

Leed Petroleum PLC

Annual report and accounts

For the year ended 30 June 2011

Leed Petroleum PLC

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Leed Petroleum PLC

Chairman's statement

for the year ended 30 June 2011

Since the last results announcement, the affairs of Leed Petroleum have altered dramatically. As described at the interim stage, the oil and gas operations in Louisiana have been sold and US operating activities discontinued. Owing to the worsened position of these activities and the terms on which they could be disposed of, the Company was left in an insolvent position and, following their disposal, the then Directors were planning liquidation of the Company or the appointment of a receiver. Since then, as approved at a General Meeting on 22 June 2011, the Company has undergone a rescue refinancing raising some £2.435 million following a capital reconstruction and has become an investing company under the AIM Rules.

Since the announcement of the interim results, the entire board, with the exception of Ian Gibbs, has resigned, while giving their support to the reconstruction and refinancing, and I have become Chairman. The focus of the Company is now investment in resource projects, with a view in due course to the reversal of a sizeable resource project or business into the Company. We have made one such investment since the end of the financial year in a coking coal project in the Kyrgyz Republic, further details of which will be given below, and we are currently reviewing a number of other opportunities.

The reasons for the adverse production performance in the Company's oil operations and the failure to meet a principal payment of \$12.0 million against its credit facility with UniCredit Bank AG were explained in the Company's last Interim Statement for the six months to 31 December 2010; I do not propose to repeat these reasons here. As the Company was unable to make a principal payment by the due date of 31 March 2011, UniCredit Bank AG decided to pursue a near term sale of the Company's oil and gas assets with the proceeds being applied against the Company's outstanding borrowings. This was reflected in the interim financial statements to 31 December 2010 which were prepared on a non going concern basis. On 18 April 2011 a trustee was appointed to dispose of the assets of Leed Petroleum LLC on behalf of the creditors, principally UniCredit Bank AG. On 23 May 2011, the Company announced that Leed Petroleum LLC had sold all its oil and gas assets to a private company for \$16.0 million, constituting a sale of substantially all of the assets of the Company with all of the proceeds of the sale being used to satisfy debt owed to UniCredit Bank AG.

The restructuring and refinancing subsequently announced and approved involved the issue of £2,435,000 of zero coupon convertible loan notes, all of which were converted into new 0.1p shares following the approval of the proposals at a General Meeting on 22 June 2011, following which I joined the Board as Chairman.

The Company was then reclassified as an investing company under the AIM Rules with a focus on investment in companies operating in the natural resources sector, with an initial but not exclusive focus on oil and gas projects located in Africa. Since this date the new Board has since reviewed a number of such projects but, for a variety of reasons, has found them unsuitable.

Your new Board has therefore concluded that this focus was too narrow and that projects of the size and type that had been presented, being mainly at the exploration stage, represented a higher degree of risk and required a larger eventual capital outlay than in present market conditions the Board considered it prudent to commit to. It has therefore decided to extend its attention to mineral projects more generally where it was felt that the risks and potential capital cost were more in line with the Company's resources. The Board has reviewed a number of such projects and has in fact made a first investment – in a coal development project in the Kyrgyz Republic.

In September 2011, the Company acquired a 17.5% interest in Manas Coal Limited Liability Company, incorporated in the Kyrgyz Republic, for a consideration of £750,000 plus a deferred consideration, subject to the satisfaction of certain conditions, of 166,666,667 new ordinary shares in Leed plus the same number of warrants at 0.15p; these conditions were recently satisfied and the additional consideration has consequently now been issued. Leed has the right to participate in future funding rounds and, in the event of an offer to purchase Manas, Leed has the right of first refusal itself to acquire the balance of Manas at a price not less than the highest price otherwise offered. Further details of this transaction are given in the Directors' report and note 31 (*Post year end events*) of these accounts.

Manas is engaged in the exploration and development of coking coal resources in the Kyrgyz Republic and has a licence for geological exploration in the Eastern Kokkia area of the Kyrgyz Republic in a licence area where earlier Kyrgyz Government records show an estimated reserve of 114 million tons of high grade coking coal

Leed Petroleum PLC

Chairman's statement

for the year ended 30 June 2011

The proceeds were for the purpose of procuring the transfer of the licence to Manas and commissioning a scoping report on the resource. This report is expected to be completed in the New Year and initial indications from some preliminary drilling work suggest encouraging results in terms of coal quality. This is a potentially high value coal project with great potential though much remains to be done in terms of proving the full extent of the resource and working through the logistics for its exploitation.

The new Board continues to review a range of projects in the energy sector and elsewhere in resources and is hopeful of investing in a further project in the near term with the expectation that such an investment may constitute or subsequently lead to a reverse takeover under the AIM Rules.

Overall, it has been a challenging year for the Company but the Board is confident that the change of direction will lead to enhanced value for shareholders.

It only remains for me to thank my fellow director and our team of advisers for their support and assistance and to express the hope the recovery in the Company's fortunes, albeit at an early stage as yet, will continue in the months and years to come.

Peter Redmond
Chairman

23 December 2011

Leed Petroleum PLC

Report of the directors

for the year ended 30 June 2011

The Directors of Leed Petroleum PLC ("Leed", "the Company" or "Parent Company") present to shareholders this report and the audited consolidated financial statements for the year ended 30 June 2011. The year ended 30 June 2010 is also presented for comparative purposes. The Company is listed on the AIM part of the London Stock Exchange ("AIM") and trades under the symbol LDP.

Principal activity

Until 31 March 2011 the principal activity of the Company and its subsidiaries (together, the "Group" or "Leed") was exploring, developing, producing and operating oil and natural gas properties from onshore and offshore locations within the Gulf Coast region of the United States. In April 2011 the Group's interests in these activities were disposed of and at the year end the Company was classified as an investing company.

Business review

The financial year ended 30 June 2011 presented many challenging issues, both operational and financial:

Operational review

In the first half of the year under review the Company experienced adverse production performance issues which resulted in the Company being unable to generate sufficient cash flows to satisfy its banking covenants with UniCredit Bank AG ("UniCredit"). As a consequence UniCredit notified the Company on 25 November 2010 that a principal payment of \$12.0 million would be due on its credit facility by 31 March 2011.

The Company announced on 23 December 2010 that it had commenced a review process encompassing a broad range of strategic options. As part of the review process discussions were held with a number of parties who had expressed potential interest in either acquiring some or all of the Group's principal assets or providing capital to permit continued drilling. None of these discussions resulted in a clear proposal that would resolve satisfactorily the Company's position with regard to its credit facility with UniCredit.

On 30 March 2011, the Company announced that the Board was unable to reach a satisfactory conclusion in its discussions with UniCredit, in conjunction with potential investors and asset acquirers, with a view to restructuring its loan facilities. As a consequence, the Company's financial position became uncertain and on 29 March 2011 the Board requested that the Company's shares be suspended from trading on AIM pending further clarification of the Company's financial position.

