



PERSIAN GOLD PLC
MIDDLE EAST GOLD EXPLORATION

Interim Report 2010

Interim Results for the Six Month Period to 30th June 2010

A new era beckons for shareholders in Persian Gold. A major transformation in strategy is underway. In the coming months Persian Gold will transform into Clontarf Energy. Gold exploration opportunities in Iran and our early stage lithium opportunities in Bolivia will be subsumed into a company with oil and gas production and exploration. The above will require shareholder approval. Details will be sent to all shareholders in the coming months followed by a special meeting.

The proposal, agreed by your board, is to acquire Hydrocarbon Exploration, an unlisted public company, with oil and gas operations in the Gulf of Mexico and Bolivia, and a potential share in a Ghanaian oil exploration block and early stage exploration interests in Bolivian lithium exploration.

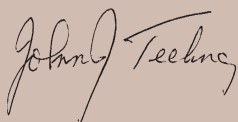
The proposal is to offer 2,500 Persian Gold shares for every 1 Hydrocarbon Exploration share. On that basis, the Persian Gold share price of 6.75p at the time of suspension values each Hydrocarbon Exploration share at £168.75. Post merger and prior to any funding, Clontarf Energy, the relisted vehicle, will therefore be owned as to 54% by Persian Gold shareholders and 46% by Hydrocarbon Exploration shareholders respectively. The merger is being achieved by a Scheme of Arrangement. Technical, legal and financial due diligence is advanced. Assuming this is satisfactory and all legal, regulatory and shareholder approvals are obtained, and necessary funding raised, the relisted company with new financing will list in the last quarter of this year.

Persian Gold has acquired 1,425 shares in Hydrocarbon Exploration representing 5.6% of the issued share capital. This was achieved by purchasing all of the share fractions held by upwards of 3,800 Hydrocarbon Exploration shareholders in the process of a share consolidation. The cost of purchase of these shares was £178,125.

When shareholders receive the full set of documents the strategy will become clearer. The Ghanaian block, though early stage, offers significant potential. Work is ongoing to clear up legal issues with the Gulf of Mexico properties. Bolivia has political uncertainty and legacy issues relating to title but there are opportunities in gas and lithium.

We are not ignoring our Iranian investments. Five years work and millions of dollars have gone into our two projects, Chah-e-Zard and Dalli, both of which have potential. We are working with the Iranian authorities to obtain Discovery Certificates without which we cannot proceed.

One thing is sure, the future is going to be very different from the past. New directions, new projects, new money and a new name will revitalise our company.



John Teeling
Chairman

17th September 2010

Financial Information (unaudited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended 30 June 10 unaudited £'000	30 June 09 unaudited £'000	Year Ended 31 Dec 09 audited £'000
Revenue	0	0	0
Operating costs	(142)	(160)	(315)
OPERATING LOSS	(142)	(160)	(315)
Finance income	0	0	0
Finance costs	(1)	(1)	(1)
LOSS BEFORE TAXATION	(143)	(161)	(316)
Income tax expense	0	0	0
LOSS AFTER TAXATION	(143)	(161)	(316)
LOSS PER SHARE - Basic and diluted	(.19p)	(.22p)	(.42p)

CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 10 Unaudited £'000	30 June 09 Unaudited £'000	31 Dec 09 Audited £'000
NON-CURRENT ASSETS			
Intangible assets	1,925	1,893	1,910
CURRENT ASSETS			
Other receivables	7	10	4
Cash and cash equivalents	4	80	24
	11	90	28
TOTAL ASSETS	1,936	1,983	1,938
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(507)	(276)	(386)
NON-CURRENT LIABILITIES			
Provisions	(10)	(10)	(10)
TOTAL LIABILITIES	(517)	(286)	(396)
NET ASSETS	1,419	1,697	1,542
EQUITY			
Share Capital	2,861	2,841	2,841
Reserves	(1,442)	(1,144)	(1,299)
TOTAL EQUITY	1,419	1,697	1,542

Financial Information (unaudited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six Months Ended 30 June 10

	Share Capital £'000	Share Premium £'000	Share Based Payments Reserve £'000	Retained Losses £'000	Total Equity £'000
As at 1 January 2009	186	2,655	215	(1,198)	1,858
Loss for the period				(161)	(161)
As at 30 June 2009	186	2,655	215	(1,359)	1,697
Loss for the period				(155)	(155)
As at 31 December 2009	186	2,655	215	(1,514)	1,542
Shares issued	1	19			20
Warrants exercised			(8)	8	0
Loss for the period				(143)	(143)
As at 30 June 2010	187	2,674	207	(1,649)	1,419

