and one well (BC #3A) reached total depth in September with indications of the presence of hydrocarbons found in two

zones. The exploratory well on the Dubrivska (DB) licence, which was drilling at the time of the Rudis acquisition, also reached total depth in March, has been tested and is now temporarily suspended. One new well is being drilled and a workover is underway on the NY licence. Workovers also continue at the Bytkiv Field but, as previously announced in May, the economics for drilling new wells in the field have diminished significantly.

- The workover on BC well #13 was successfully completed in January. Gas is flared at this well to permit condensate production. The well will eventually be tied in to Cardinal's gas gathering facility on the BC licence area which is expected to be completed during the second quarter of 2007. The design of the facility is nearly complete, equipment has been sourced and construction has begun. A tie-in point to the main pipeline which runs through the licence has also been identified.
- The drilling of BC well #3A was completed in early September using a Ukrainian rig hybridised with modern drill bits and mud conditioning equipment. Two zones (Visean-18 and 20) between 3,000 to 3,150 metres were found which appear to be hydrocarbon-bearing based on log analyses. These zones are currently being tested to see whether they are capable of commercial production.
- The exploratory well #2 on the DB licence was completed in March and testing ended in September. A secondary objective in the Visean-19 (V-19) formation was tested with encouraging indications of gas and condensate but with water dominating, believed to be from water-bearing sand below the V-19. A 3-D seismic survey is now being carried out to evaluate part of the licence area and determine whether further drilling should take place. The well has been temporarily abandoned pending the results of the 3-D survey which are expected by spring 2007.
- NY well #4, which is covered by JAA #429 with Ukgaz, spudded in early September.
- Equipment is being moved to BC #116A in anticipation of an October 2006 spud date, and the BC #13A, originally scheduled for first quarter 2007, is expected to spud in December 2006.

- An agreement was made with Ukgaz in September 2006 to take wells #18 and #26 on the Kulickykhin Field out of JAA #429 and return them 100% to Ukgaz. Production at these wells has declined significantly since the beginning of the year: July production averaged 42 boepd versus 256 boepd in February. In return, Ukgaz has verbally agreed to complete the workovers of North Yablunivska (NY) wells #201, #203 and #300 at their expense.
- Recovery operations on the previously abandoned well #111 on the Bilousivsko-Chornukhinska (BC) licence commenced in late June 2006 and were completed in September. The well is currently being tested.
- The workover on NY well #203 is currently in progress. When completed it has been verbally agreed with Ukgaz that the rig will move to work over NY wells #201 and #300 in succession.
- The workover of Bytkiv well #524 is in progress. The well plan for Bytkiv well #1007 is currently being modified by Ukrnafta but the well is not anticipated to spud before the fourth quarter of 2006. The results of this well are expected to determine whether further drilling will take place on the field or not.

Outlook

I expect activity on the oil and gas fields acquired in the Rudis transaction to continue to dominate Company news flow between now and the end of the year. In addition to the well currently drilling on the NY licence, two further wells and several workovers are expected to commence on the BC and NY licence areas during the second half of 2006, as well as ongoing construction of the gas gathering facility. If the work and outcome progress as we plan, the Board believes that production could increase significantly by the end of 2007 when we will be in a prime position to take further advantage of the continued increases in gas prices in Ukraine.

Robert J. Bensch

Chairman and Chief Executive Officer

27th September 2006

Cliff West, Executive Vice President and Chief Operating Officer of Cardinal (Member of the American Association of Petroleum Geologists - Certified Petroleum Geologist # 1563) is the qualified person that has reviewed and approved the technical information within this press announcement.

Glossary of Terms

boepd	Barrels of oil equivalent per day
Mcf	Thousand cubic feet of gas
MMBOE	Million barrels of oil equivalent
P1 (Proved)	Those oil or gas reserves considered to have at least a 90% chance of being recovered (using the Society of Petroleum Engineers definitions)
P2 (Probable)	Those oil or gas reserves considered to have at least a 50% chance of being recovered (using the Society of Petroleum Engineers definitions)
PV	Present value

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Notes to Editor

Cardinal Resources plc

Cardinal Resources plc is an independent oil and gas company engaged in the acquisition, development, production and exploration of oil and natural gas properties in Ukraine. Cardinal is an experienced operator in the country focused on expanding its existing operations through the farm-in or acquisition

of additional upstream oil and gas assets that can be further developed through the application of modern technology and expertise.