Effective as of 18 April 2011, the shares of the operating subsidiary, Leed Petroleum LLC ("Leed LLC") were transferred to a trust established for the benefit of Leed LLC's creditors, including UniCredit. The trustee of that trust subsequently sold all of the assets of Leed LLC for \$16 million, with the net sale proceeds to be disbursed to Leed LLC's creditors. All of the proceeds from the sale were used to satisfy debt owed to UniCredit.

On 23 June 2011 the shareholders approved a recapitalisation of the Company by which it reorganised the issued capital of the Company with the effect that for every ten existing ordinary shares of 5 pence each one new ordinary share of 0.1 pence each and one deferred share of 49.9 pence each were issued. The rights attaching to the deferred shares are such that they have no economic value. The Company then issued 2,435,000,000 new shares at par on conversion of £2,435,000 loan notes. On the 27 June 2011 the temporary suspension of the trading of the Company's shares on AIM was lifted.

Also on 23 June 2011 the shareholders approved the reclassification of the Company as an investing company under the AIM rules for Companies to enable it to invest in the natural resources industry, with a focus on the oil and gas sector.

Leed Petroleum PLC

Report of the directors

for the year ended 30 June 2011

Financial review

The Group recorded a loss after taxation of \$134.0 million for the period ended 30 June 2011, as compared to the loss of \$18.1 million for the prior year. The \$134.0 million loss for the period ended 30 June 2011 was largely due to the \$121.7 million loss on disposal of the Group's oil and gas operations.

Key performance indicators

While Leed retained its oil and gas operations it focused on four key performance indicators:

- (1) Growth of hydrocarbon reserves;
- (2) Production of oil and natural gas reserves;
- (3) Cash flows and earnings growth; and
- (4) Material adverse health, safety and environmental events.

Since the disposal of the Company's oil and gas assets the performance indicators (1), (2) and (4) are no longer applicable. Since the Company became an investing company its chief measurement of performance is the growth in asset value per share.

Cash Flows and Earnings

The Group measures its cash flow and earnings growth by utilising the metric EBITDAX ("earnings before interest, taxes, depreciation, depletion amortisation, exploration costs and impairments"). EBITDAX for the years ended 30 June 2011 and 2010, respectively, was comprised of the following items:

	2011	2010
EBITDAX	\$000	\$000
Loss before taxation	(134,019)	(16,914)
Add back:		
Depreciation, depletion and amortisation	10,306	12,294
Loss on disposal of oil and gas operations	121,682	—
Unsuccessful exploration costs	—	11
Net financing and expense, including accretion of decommissioning costs	1,653	3,574
	(378)	(1,035)

Substantial interests

The Company has been informed of the following shareholdings that represent 3% or more of the issued Ordinary Shares of 0.1 pence each of the Company as at 30 November 2011:

Shareholder	Percentage of issued share capital
Old Church Street Holdings Limited	15.98%
BBHISL Nominees Limited <120722>	9.49%
Barclayshare Nominees Limited	6.01%
TD Waterhouse Nominees (Europe) Limited <SMKTNOMS>	6.00%
W B Nominees Limited	5.69%
James Capel (Nominees) Limited <HSBCSS>	5.33%
HSDL Nominees Limited	5.25%
Gledhow Investments plc	4.00%
BBHISL Nominees Limited <120402>	3.12%

Leed Petroleum PLC

Report of the directors

for the year ended 30 June 2011

Principal risks and uncertainties facing the Group

Going Concern

As at the financial year end the Group had net current assets of \$3.7 million (2010: \$6.5 million). The Directors have prepared cash flow forecasts through to 31 December 2012 which assume that any investment activity is only undertaken when it can be financed from existing cash resources. The expenses of the Group's continuing operations relate entirely to maintaining its status as a quoted company listed on the AIM market and researching suitable investment opportunities and the cash flow forecasts demonstrate that the Company is able to meet these liabilities as they fall due. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's financial statements.

Post year end events

On 7 July 2011 the Company granted 75,078,062 options to Peter Redmond, a director of the Company, and 50,052,042 options to Bromius Capital Limited, a company of which Ian Gibbs, a director of the Company, is also a director and shareholder. The options granted are exercisable at 0.4p each on or before 28 June 2021. They will vest on the date that the Company completes its first transaction with a value of 20% or more of the Company's net assets and will be exercisable at any time within three years from that date.

On 12 September 2011 the Company acquired a 17.5% interest in Manas Coal Limited Liability Company ("Manas"). Manas is a company incorporated in the Kyrgyz Republic, the main activity of which is the exploration and development of coking coal resources and deposits within the Kyrgyz Republic.

The Company signed a Loan Agreement and an Implementation Agreement pursuant to which the Company has advanced a sum of £750,000 (\$1,200,000) to Manas by means of a loan in Pound Sterling. The Company has also issued 166,666,667 ordinary shares to existing shareholders in Manas at a price of 0.15 pence per share, with an aggregate value of £250,000 (\$400,000), together with 166,666,667 warrants to subscribe for new ordinary shares in the Company at a subscription price of 0.15 pence per share, in consideration for a 17.5% share in Manas, which is being acquired from certain existing shareholders in Manas.

The Company will have the right to participate in further fundraising rounds undertaken by Manas up to an agreed threshold amount and shall have the right to appoint a director to the board of Manas pursuant to the Implementation Agreement. The Implementation Agreement also contains certain provisions to protect the value of the Company's shareholding in future rounds of funding.

In the event that Manas receives an offer to purchase its legal and beneficial interests, whether by way of a stock exchange listing, a trade sale or otherwise, Leed shall have a right of first refusal to acquire Manas, its business or assets at a price not less than the highest price offered by any third party purchaser.

The proceeds of the loan from the Company are to be applied by Manas for the purposes of the transfer to Manas of a licence for geological exploration of coal at Eastern Kokkia area of Toguz-Toro district, Jalal-Abad region, Kyrgyz Republic and for the purposes of commissioning a scoping report thereon.

Other matters

Financial instruments

The Group's financial instruments at 30 June 2011 include cash balances, trade receivables and payables. Financial risk management is more fully discussed in Note 4 "*Financial risk management*" of the financial statements.

Employees

Employees' performance is aligned to Group goals through an annual performance review process that is carried out with all employees and through an incentive bonus programme administered by the Board that is tied in part to the Group's performance. No performance bonuses were paid to executives or management during the financial year ended 30 June 2011.

Leed Petroleum PLC

Report of the directors

for the year ended 30 June 2011

Dividends

The Company does not have plans to pay dividends at this time.

Donations

The Company encourages and supports its management and employees in supporting and giving of their time to local charitable and other non-profit organisations. The Group made charitable contributions of \$3,000 in the year ended 30 June 2011 and \$6,000 in the year ended 30 June 2010.

Supplier payment policy

It is the Group's payment policy to pay its suppliers in conformance with industry norms. Trade payables are paid in a timely manner within contractual terms, which is generally 30 to 45 days from the date an invoice is received.