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six Months Ended 30 June 10 unaudited £'000	30 June 09 unaudited £'000	Year Ended 31Dec09 audited £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(143)	(161)	(316)
Finance costs recognised in loss	1	1	1
Finance income recognised in loss	0	0	0
Exchange movements	1	5	4
	(141)	(155)	(311)
Movements in working capital	118	109	225
CASH USED BY OPERATIONS	(23)	(46)	(86)
Finance costs	(1)	(1)	(1)
Finance income	0	0	0
NET CASH USED IN OPERATING ACTIVITIES	(24)	(47)	(87)
INVESTING ACTIVITIES			
Payments for intangible assets	(15)	(62)	(79)
NET CASH USED IN INVESTING ACTIVITIES	(15)	(62)	(79)
FINANCING ACTIVITIES			
Proceeds from issue of equity shares	20	0	0
NET CASH GENERATED FROM FINANCING ACTIVITIES	20	0	0
NET DECREASE IN CASH AND CASH EQUIVALENT	(19)	(109)	(166)
Cash and cash equivalent at beginning of the period	24	194	194
Effect of exchange rate changes on cash held	(1)	(5)	(4)
CASH AND CASH EQUIVALENT AT END OF THE PERIOD	4	80	24

Notes

1. INFORMATION

The financial information for the six months ended June 30th, 2010 and the comparative amounts for the six months ended June 30th, 2009 are unaudited. The financial information above does not constitute full statutory accounts within the meaning of section 240 of the Companies Act 1985.

The Interim Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the Group 2009 Annual Report, which is available at www.persiangoldplc.com

The interim financial statements have not been audited or reviewed by the auditors of the Group pursuant to the Auditing Practices board guidance on Review of Interim Financial Information.

2. No dividend is proposed in respect of the period.

3. LOSS PER SHARE

Basic loss per share is computed by dividing the loss after taxation for the year available to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend during the year. Diluted earnings per share is computed by dividing the loss after taxation for the year by the weighted average number of ordinary shares in issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the year.

	30 June 10	30 June 09	31 Dec 09
	£	£	£
Loss per share – Basic and Diluted	(0.19p)	(0.22p)	(0.42p)

The following table sets out the computation for basic and diluted earnings per share (EPS):

Numerator

For basic and diluted EPS retained loss	(143,188)	(161,024)	(316,000)
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Denominator

Weighted average number of ordinary shares	74,690,178	74,662,198	74,662,198
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Basic and diluted loss per share are the same as the effect of the outstanding share options is anti-dilutive and is therefore excluded.

4. INTANGIBLE ASSETS

	30 June 10	30 June 09	31 Dec 09
Exploration and evaluation assets:	£'000	£'000	£'000
Cost at 1 January	1,910	1,831	1,831
Additions	15	62	79
	<u> </u>	<u> </u>	<u> </u>
Cost and net book value	1,925	1,893	1,910
	<u> </u>	<u> </u>	<u> </u>

Exploration and evaluation assets relates to expenditure incurred in prospecting and exploration for gold in Iran.

The group's activities are subject to a number of significant potential risks including:

- price fluctuations
- foreign exchange risks
- uncertainties over development and operational risks
- operations and environmental risks
- political and legal risks, including arrangements with governments for licenses, profit sharing and taxation.
- foreign investment risks including increases in taxes, royalties and renegotiation of contracts
- liquidity risks
- funding risks

The realisation of this intangible asset is dependent on the discovery and successful development of economic mineral reserves which is affected by these and other risks. Should the realisation of the intangible asset prove unsuccessful the value included in the balance sheet would be written off to the income statement.

The directors are aware that by its nature there is an inherent uncertainty in such development expenditure as to the value of the asset.

The rate of progress in obtaining discovery certificates on two projects in Iran is slower than expected. Notwithstanding these delays, the directors are confident that the capitalised value of these projects is fully recoverable, either through progressing the projects after resolving delays with the Iranian authorities, or by realising value through disposal to a large mineral resource development group who can progress the project.

Having reviewed the deferred exploration and evaluation development expenditure at 30 June 2010, the directors are satisfied that the value of the intangible asset is not less than carrying net book value.

5. SHARE CAPITAL

	30 June 10 £'000	30 June 09 £'000	31 Dec 09 £'000
Authorised:			
800,000,000 ordinary shares of 0.25p	2,000	2,000	2,000
	<u> </u>	<u> </u>	<u> </u>
Allotted, Called Up and Fully Paid:			
Opening 74,662,198 shares of 0.25p	186	186	186
Issued 510,637 shares of 0.25p	1	-	-
	<u> </u>	<u> </u>	<u> </u>
Closing 75,172,835 shares of 0.25p	187	186	186
	<u> </u>	<u> </u>	<u> </u>

Movements in issued share capital

On 10 June 2010, 510,637 warrants were exercised at a price of 4p.

- The Interim Report for the six months to June 30th, 2010 was approved by the Directors on 16th September 2010.
- Copies of this announcement will be sent to shareholders and will be available for inspection at the Companies Registered Office at 20-22 Bedford Row, London WC1R 4JS. The Interim Report may also be viewed at Persian Gold plc's website at www.persiangoldplc.com

Persian Gold plc
162 Clontarf Road
Dublin 3
T: +353 1 833 2833
F: +353 1 833 3505
info@persiangoldplc.com
www.persiangoldplc.com

Registrars & Transfer Office
Computershare
Heron House,
Corrig Road
Sandyford Industrial Estate
Dublin 18
T: +353 1 216 3100

Persian Gold is listed on AIM in London (PNG.L)



Persian Gold PLC
20-22 Bedford Row,
London WC1R 4JS, UK.
COMPANY REGISTRATION NUMBER 4967918

www.persiangoldplc.com