Cardinal's main assets are:

Rudivsko-Chernovozavodske (RC) Field

Rudivsko-Chernovozavodske is a large under-developed gas field (1.54 TCF original gas in place), located in the Dnieper-Donets basin, 200km east of Kiev in the Poltava Oblast. Cardinal has a Joint Activity Agreement (JAA) with a subsidiary of Ukrnafta for production and further development in which Cardinal holds a 14.9% net profit interest.

Bytkiv-Babchenske (Bytkiv) Field

Bytkiv-Babchenske is an oil field, located in the Carpathian fold belt, 45km south-west of Ivano-Frankivsk in the Nadvirna Oblast. Cardinal has a 45% interest through UkrCarpatOil, a Joint Venture (JV) with Ukrnafta, to operate and develop the field.

Plus the following assets which were acquired as part of the Rudis Drilling Company transaction in 2005:

Bilousivsko-Chornukhinska (BC) Licence

Bilousivsko-Chornukhinska is a producing gas-condensate licence in the Dnieper-Donets basin, 100% owned and operated by Cardinal.

North Yablunivska (NY) Licence

North Yablunivska is a producing gas-condensate licence in the Dnieper-Donets basin, 100% owned by Cardinal and operated under the JAA. For four wells on the licence covered by JAA 429, Cardinal's interest is only 50% in each such well.

Dubrivska (DB) Licence

Cardinal has drilled an exploration well as part of the JAA with Ukrgazvydobuvannya.

Ukrgazvydobuvannya JAA #429

Cardinal has a 50% percent interest in a JAA with Ukrgazvydobuvannya which covers certain wells on the NY licence area and one well in the Bilskie field.

This release may contain certain forward-looking statements. These statements relate to future events or future performance and reflect management's expectations regarding Cardinal's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect

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management's current beliefs, are based on information currently available to management and are based on reasonable assumptions as of this date. No assurance, however, can be given that the expectations will be achieved. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release. While Cardinal makes these forward-looking statements in good faith, neither Cardinal, nor its directors and management, can guarantee that the anticipated future results will be achieved.

Consolidated Profit and Loss Account

for the six months ended 30 June 2006

	Note	Six months ended 30 June 2006 Unaudited \$' 000	Six months ended 30 June 2005 Unaudited \$' 000 (Restated)	Year ended 31 December 2005 Audited \$' 000 (Restated)
Turnover				
Group and share of joint venture		5,818	1,906	4,587
Less: share of joint venture turnover		(1,344)	(974)	(1,556)
Cost of sales		4,474	932	3,031
		(1,523)	(632)	(1,595)
Gross profit		2,951	300	1,436
Costs of admission to AIM		-	-	(467)
Reorganisation expenses		-	(601)	(1,509)
Other general & administrative expenses		(4,846)	(2,838)	(7,808)
Total general & administrative expenses		(4,846)	(3,439)	(9,784)
Operating loss		(1,895)	(3,139)	(8,348)
Share of operating (losses)/profit of joint venture		(16)	185	1,173
Interest receivable		381	54	96
Interest payable		(1,869)	(5)	(221)

Loss on ordinary activities before taxation		5808J. txt (3,399)	(2,905)	(7,300)
Corporation tax		(645)	(134)	(473)
Loss on ordinary activities transferred to reserves		(4,044)	(3,039)	(7,773)
Loss per ordinary share (\$)	2	(0.035)	(0.042)	(0.093)

There were no recognised gains or losses other than the result for the financial period.

Consolidated Balance Sheet
at 30 June 2006

	Note	30 June 2006 Unaudited \$' 000	30 June 2005 Unaudited \$' 000 (Restated)	31 December 2005 Audited \$' 000 (Restated)
Fixed assets				
Intangible fixed assets		4,082	-	1,587
Tangible fixed assets		15,269	2,915	16,345
		19,351	2,915	17,932
Investments				
Joint venture				
Share of gross assets		3,067	2,168	2,428
Share of gross liabilities		(1,378)	(1,682)	(1,171)
		1,689	486	1,257
		21,040	3,401	19,189
Current assets				
Stock		7	8	160
Debtors		6,556	2,227	1,543
Cash at bank and in hand		14,834	13,034	23,995
		21,397	15,269	25,698
Creditors: amounts falling due within one year		(3,785)	(2,843)	(5,045)