Directors

The Directors of the Company during the year are set out below:

Director

Robert Adair	(resigned 22 June 2011)
Robert Alcock	(resigned 6 June 2011)
Stephen Fleming	(resigned 20 December 2010)
Ian Shaun Gibbs	
Peter Hirsch	(resigned 6 June 2011)
Peter Redmond	(appointed 22 June 2011)
James Slatten	(resigned 6 June 2011)
Howard Wilson	(resigned 6 June 2011)
Anthony Stalker	(appointed 22 December 2010, resigned 6 June 2011)

At 30 June 2011 the interest of the Directors in Company shares was:

Director holdings	Ordinary Shares of 5 pence	Stock Appreciation Rights ("SARs") vested and unvested	Restricted Stock Units ("RSUs") vested and unvested
Ian Gibbs*	20,070,638	62,755	-
Peter Redmond	7,500,000	-	-

*Ian Gibbs' shares are held in the name of Bromius Capital Limited, a company of which he is both a director and shareholder.

Additional information regarding director compensation is contained in Note 22 "*Employees, directors and auditor remuneration*" of the consolidated financial statements within this report.

Leed Petroleum PLC

Report of the directors

for the year ended 30 June 2011

Statement of Directors' responsibilities for the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group, and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on Leed's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Disclosure of information to auditor

At the date of making this report each of the Company's Directors, who are identified above in this report, confirm the following:

- so far as each Director is aware, there is no relevant information needed by the Group's auditor in connection with preparing their report of which the Group's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant information needed by the Group's auditor in connection with preparing their report and to establish that the Group's auditor is aware of that information.

Auditor

Grant Thornton UK LLP ("Grant Thornton") serves as the Company's and Group's auditor and has expressed a willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006, a resolution to reappoint Grant Thornton as auditor of the Group will be proposed at the next Annual General Meeting of the Company.

Approval

The report of the Directors was authorised and approved by the Board and signed on 23 December 2011 on its behalf by:

Peter Redmond
Chairman

23 December 2011

Report of the independent auditor

to the members of Leed Petroleum plc
Registered number 06034226

We have audited the financial statements of Leed Petroleum PLC for the year ended 30 June 2011 which comprise the consolidated statement of comprehensive income, the Group and Parent Company statements of changes in equity, the Group and Parent Company statements of financial position, the Group and Parent Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities for the financial statements, set out on page 28, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2011 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRS

As explained in Note 2.1 "*Significant accounting policies – basis of preparation*" to the Group financial statements, the Group, in addition to complying with its legal obligation to comply with IFRS as adopted by the European Union, has also complied with IFRS as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRS as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor

to the members of Leed Petroleum plc
Registered number 06034226

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

John Corbishley, Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

23 December 2011

Leed Petroleum PLC

Consolidated statement of comprehensive income

for the year ended 30 June 2011

Group	Note	2011 \$000	2010 \$000
Continuing operations			
Administrative expenses	8	(386)	(2,217)
Operating loss		(386)	(2,217)
Other gains	8	3	—
Finance costs	7	(19)	—
Loss before taxation		(402)	(2,217)
Taxation	2.9, 10	—	—
Loss for the period from continuing operations		(402)	(2,217)
Discontinued operations			
Loss for the period from discontinued operations	5	(133,617)	(15,844)
Loss for the period attributable to equity owners		(134,019)	(18,061)
Other comprehensive loss			
Unrealised foreign currency loss, net of tax		(11)	(61)
Total comprehensive loss for period, net of tax attributable to equity owners		(134,030)	(18,122)
Loss per share (cents)			
Continuing operations:			
Basic		(0.3)	(4.3)
Diluted		(0.3)	(4.3)
From continuing and discontinued operations:			
Basic	29	(110.8)	(35.0)
Diluted	29	(110.8)	(35.0)

Leed Petroleum PLC

Statements of changes in equity

for the year ended 30 June 2011

Group	Share capital \$000	Share premium \$000	Translation reserve \$000	Retained earnings \$000	Total \$000
Total owners' equity at 30 June 2009	27,178	122,881	—	(31,281)	118,778
Transactions with owners:					
- Share capital issued by Company	33,157	—	—	—	33,157
- Share issue costs	—	—	—	(1,542)	(1,542)
- Share-based payments	—	—	—	2,272	2,272
Total transactions with owners	33,157	—	—	730	33,887
Other comprehensive loss:					
- Loss for the year	—	—	—	(18,061)	(18,061)
- Translation reserve	—	—	(61)	—	(61)
Total comprehensive loss for the year	—	—	(61)	(18,061)	(18,122)
Total owners' equity at 30 June 2010	60,335	122,881	(61)	(48,612)	134,543
Transactions with owners:					
- Share capital issued by Company	3,899	—	—	—	3,899
- Share issue costs	—	(165)	—	—	(165)
- Share-based payments	—	—	—	(516)	(516)
Total transactions with owners	3,899	(165)	—	(516)	3,218
Comprehensive loss:					
- Loss for the year	—	—	—	(134,019)	(134,019)
- Translation reserve	—	—	(11)	—	(11)
Total comprehensive loss for the year	—	—	(11)	(134,019)	(134,739)
Total owners' equity at 30 June 2011	64,234	122,716	(72)	(183,147)	3,731

Leed Petroleum PLC

Statements of changes in equity

for the year ended 30 June 2011

Company	Share capital \$000	Share premium \$000	Translation reserve \$000	Other reserve \$000	Retained earnings \$000	Total \$000
Total owners equity at 30 June 2009	27,178	122,881	—	4,798	(5,193)	149,664
Transactions with owners:						
- Share capital issued	33,157	—	—	—	—	33,157
- Share issue costs	—	—	—	—	(1,542)	(1,542)
- Share-based payment costs	—	—	—	2,272	—	2,272
- Options terminated during year	—	—	—	(652)	652	—
Total transactions with owners	33,157	—	—	1,620	(890)	33,887
Other comprehensive loss:						
- Translation reserve	—	—	(61)	—	—	(61)
- Loss for the year	—	—	—	—	(2,163)	(2,163)
Total comprehensive loss for the year	—	—	(61)	—	(2,163)	(2,224)
Total owners' equity at 30 June 2010	60,335	122,881	(61)	6,418	(8,246)	181,327
Transactions with owners:						
- Share capital issued	3,899	—	—	—	—	3,899
- Share issue costs	—	(165)	—	—	—	(165)
- Share-based payments	—	—	—	(516)	—	(516)
- Options terminated during year	—	—	—	—	—	—
Total transactions with owners	3,899	(165)	—	(516)	—	3,218
Other comprehensive loss:						
- Translation reserve	—	—	(11)	—	—	(11)
- Loss for the year	—	—	—	—	(180,803)	(180,803)
Total comprehensive loss for the year	—	—	(11)	—	(180,803)	(180,814)
Total owners' equity at 30 June 2011	64,234	122,716	(72)	5,902	(189,049)	3,731

