



Sirius Exploration plc

Interim Results

for the six months ended 30 September 2006



Results, Highlights and Strategy

Results

- £263,082 capital raised
- £146,033 loss (2005: £145,862 restated)
- FRS 20 restatement £19,869 for warrants at time of August 2005 listing
- £452,007 shareholders' funds (2005: £481,956 restated)

Highlights

- Principal activity remains at the two exploration projects at Kadiica and Osogovo in Macedonia
- Phelps Dodge has agreed to give Sirius Exploration 100% of the Osogovo and Kadiica projects subject to their agreed 1% NSR
- Sirius Exploration-Balkan set up to accept the Osogovo and Kadiica claims
 - Good copper-silver target at Osogovo
 - Possibility of a small copper mine and gold potential at Kadiica
- New Kalin Kamen claim registered and awaiting Macedonian government confirmation

Strategy

- Continue successful policy of joint ventures and agreements with major mining companies
- Use the board's corporate finance skills to look for potential acquisitions
- Actively seeking new opportunities
- Principal interest in base metals but willing to look at other company-enhancing opportunities



Exploration in Macedonia

Our principal activity remains the two exploration projects, Kadiica and Osogovo, in the well-established and highly prospective Balkan copper-gold porphyry belt where it passes through eastern Macedonia.

We have completed the planned programme in Macedonia with Phelps Dodge. The programme for 2006 was completed with the 5th drill hole at Osogovo and the 11th at Kadiica, as reported in the August annual report. Following completion of the programme, we have agreed with Phelps Dodge that both targets are large but are relatively low grade copper porphyry mineralisations, with neither the grade nor the size to interest them. Phelps Dodge have therefore made a decision to withdraw from the projects and cede them to Sirius Exploration, retaining only a 1% NSR, as per our agreement.

In order to receive the claims from Phelps Dodge and operate in Macedonia we have set up a wholly-owned Macedonian subsidiary, Sirius Exploration-Balkan, and we are in the process of transferring the claims to this company.

In March 2006, we signed an agreement with Rio Tinto for the exclusive use of their exploration database relating to Macedonia for a twelve month period. As Rio Tinto did not find anything of interest to them as a result of their exploration, we are currently using the data to review opportunities in Macedonia using different economic criteria.

Osogovo

At Osogovo, Sirius Exploration is now confident of the porphyry-skarn model for the mineralisation. The low grade porphyry is flanked by skarn mineralisation which replaces a limestone unit. The distal

Chairman's and Managing Director's Statement (cont.)

lead-zinc-silver skarn mineralisation constitutes the main ore at the Sasa mine which adjoins the Osogovo claim. Anecdotal evidence from the mine of gradual enrichment of the skarn in copper and silver as the porphyry was approached is now being substantiated. The main area with potential for this proximal copper-silver skarn underlies not only the eastern section of the Osogovo claim but also some adjacent open ground beside and to the north of the Sasa claim. Your company is happy to announce that this ground has now been applied for as the Kalin Kamen claim. The application has been acknowledged as the first for this ground and is being duly processed.

We have previously reported the existence of a drill hole by the former regime (Historical Hole 7) in what is now the Kalin Kamen claim where it runs between the Sasa and Osogovo claims. Reported assays from this are 16m of 1.7% copper and 40 grams per tonne silver, including a 6.1m section of 3.5% copper. The drill logs show this section to be in the limestone bed and substantiate even further the fertility of this area for rich copper-silver skarn mineralisation.

During the surveying of the Osogovo target for redrilling some abandoned drill core from historical Hole 7 was located. Although the core is incomplete and disorientated there are highly magnetic sections of the abandoned core rich in copper. We can draw the conclusion that the magnetic anomaly in the orientation survey reflects the rich copper skarn mineralisation. The new magnetic survey should now be able to define its limits and consequent drill targets.

As well as this strong anomaly the beginnings of what may be another anomaly have been located at the western extremity of the test lines. Mineralised and altered porphyry in outcrop have been identified at this site.