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Net current assets		17,612	12,426	20,653
Total assets less current liabilities		38,652	15,827	39,842
Creditors: amounts falling due after more than one year	4	(20,137)	(1,220)	(19,233)
Provision for liabilities and charges		(1,016)	(144)	(897)
Capital and reserves		17,499	14,463	19,712
Called up share capital		42,165	32,435	42,165
Share premium account		2,968	3,393	2,968
Reverse acquisition reserve		(1,278)	(1,278)	(1,278)
Other reserves		3,111	1,439	2,117
Profit and loss account		(29,467)	(21,526)	(26,260)
Total shareholders' funds	3	17,499	14,463	19,712

Consolidated Cash Flow Statement

for the six months ended 30 June 2006

	Six months ended 30 June 2006 Unaudited \$' 000	Six months ended 30 June 2005 Unaudited \$' 000 (Restated)	Year ended 31 December 2005 Audited \$' 000 (Restated)
Net cash outflow from operating activities	(6,702)	(3,459)	(6,193)
Returns on investment and servicing of finance			
Interest received	381	54	96
Interest paid	-	(5)	(220)

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Net cash inflow/(outflow) from returns on investments and servicing of finance	381		49 (124)
Taxation	(687)		(134) (256)
Capital expenditure and financial investment			
Purchase of intangible fixed assets	(2,495)		(1,131)
Purchase of tangible fixed assets	(652)		(577) (380)
Net cash outflow from capital expenditure and financial investment	(3,147)		(577) (1,511)
Acquisitions			
Cash paid for purchase of subsidiary undertaking	-		- (6,000)
Net cash from purchase of subsidiary undertaking	-		- 723
Net cash outflow from acquisitions	-		- (5,277)
Financing			
Share option & warrants valuation	183		136 288
Silver Point loan advance	-		- 23,900
Costs of loan arrangement	-		- (4,817)
Share and warrant issues	811		19,843 20,341
Costs of admission to AIM	-		- (5,009) (4,541)
Net cash inflow from financing	994		14,970 35,171
(Decrease)/increase in cash	(9,161)		10,849 21,810

Notes to the interim statement
for the six months ended 30 June 2006

1. Accounting policy

This interim statement has been prepared in accordance with the accounting standards adopted by the Company in its Annual Report and Accounts for 2005, with the exception that the Company adopted FRS 20 (Share Based Payments) from 1 January 2006 and this required prior period adjustments to the previously published statements. This also resulted in an increase in General & Administrative expenses as set out in the table below.

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
Value of share options/warrants expensed for the period	\$' 000 183	136	288

2. Loss per ordinary share

	Six months ended 30 June 2006	Six months ended 30 June 2005 (Restated)	Year ended 31 December 2005 (Restated)
Loss for the period	\$' 000 (4,044)	(3,039)	(7,773)
Weighted average number of shares	' 000 114,554	68,654	83,201
Loss per ordinary share	\$ (0.035)	(0.044)	(0.093)

3. Reconciliation of movement in shareholders funds

	30 June 2006	30 June 2005 (Restated)	31 December 2005 (Restated)
	\$' 000	\$' 000	\$' 000
Loss for the period	(4,044)	(3,039)	(7,773)
Shares issued	-	19,843	42,889
Share issue costs	-	(5,008)	(4,541)
Warrants issued	811	386	498
Shares to be issued	-	-	(14,209)

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Warrants and options expensed	183	136	288
Dividends received	837	-	-
Other reserves movement	-	(415)	-
Net (decrease)/increase in shareholders funds	(2, 213)	11, 903	17, 152
Opening shareholders funds	19, 712	2, 560	2, 560
Closing shareholders funds	17, 499	14, 463	19, 712

4. Creditors: amounts falling due after more than one year

	30 June 2006 \$' 000	30 June 2005 \$' 000	31 December 2005 \$' 000
Gross bank borrowings one to five years	23, 900	-	23, 900
Interest payable in PIK notes	1, 950	-	-
	25, 850	-	23, 900
Less: costs of raising bank borrowings	(4, 555)	-	(4, 817)
FRS25 equity portion of loan	(1, 308)	-	-
	19, 987	-	19, 083
Other creditors	150	1, 220	150
	20, 137	1, 220	19, 233

5. The directors do not recommend the payment of a dividend.

6. The financial information contained in this document does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information for the year ended 31 December 2005 is extracted from the audited financial statements for that period on which the auditors gave an unqualified report, with the exception of the prior period adjustment. A copy of those financial statements has been filed with the Registrar of Companies.

7. Copies of this statement will be made available on the Company website at www.cardinal-uk.com and will be available, on request, from the Company's registered office at Whitefriars House, 6 Carmelite Street, London EC4Y 0BS.

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