Leed Petroleum PLC

Statements of financial position

as at 30 June 2011

	Note	Group		Company	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
Assets					
Non-current assets					
Investments in subsidiaries	24	—	—	—	181,033
Goodwill	11	—	29,005	—	—
Intangible exploration and evaluation assets	12	—	2,956	—	—
Notes receivable		—	—	—	1,000
Derivative financial instruments	18	—	516	—	—
Property, plant and equipment	13	—	127,030	—	—
		—	159,507	—	182,033
Current assets					
Trade and other receivables	14	756	5,662	756	24
Derivative financial instruments	18	—	1,019	—	—
Cash and cash equivalents	15	3,098	10,812	3,098	255
		3,854	17,493	3,854	279
Liabilities					
Current liabilities					
Trade and other payables	16	123	8,615	123	985
Other finance obligations	17	—	4	—	—
Derivative financial instruments	18	—	837	—	—
Current portion of borrowings	17	—	1,500	—	—
		123	10,956	123	985
Net current assets (liabilities)		3,731	6,537	3,731	(706)
Non-current liabilities					
Borrowings	17	—	25,000	—	—
Derivative financial instruments	18	—	22	—	—
Decommissioning obligation		—	6,479	—	—
		—	31,501	—	—
Net assets		3,731	134,543	3,731	181,327
Owners' equity					
Ordinary Share Capital	20	64,234	60,335	64,234	60,335
Share premium		122,716	122,881	122,716	122,881
Translation reserve		(72)	(61)	(72)	(61)
Other reserve		—	—	5,902	6,418
Retained earnings		(183,147)	(48,612)	(189,049)	(8,246)
Total owners' equity		3,731	134,543	3,731	181,327

The financial statements and related notes were authorised and approved by the Board of Directors and were signed on 23 December 2011 on its behalf by: **Peter Redmond, Chairman.**

Company number: 06034226

Leed Petroleum PLC

Statements of Cash Flows

for the year ended 30 June 2011

	Note	Group		Company	
		2011	2010	2011	2010
		\$000	\$000	\$000	\$000
Net cash flows from operating activities	21	(2,364)	9,366	(410)	(393)
Cash flows from investing activities					
Capital contribution to subsidiary		—	—	269	(31,115)
Purchase of derivative contracts, net of expired positions		(859)	(16)	—	—
Cash balances of disposals		(1,063)	—	—	—
Purchase of intangible assets		—	(728)	—	—
Purchase of property, plant and equipment		(1,740)	(13,113)	—	—
Interest received (paid)		17	71	—	(53)
Net cash from/(used in) investing activities		(3,645)	(13,786)	269	(31,168)
Cash flows from financing activities					
Net proceeds from issue of Ordinary Shares	20	3,179	31,615	3,179	31,615
Share issue costs		(165)	—	(165)	—
Interest and other financing costs paid		(1,689)	(3,037)	(19)	—
Principal payments of other financing obligations		—	(3,260)	—	—
Borrowings repaid	17	(3,019)	(14,500)	—	—
Net cash (used in)/from financing activities		(1,694)	10,818	2,995	31,615
Net (decrease)/increase in cash and cash equivalents		(7,703)	(6,398)	2,854	54
Exchange differences in cash and cash equivalents		(11)	(68)	(11)	(68)
Cash and cash equivalents at beginning of period		10,812	4,482	255	269
Cash and cash equivalents at end of period	15	3,098	10,812	3,098	255

Leed Petroleum PLC

Notes to the financial statements

for the year ended 30 June 2011

1. General information

Leed Petroleum PLC (LDP LN) is a publicly listed company registered in the United Kingdom. The address of its registered office is 31 Harley Street, London, W1G 9QS.

Until the disposal of all its trading assets and operations in May 2011 the Leed Petroleum PLC Group (collectively, "Leed" or the "Group") comprised one operating segment which acquired, explored, developed, produced and operated oil and natural gas properties offshore and onshore of the Gulf Coast region of the United States.

The Company's functional currency is the Pound Sterling. As substantially all of the Group's activity and financial transactions have occurred in the United States, US Dollars is used as a presentation currency for both the Group and the Parent Company. At 30 June 2011 and 2010, the exchange rate of the US Dollar to the Pound Sterling was \$0.6245 and \$0.6635, respectively. Foreign operations are consolidated in accordance with the policies set out in Note 2.12 "Significant accounting policies – foreign currencies" below.

2. Significant accounting policies

2.1 Basis of preparation

The Group and Parent Company financial statements have been prepared in accordance with EU adopted International Financial Reporting Standards ("IFRS"), and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. All accounting standards and interpretations issued by the International Accounting Standards Board and IFRIC effective for the periods covered by these financial statements have been applied.

The Group reported its proportional interests in joint oil and natural gas exploration, development, and production activities. A summary of the significant Group accounting policies adopted in the preparation of the financial statements is set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions and for management to exercise its judgement in the process of applying the Group's accounting policies. Critical judgements and key estimates and assumptions are disclosed in Note 3 "Critical accounting judgements and key sources of estimation uncertainty" below.

2.2 Statement of compliance

The financial statements comply with International Financial Reporting Standards as adopted by the European Union. At the date of authorisation of these financial statements, the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective (and in some cases had not been adopted by the EU):

		Effective for accounting periods beginning on or after:
IAS 1 (amendment)	Presentation of financial statements – clarification of statement of changes in equity	1 January 2011
IAS 24 (revised)	Related Party Disclosures	1 January 2011
IAS 34 (amendment)	Interim financial reporting – significant events and transactions	1 January 2011
IFRS 7 (amendment)	Financial instruments – clarification of disclosures	1 January 2011
IFRS 7 (amendment)	Financial instruments – disclosures about transfers of financial assets	1 July 2011
IFRS 9	Financial Instruments – classification and measurement	1 January 2013
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013

Leed Petroleum PLC

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for the year ended 30 June 2011

2.3 Basis of consolidation

The consolidated financial statements incorporate the results, assets, liabilities and cash flows of the Company and each of its subsidiaries for the years ended 30 June 2011 and 2010, respectively.

Subsidiaries are entities controlled by Leed Petroleum PLC. Control is deemed to exist when Leed Petroleum PLC has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by Leed Petroleum PLC.

Unless there is an indication of impairment, intra-group balances and transactions are eliminated on consolidation.

2.4 Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary. Goodwill is not amortised, but tested at least annually for impairment, and carried at cost less accumulated impairment losses (Note 2.17 "*Significant accounting policies – impairment of property, plant and equipment and intangible assets*").

2.5 Oil and natural gas assets

The Group followed the successful efforts method of accounting for its oil and natural gas properties. The Group's interests in oil and natural gas exploration and production joint ventures were proportionately consolidated.

Exploration and evaluation ("*E&E*") assets

E&E assets comprised the cost of rights to extract minerals ("*leases*") for fields with no known proven oil and/or natural gas reserves and were held at cost unless impaired. Each E&E asset was reviewed on an annual basis to confirm that drilling activity was planned and that it was not impaired. Geological and geophysical costs pertaining to E&E assets were expensed as incurred. Other direct costs related to the pursuit of an E&E asset were capitalised. If, through geological and geophysical studies, proven commercial reserves were discovered, the cost of the E&E asset was transferred to property, plant and equipment. Otherwise, such costs were expensed in the period that it was ascertained that there were no commercial reserves. Initial terms for offshore leases in the federal waters of the Gulf of Mexico are five years, but are indefinite if there is production occurring in commercial quantities. Initial terms for leases onshore usually range from three to five years and, in some cases, include optional lease extensions from one to five years. Onshore leases or unitised portions of onshore leases also continue indefinitely with production in commercial quantities. Other direct costs related to the pursuit of a potential lease were capitalised as part of the cost of the E&E asset. Once it was decided that a lease would not or could be obtained, such pursuit costs were expensed.