Sirius Exploration has contracted a ground magnetic survey to cover not only the central porphyry of the Osogovo claim but also the eastern anomaly around HH7 and the western one referred to above. This survey was started in November but delayed by severe weather.

Chairman's and Managing Director's Statement (cont.)

The likely site for repeating HH7 is accessible by an existing road which will save the costs of site preparation. Drilling will be underway next year when the snow melts and access is again possible.

Kadiica

The completed drill programme has successfully outlined a supergene copper blanket under the crest of the ridge at Kadiica in the centre of the claim. The ground magnetic survey indicates no internal disruptions to this blanket of enriched copper. Very preliminary leach tests of core from the blanket material show that the mineralisation is leachable with a minimum copper recovery of 65%.

There are only a few piercement points, analysis of the intersections of the supergene blanket suggest a north-south channel of richer mineralisation in the centre of the blanket.

We can not give a broad outline of the resource because only a small amount of drilling has taken place. But it is encouraging to see that there is a continuity of better grade copper between neighbouring holes. Early next year, Sirius Exploration will drill the southern end of this rich blanket and access the resource via a short adit. Topography of the area has shown that it is highly favourable for entry by an adit. Direct access to the mineralisation will allow bulk samples to be taken for more precise leaching tests. We believe there is a real opportunity here for a small copper mine.

A review of the Rio Tinto Macedonian database, showed that samples had been collected along the ridge central to the Kadiica claim and also from a number of closely spaced sites some 2km to the east still well within the claim. Rio Tinto had noted that the ridge constitutes a zone of silicification over-printing the porphyry mineralisation. They had undertaken a soil sampling survey which defines a low level gold anomaly coincident with this silicification. Two of Rio Tinto's samples from siliceous outcrops on the ridge assayed 7.2 and 0.8 grams per tonne gold - a significant anomaly. We will undertake an

Chairman's and Managing Director's Statement (cont.)

aggressive programme of rock sampling and trenching of the silicified anomalous area next year.

A further 7 samples taken over a 300m x 500m area to the east returned values between 0.8 and 5.4 grams per tonne averaging 1.8gpt and all anomalous. Your Managing Director visited the site recently and can confirm that this eastern area is a second area of silicification also in need of mapping, trenching and sampling.

Satellite imagery trained on the siliceous alteration on the ridge identifies as similarly anomalous not only the eastern area (which is partially occluded by trees) but also other areas beyond the limits of the current claim. These will also be properly investigated when the weather permits.

Summary

In summary your company feels that it has successfully advanced the two Macedonian projects. There is a good copper silver target at Osogovo and not only the possibility of a small copper mine but also good gold potential at Kadiica.

Future strategy

We intend to continue our strategy of joint ventures and agreements with major mining companies. The board's corporate finance skills will continue to be utilised to look for acquisitions. In addition to the company's efforts in Macedonia, we continue to seek out opportunities elsewhere. While we retain our principal interest in base metals we will attempt to develop any company-enhancing opportunity which we are able to attract.

Richard Poulden
Chairman

Dr Nicholas Badham
Managing Director



Profit and Loss Account for the six months ended 30 September 2006

	Unaudited Six months ended 30 September 2006 £	Restated Unaudited Six months ended 30 September 2005 £	Restated Audited Year ended 31 March 2006 £
Turnover	-	-	-
Administrative expenses	(147,268)	(127,100)	(301,740)
Expense arising from share-based payment transaction		(19,869)	(19,869)
Operating loss	(147,268)	(146,969)	(321,609)
Interest receivable	1,235	1,107	3,749
Loss on ordinary activities before taxation	(146,033)	(145,862)	(317,860)
Tax loss on ordinary activities	-	-	-
Loss for the financial period	(146,033)	(145,862)	(317,860)
Loss per ordinary share			
Basic loss per share (pence)	(0.27)	(0.33)	(0.66)