The costs that were directly associated with an exploration well were capitalised as an intangible asset until the drilling of the well was complete and the results had been evaluated. These costs included the use of materials and fuel, directly related employee remuneration, rig costs and payments made to contractors. As discussed above and in Note 2.16 "*Significant accounting policies – borrowing and other finance costs*", as of 1 July 2008 the Group commenced the capitalisation of borrowing costs related to its construction and drilling projects. If it was found that hydrocarbons were not present, the exploration expenditure was written off. If hydrocarbons were discovered and were likely to be capable of commercial development, subject to further appraisal activity, which may have included the drilling of further wells (exploration or exploratory-type test wells), the costs continued to be carried as an asset. All such carried costs were subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the well. If it was found that value could no longer be extracted, the costs were written off. When proved reserves of oil and natural gas were determined and development was sanctioned, the relevant expenditure was transferred to property, plant and equipment.

Leed Petroleum PLC

Notes to the financial statements

for the year ended 30 June 2011

Development expenditures

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, was capitalised within property, plant and equipment. With the early adoption of IAS 23 "Borrowing Costs (revised 2007)" as of July 2008, borrowing costs attributable to development expenditure were included with the amount capitalised.

2.6 Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the income statement. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analysed in notes 5, 8 and 9.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented.

2.7 Amortisation and depletion of tangible oil/gas assets

The Group depleted the costs of its oil and natural gas assets on a field-by-field basis using the unit of production method. Assets arising from the recording of a decommissioning obligation were amortised as described in Note 2.10 "Significant accounting policies – decommissioning obligation".

2.8 Property, plant and equipment – other non oil/gas assets

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost comprises the purchase price of property, plant and equipment together with any directly attributable costs. Subsequent costs are included in an asset's carrying value or recognised as a separate asset, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to profit and loss when incurred.

Depreciation commences when an asset is available for use and is charged so as to write off the depreciable amount of assets other than land to their residual values, over their estimated useful lives, using a method that reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Group.

Depreciation is charged in equal annual instalments as follows:

Leasehold improvements	over the term of the lease
Other fixed assets	3–7 years

Methods of depreciation, residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. Assets held under finance leases are depreciated over the shorter of their expected useful lives or the term of the relevant lease, when there is no reasonable certainty that title will be obtained at the end of the lease term. The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item, and is included in profit and loss.

2.9 Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

Current tax

Tax currently payable is based on taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the statement of financial position date. Taxable profit differs from accounting profit either because items are taxable or deductible in periods different to those in which they are recognised in the accounts or because they are never taxable or deductible.

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for the year ended 30 June 2011

2.10 Decommissioning obligation

The Group recognised the present value of decommissioning obligations in the financial statements in the period in which the obligation arose. Upon initial recognition of the liability, an asset retirement cost was capitalised by increasing the carrying amount of the long-lived asset by the same amount as the liability. In periods subsequent to initial measurement, the capitalised asset retirement cost was allocated to depreciation/amortisation expense using the straight line basis over the asset's useful life. Changes in the liability for decommissions were recognised for the passage of time by charges to accretion expense and classified as finance costs in profit and loss. Annually, the Group reassessed the liability in accordance with IFRIC 1 "*Changes in Existing Decommissioning, Restoration and Similar Liabilities*"; the cost of the applicable asset to which the liability related was offset by the amount of the adjustment to the liability. If the obligation was ultimately settled for other than the carrying amount, then a gain or loss was recognised upon settlement.

2.11 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods provided in the normal course of business, net of all related discounts and sales tax. Revenue from the Group's crude oil, natural gas and natural gas liquids production was recognised on the date sold, which coincided with physical delivery. The Group followed the net method of accounting for royalties; the royalty owner's share of sales or production did not appear in profit loss. Gas processing fees were recognised on the date the physical gas processing occurred.

2.12 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the statement of financial position date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

In the Group and Company financial statements, the net assets of the Company are translated into its presentation currency at the rate of exchange at the statement of financial position date. Income and expense items are translated at the date of the transaction. The resulting exchange differences are recognised in equity and included in translation reserve.

2.13 Finance leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Property, plant and equipment held under finance leases are recognised as assets in the statement of financial position at their fair values or, if lower, at the present value of the minimum lease payments, both determined at the inception of the lease. The corresponding obligation is recorded as amounts payable under finance leases. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit and loss over the period of the lease.

2.14 Operating leases

The costs of all operating leases are charged against operating profit on a straight-line basis at existing rental levels. Incentives to sign operating leases are recognised in profit and loss in equal instalments over the term of the lease.

2.15 Financial instruments

The Group classifies its financial assets, or their component parts, on initial recognition into two categories: a financial asset at fair value through profit or loss, or loans and receivables. Financial liabilities are classified as either a financial liability at fair value through profit or loss, or as another financial liability. Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. The particular recognition and measurement methods adopted for trade and other receivables, bank and cash, trade and other payables, borrowings and derivatives are disclosed below:

Leed Petroleum PLC

Notes to the financial statements

for the year ended 30 June 2011

Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank; these financial instruments are classified with loans and receivables.

Trade and other receivables

Trade and other receivables are measured initially at fair value and subsequently at amortised cost using the effective interest rate method. These financial instruments are categorised with loans and receivables. The receivables do not carry interest; the carrying value of the receivables, as presented, is reduced by appropriate allowances for estimated irrecoverable amounts. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of these receivables. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted using the effective interest rate method. Impairment losses are recognised in profit and loss.

Trade and other payables

Trade and other payables are measured initially at fair value and subsequently at amortised cost using the effective interest rate method. These financial instruments are categorised with other financial liabilities.

Borrowings and other finance obligations

Borrowings and other finance obligations are recognised initially at the fair value of proceeds received, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method. (Borrowing and other finance costs are discussed at Note 2.16 “*Significant accounting policies - borrowing and other financing costs*” below.) These financial instruments are categorised with other financial liabilities.

Borrowings and other finance obligations are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Derivative contracts

The Company’s derivative contracts consisted of commodity contracts and interest rate swaps, which were carried at fair value. Changes in the fair value of such contracts were recognised in profit and loss as they arose.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Equity instruments issued by the Company are recorded at the amount of proceeds received, net of direct issue costs.

Fair value determination

The Group establishes fair value by utilising valuation techniques, including the use of information from recent arm’s length market transactions between knowledgeable willing parties, if available, reference to the current fair value of similar instruments, and discounted cash flow analysis. The valuation technique used incorporates factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

2.16 Borrowing and other finance costs

Borrowing and finance charges, including any premiums payable on settlement or redemption and direct issue costs, are generally recognised in profit and loss as incurred. Borrowing costs incurred during the construction period and attributable to constructed assets are capitalised as a part of the asset. The Company capitalised \$21,000 for the period ended 30 June 2010 and nothing in the period to 30 June 2011. The average borrowing rate was 4.9% for the period ended 30 June 2010.

2.17 Impairment of property, plant and equipment and intangible assets

At each statement of financial position date, the Group assesses whether there is any indication that its property, plant and equipment and intangible assets have been impaired.

Leed Petroleum PLC

Notes to the financial statements

for the year ended 30 June 2011

Exploration and evaluation assets

Impairment testing for the Group's E&E assets were conducted on an asset-by-asset level on an annual basis or when circumstances arose which indicated that the carrying value of an E&E asset may have been impaired. E&E assets were also tested for impairment when reclassified to property, plant and equipment. If any such indication existed, the recoverable amount of the asset was estimated in order to determine the extent of the impairment, if any.

Field Cash Generating Units

Development costs pertaining to the Group's oil and natural gas assets classified as property, plant and equipment were grouped by individual CGUs ("*Field CGUs*") for impairment testing purposes

The recoverable amount of a Field CGU is the higher of its fair value less costs to sell or its value in use. The value in use is the present value of the future cash flows expected to be derived from the Field CGU. This present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset, for which future cash flow estimates have not been adjusted. If the recoverable amount of the Field CGU is less than its carrying amount, the carrying amount of the Field CGU is reduced to its recoverable amount and an impairment loss is recognised. If an impairment loss subsequently reverses because of changing circumstances, the carrying amount of the Field CGU is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit and loss.

Goodwill

Goodwill is tested for impairment at the operating segment level at least annually and whenever there is an indication the asset may be impaired. Impairment losses on goodwill are not subsequently reversed in accordance with IFRS.

2.18 Share-based payments

The Group has issued Stock Appreciation Rights ("SARs") and Restricted Stock Units ("RSUs") of the Company's stock as additional compensation to its Directors, executives, management and other employees with the offset being a share-based cost credit to equity. The Company has the choice of settling these amounts with cash or by issuing stock. The share-based payments are accounted for as equity-settled share-based payments as it is expected the amounts will be settled by the issuance of Company stock. Equity settled share-based payments are measured at fair value at the date of grant as determined by an independent appraiser with assumptions that the Directors consider as reasonable. The fair value is expensed on a straight-line basis over the vesting period, which is based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Replacement options are treated as a modification of the original options. If the fair value of the modified instruments is more than the fair value of the old instruments the incremental amount is recognised over the remaining vesting period in a manner similar to the original amount. If the modification occurs after the vesting period, the incremental amount is recognised immediately. If the fair value of the modified instruments is less than the fair value of the old instruments, the original fair value of the equity instruments granted is expensed as if the modification never occurred.

2.19 Reserves of equity

The Group and Company's reserves of equity include a translation reserve. The translation reserve is the offsetting account for the adjustment of the Company's accounts from its functional currency (the Pound Sterling) to the presentation currency (the US dollar). In addition to the foregoing, the Company's reserves of equity also include another reserve. The other reserve is the offsetting account for share-based payments.

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2.20 Going concern

As at the financial year end the Group had net current assets of \$3.7 million. The Directors have prepared cash flow forecasts through to 31 December 2012 which assume that any investment activity is only undertaken when it can be financed from existing cash resources. The expenses of the Group's continuing operations relate entirely to maintaining its status as a quoted company listed on the AIM market and researching suitable investment opportunities and the cash flow forecasts demonstrate that the Company is able to meet these liabilities as they fall due. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

There were no key assumptions concerning the future or key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

4. Financial risk management

The Group's business activities expose it to a variety of financial risks that include oil and natural gas price risk, liquidity risk, interest rate risk, credit risk and currency risk.

4.1 Liquidity risk

Liquidity risk is the risk arising from the Group not being able to meet its obligations. Until the disposal of the Group's oil and gas operations the Group managed its liquidity needs by monitoring scheduled debt servicing payments for its borrowings as well as forecast cash flows and inflows due in day-to-day business. The Group's objective has been to maintain cash and cash equivalents to meet its liquidity requirements for a minimum of 30 days.

The Group financed its operations through a combination of bank borrowings, finance leases and cash generated from operations. Besides operations, the Group's principal source of funding was bank borrowings secured by property assets. Liquidity was maintained through committed bank credit facilities (Note 17 "*Borrowings*").

At 30 June 2011 the Group was not exposed to liquidity risk as substantially all its assets were in cash and cash equivalents.

Leed Petroleum PLC

Notes to the financial statements

for the year ended 30 June 2011

A summary of the Group's maturities for its liabilities (excluding derivative financial instruments, decommissioning obligations and deferred taxes) follows:

Maturities	Group			
	Current within 6 months \$000	Current six to twelve months \$000	Non-current one to five years \$000	Non-current Over 5 years \$000
30 June 2011				
Trade and other payables	89	—	—	—
	89	—	—	—
30 June 2010				
Borrowings	500	1,000	25,000	—
Trade and other payables	8,615	—	—	—
Other finance obligations	4	—	—	—
	9,119	1,000	25,000	—

4.2 Currency risk

The Group is exposed to currency risk in respect of translation of the Group's assets into the US dollars for accounting purposes, as the group assets are held in Pound Sterling following the disposal of the Group's oil and gas assets, and the recapitalisation of the Company. The Group does not hedge this risk.

4.3 Interest rate risk

Prior to the disposal of the Group's oil and gas assets the Company was exposed to a cash flow interest rate risk on bank borrowings, which were arranged at floating rates. As part of the credit facility with its primary banker, the Group used interest rate swaps to hedge a portion of its exposure to interest rate fluctuations (Note 18 "Financial instruments"). At 30 June 2011 the Group was not exposed to interest rate risk as it had no borrowings.

4.4 Capital maintenance

The Board of Directors' policy with regards to capital maintenance includes an objective to maintain a strong capital base consisting of appropriate borrowings that comply with its credit facility in order to maintain investor and creditor confidence and sustain future development of the business. The Group endeavours to maintain a capital structure that will maximise shareholder value while employing only a level of debt that the Board of Directors considers prudent for an investing company of the Group's size and on terms that the Board of Directors believes to be reasonable after taking into account the Group's capital needs and considering other alternatives. The Board of Directors directs and monitors the allocation of cash resources against projects to maximise the return on asset value within the Group. Day to day working capital requirements and medium-term funding requirements are managed through use of internally generated funds and the Group's bank facility. Periodically, the Board of Directors will consider raising additional equity when the Group has access to opportunities, which in the opinion of the Board of Directors will increase shareholder value if acted upon. The Board of Directors' also determines the timing and level of dividends to ordinary shareholders with the objective of maximising shareholder value.

4.5 Fair value estimation

The fair values of cash and cash equivalents, receivables, payables and borrowings with a maturity of less than one year are assumed to approximate their book values. The fair value of forward contracts (oil and natural gas hedges and interest rate swaps) has been determined based on market forward rates at the statement of financial position date (Note 18 "Financial instruments"). The Group's borrowings due in more than one year bear interest at prevailing market rates and their fair values are assumed to approximate their book values. At 30 June 2011 the Group had no forward contracts and no borrowings.