Balance Sheet as at 30 September 2006

	Unaudited 30 September 2006 £	Restated Unaudited 30 September 2005 £	Restated Audited 31 March 2006 £
Fixed assets			
Intangible assets	385,755	260,562	355,175
Tangible assets	647	-	813
	<hr/> 386,402	<hr/> 260,562	<hr/> 355,988
Current assets			
Debtors	30,018	37,589	23,318
Cash at bank	117,027	232,843	21,944
	<hr/> 147,045	<hr/> 270,432	<hr/> 45,262
Creditors: amounts falling due within one year	(81,440)	(49,038)	(66,292)
	<hr/> 65,605	<hr/> 221,394	<hr/> (21,030)
Net current assets/(liabilities)			
	<hr/> 452,007	<hr/> 481,956	<hr/> 334,958
Capital and reserves			
Called up share capital	149,199	131,470	132,545
Share premium account	1,019,364	749,011	772,936
Share based payment reserve	19,869	19,869	19,869
Profit and loss account	(736,425)	(418,394)	(590,392)
	<hr/> 452,007	<hr/> 481,956	<hr/> 334,958
Shareholders' funds	<hr/> <hr/> 452,007	<hr/> <hr/> 481,956	<hr/> <hr/> 334,958



Cash Flow Statement for the six months ended 30 September 2006

	Unaudited 30 September 2006 £	Unaudited 30 September 2005 £	Audited 31 March 2006 £
Net cash outflow from operating activities	(138,654)	(112,307)	(231,591)
Returns on investment and servicing of finance			
Interest received	1,235	1,107	3,749
Capital expenditure			
Intangible fixed asset additions	(30,580)	(112,962)	(207,219)
Net cash outflow before financing	(167,999)	(224,162)	(435,061)
Financing			
Share issues, net of expenses	263,082	434,779	434,779
Increase in cash in the period	95,083	210,617	(282)



1 Basis of preparation of interim financial results

The interim results for the six months ended 30 September 2006 are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. They have been drawn up using accounting policies and principles consistent with those applied in the preparation of the audited accounts for the year ended 31 March 2006.

In accordance with FRS 20, the Company has changed its policy for accounting for share-based payments. On admission to AIM on 1 August 2005 the Company issued 2,525,000 warrants (100,000 of which were to a Director) exercisable at any time or times from admission until 1 August 2006 at an exercise price of 5p.

Upon admission to AIM on 1 August 2005, the shares were traded at 3p.

In accordance with FRS 20, the interim accounts for the period to 30 September 2005 have been restated by a charge of £19,869 to fully reflect the cost of the warrants issued (100,000 of which were to a Director), based on a net cost to the Company of 0.8p per warrant.

The information contained in the report for the year ended 31 March 2006 constitutes the statutory accounts for that financial year. Those accounts have been reported on by the Group's Auditors, Nexia Smith & Williamson, and delivered to the Registrar of Companies. The report of the auditors was unqualified. These have been restated by a charge of £19,869 to fully reflect the cost of warrants issued, based on a net cost to the Company of 0.8p per warrant.

2. Earnings per ordinary share

Basic earnings per share figures have been calculated based upon 54,625,273 (2005: 44,318,685) shares in issue, being the weighted average number of ordinary shares in issue during the period.

3. Capital commitments

There are no capital commitments.

Notes the unaudited Interim Results (cont.)

4. Interim Report

This interim report was approved by the Directors on 22 December 2006 and has been posted to shareholders. It will be available, free of charge, from the Company's registered office 42 Bedford Row, London WC1R 4J for a period of one month. The interim report is also available to download on www.siriusexploration.com

5. Post balance sheet event

On 30 October 2006, the Company established a subsidiary entity, Sirius Exploration-Balkan, in Macedonia with issued share capital of £3,427.

Announcement

Dr Nicholas Badham, Managing Director, is a Fellow of the Geological Society, a Chartered European Geologist, a Fellow of the Society of Economic Geologists and was formerly Chief Geologist of RTZ Mining and Exploration Limited. He has read and approved the technical disclosure in this regulatory announcement.



Advisers

Nominated Adviser	Beaumont Cornish Ltd 10-12 Cophthall Avenue London EC2R 7DE
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