Leed Petroleum PLC

Notes to the financial statements

for the year ended 30 June 2011

5. Operating segments

The chief operating decision maker has been identified as the Group's Board of Directors. The Board of Directors reviews the group's internal reporting in order to assess performance and allocate resources. The information provided to the chief operating decision maker is measured in a manner which is consistent with the financial statements and management has determined that until the disposal of its trading operations the Group had one operating segment (exploration and production) based on these reports and other factors. The exploration and production segment consisted of the acquisition, exploration, development, production and operation of oil and natural gas properties in the Gulf Coast region of the United States. The exploration and production segment derived all of its revenues from external customers. External customers exceeding 10% of total revenues, including the revenue shares of other participants, during the period ended 30 June 2011 included one oil purchaser (\$10.9 million), one gas purchaser (\$6.0 million) and the operator of the natural gas liquids processing plant (\$3.9 million).

Results of operations by segment	Note	Discontinued operations \$000	Unallocated central costs \$000	Consolidated total \$000
Year ended 30 June 2011				
Revenues	8	17,569		17,569
Operating expenses	8	(7,792)		(7,792)
Depreciation and amortisation		(10,306)		(10,306)
Operating loss		(529)		(529)
Administrative expenses	8	(9,594)	(386)	(9,980)
Loss on disposal of discontinued operations		(121,682)	—	(121,682)
Other losses and gains	8	(159)	3	(156)
Finance income	6	17	—	17
Finance costs	7	(1,670)	(19)	(1,689)
Loss before taxation		(133,617)	(402)	(134,019)
Year ended 30 June 2010				
Revenues	8	23,228		23,228
Operating expenses	8	(10,006)		(10,006)
Depreciation and amortisation		(12,188)		(12,188)
Operating profit		1,034		1,034
Administrative expenses	8	(12,993)	(2,217)	(15,210)
Other losses and gains	8	835	—	835
Finance income	6	71	—	71
Finance costs	7	(3,644)	—	(3,644)
Loss before taxation		(14,697)	(2,217)	(16,914)
			30 June 2011	30 June 2010
Total assets by segment			\$000	\$000
Discontinued operations			—	158,877
Unallocated assets			3,854	18,123
			3,854	177,000

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Notes to the financial statements

for the year ended 30 June 2011

6. Finance income

The Company's interest income on bank and other deposits during the years ended 30 June 2011 and 2010, respectively, were as follows:

	Continuing operations		Discontinued operations	
	2011	2010	2011	2010
Finance income	\$000	\$000	\$000	\$000
Interest income on bank and other deposits	—	—	17	71

7. Finance costs

The Company's finance costs during the years ended 30 June 2011 and 2010, respectively, were as follows:

	Continuing operations		Discontinued operations	
	2011	2010	2011	2010
Finance costs	\$000	\$000	\$000	\$000
Interest payable on borrowings and other finance obligations	—	—	1,317	1,920
Other financing costs, including charges on undrawn credit facilities	19	—	353	1,537
Unwinding of decommissioning provision	—	—	—	208
	19	—	1,670	3,665
Less: finance costs capitalised in property, plant and equipment	—	—	—	(21)
	19	—	1,670	3,644

8. Loss for the period

Selected items comprising the loss for the periods ended 30 June 2011 and 2010, respectively are as follows:

	Continuing operations		Discontinued operations	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Included in administrative expenses:				
Depreciation and amortisation of other fixed assets (Note 13)	—	—	51	106
Employee benefits expense (Note 22)	(257)	1,506	3,507	5,289
Professional fees and outside consultants	593	650	1,579	716
Delay rentals for evaluation assets	—	—	46	539
Insurance, including that related to oil and natural gas properties	50	61	3,974	6,060
Office rent	—	—	372	243
Other	—	—	65	40
	386	2,217	9,594	12,993
Included in other gains and losses:				
Unrealised income (loss) from fair valuations (Note 1*)	—	—	—	(969)
Realised currency gain	3	—	—	—
(Loss)/gain from derivative transactions	—	—	(159)	1,700
Gain on sale of pipe inventory	—	—	—	104
	3	—	(159)	835

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9. Discontinued operations

Effective as of 18 April 2011, the shares of the operating subsidiary, Leed Petroleum LLC ("Leed LLC") were transferred to a trust established for the benefit of Leed LLC's creditors, including UniCredit. The trustee of that trust subsequently sold all of the assets of Leed LLC for \$16 million. All the proceeds of the sale were applied to the repayment of Leed LLC's bank borrowings, and subsequently on 22 June 2011 agreement was reached with Unicredit Bank AG, whereby for the payment of a fee of \$70,000 the bank agreed to release Leed Petroleum plc and Leed Petroleum Inc from all guarantees given in respect of the loan facility to Leed LLC.

As Leed LLC was not under the control of the Group from 18 April 2011 it has been treated as a disposal on that date and is shown as a discontinued activity. The results from the discontinued activities and the loss on disposal are disclosed in **note 5 Operating segments**. The assets and liabilities of discontinued operations and the loss on disposal are summarised below:

	2011
	\$000
Assets	
Goodwill	29,005
Property, plant and equipment	121,367
Trade and other receivables	438
Cash and cash equivalents	1,064
	<hr/> 151,874
Liabilities	
Trade and other payables	(232)
Asset retirement obligations	(6,479)
Bank loans	(23,481)
	<hr/> (30,192)
Net assets of discontinued operations and loss on disposal	(121,682)

The interim financial statements to 31 December 2010 were prepared on a non-going concern basis, which reflected the expectation of the directors at that time. The goodwill and property plant and equipment were impaired by \$133.2m, down to their expected disposal proceeds. However, at the year end the group had returned to being a going concern and the assets have been included above at their carrying value before that impairment in order to show the overall loss on the disposal of the discontinued operations.

Cash flows from discontinued operations, which are included in the statement of cash flows, are summarised below:

	2011	2010
	\$000	\$000
Cash flow from operations	(1,954)	9,759
Cash flow from investing activities	(3,645)	(13,733)
Cash flow from financing activities	(4,689)	(20,778)
Net cash flow from discontinued operations	(10,288)	(24,752)

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10. Taxation

A summary of taxation charges, and components thereof, incurred during the years ended 30 June 2011 and 2009, respectively, are set out in the tables below based on a tax rate of 36% pertaining to the US subsidiaries.

Taxation for period	Continuing operations		Discontinued operations	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Deferred tax:				
Continuing operations	—	—	—	6,083
Reversal of net deferred taxes	—	—	—	(7,230)
	—	—	—	(1,147)
Taxation components				
Loss on ordinary activities before tax				
– Continuing operations	(402)	(2,217)	(133,617)	(14,697)
Tax effects				
Loss on ordinary activities multiplied by rate of corporation tax (28%) in the UK	(113)	(621)	(37,413)	(4,115)
Disallowed portion of UK tax provision asset	113	621	37,413	4,115
Effect of different tax rates of overseas subsidiaries	—	—	—	6,083
Reversal of net deferred taxes	—	—	—	(7,230)
Total tax	—	—	—	(1,147)

11. Goodwill

Goodwill of \$29.0 million at 30 June 2010 arose from the acquisition of Leed Petroleum LLC (formerly Darcy Energy, Ltd.) by Darcy Energy Holdings, LLC on 8 December 2005 and was allocated to the Group's exploration and production segment, which comprised all of the Group's CGUs. As this operation was disposed of in April 2011 there is no goodwill at 30 June 2011.

12. Intangible exploration and evaluation assets

A summary of the Group's intangible exploration and evaluation assets follows:

	Group \$000
Reconciliation of intangible exploration and evaluation assets	
At 30 June 2009	2,228
Additions	739
Unsuccessful acquisition costs	(11)
At 30 June 2010	2,956
Disposal of oil and gas assets	(2,956)
At 30 June 2011	—

Delay rentals for evaluation properties were \$46,000 and \$539,000 for the years ended 30 June 2011 and 2010, respectively. Delay rental expense and unsuccessful acquisition costs are included with administrative expenses in profit and loss.

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13. Property, plant and equipment

A summary of the Group's property plant and equipment follows:

Property, plant and equipment	Group			Total \$000
	Oil and natural gas assets \$000	Leasehold improvements \$000	Other fixed assets \$000	
Cost				
At 30 June 2009	175,943	124	516	176,583
Additions and adjustments				
– separately acquired	16,313	—	7	16,320
– adjustment to asset retirement obligation	483	—	—	483
Disposals				
– cost of pipe inventory disposed of	(1,136)	—	—	(1,136)
At 30 June 2010	191,603	124	523	192,250
Additions and adjustments				
– separately acquired	1,737	—	3	1,740
Disposals	(193,340)	(124)	(526)	(193,990)
At 30 June 2011	—	—	—	—
Accumulated depreciation				
At 30 June 2009	52,498	69	359	52,926
– Charge for the year	12,188	43	63	12,294
At 30 June 2010	64,686	112	422	65,220
– Charge for the year	10,306	12	39	10,357
– Disposals	(74,992)	(124)	(461)	(75,577)
At 30 June 2011	—	—	—	—
Net book amount				
At 30 June 2009	123,445	55	157	123,657
At 30 June 2010	126,917	12	101	127,030
At 30 June 2011	—	—	—	—

The depreciation charge for oil and natural gas assets is disclosed separately within profit and loss. Included within other fixed assets at 30 June 2010 was equipment acquired under financing leases with a carrying value of \$4,000.

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14. Trade and other receivables

The Directors consider that the carrying amount of trade and other receivables approximates their fair value:

	Group		Company	
	2011	2010	2011	2010
Trade and other receivables	\$000	\$000	\$000	\$000
Trade receivables	—	4,176	—	—
Joint interest billings receivable	—	186	—	—
Notes receivable from subsidiary undertakings	—	—	—	1,000
Other receivables	739	434	739	14
Prepayments	17	866	17	10
	756	5,662	756	1,024
Short-term trade and other receivables	756	5,662	756	24
Long-term notes receivable	—	—	—	1,000

Other receivables represent the primary exposure to credit risk at the statement of financial position date. The amounts due in respect of these receivables have been received by the Company at the date of signing these accounts. At each statement of financial position date presented there are no material amounts that are past due.

15. Cash and cash equivalents

The Directors consider that the carrying amount of cash and cash equivalents represents their fair value:

	Group		Company	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Bank current accounts	75	10,812	75	255
Amounts held in third party client accounts	3,023	—	3,023	—
	3,098	10,812	3,098	255

Amounts held in third party client accounts represent the net proceeds received in respect of the share issue in June 2011.

16. Trade and other payables

The Directors consider that the carrying amount of trade and other payables approximates to their fair value and is generally payable within 30 to 45 days of the relevant period end:

	Group		Company	
	2011	2010	2011	2010
Trade and other payables	\$000	\$000	\$000	\$000
Trade payables	26	8,531	26	254
Amounts owed to Group undertakings	—	—	—	731
Other payables	63	—	63	—
Accruals and deferred income	34	84	34	—
	123	8,615	123	985

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17. Borrowings

A summary of the borrowings at 30 June 2011 and 2010, respectively, follows:

	Group		Company	
	2011	2010	2011	2010
Borrowings	\$000	\$000	\$000	\$000
Current				
Other finance obligations	—	4	—	—
Bank loans	—	1,500	—	—
	—	1,504	—	—
Non-current				
Bank loans	—	25,000	—	—

As the Group's bank borrowings bear interest at floating rates, which represent prevailing market rates, the Directors consider the carrying amount of these borrowings approximates their fair value.

The weighted average interest rates on the Group's borrowings at 30 June 2011 and 2010, respectively, follow:

	Group		Company	
	2011	2010	2011	2010
Weighted average interest rates	%	%	%	%
Bank borrowings – floating rates	—	4.5	—	—
Finance leases – fixed rates	—	4.7	—	—

For the year ended 30 June 2010, the median bank floating rate was 0.59% and ranged from 0.38% to 1.28%. Assuming a movement of 45 basis points to the ending balances to the bank at 30 June 2010, such movement would have increased or decreased post-tax net income by \$763,000 for the year.

The maturity profile of the Group's non-current bank loans at 30 June 2011 and 2010, respectively, follows:

	Group		Company	
	2011	2010	2011	2010
Maturity of bank loans	\$000	\$000	\$000	\$000
Between one and two years	—	1,500	—	—
Between two and five years	—	25,000	—	—
More than five years	—	—	—	—
	—	26,500	—	—

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18. Financial instruments

A summary of financial assets and liabilities by category at 30 June 2011 and 2010, respectively, follows:

	Group		Company	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Financial instruments				
Non-current assets				
Loans and receivables	—	—	—	1,000
Financial asset at fair value through profit or loss	—	516	—	—
	—	516	—	1,000
Current assets				
Loans and receivables	3,855	15,621	3,855	269
Financial asset at fair value through profit or loss	—	1,019	—	—
	3,855	16,640	3,855	269
Current liabilities				
Other financial liabilities	89	10,119	89	985
Financial liability at fair value through profit or loss	—	837	—	—
	89	10,956	89	985
Non-current liabilities				
Other financial liabilities	—	25,000	—	—
Financial liability at fair value through profit or loss	—	22	—	—
	—	25,022	—	—

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Derivative financial instruments

Prior to the disposal of its oil and gas assets the Group managed its financial risks with derivatives, including hedging for changes in future oil and natural gas prices. The instruments purchased were denominated in US Dollars, the Group's functional currency.

	Group		Company	
	2011	2010	2011	2010
Derivative financial instruments	\$000	\$000	\$000	\$000
Assets				
Forward commodity contracts	—	1,535	—	—
Derivative financial instruments assets	—	1,535	—	—
Current portion	—	1,019	—	—
Non-current portion	—	516	—	—
Liabilities				
Forward commodity contracts	—	(668)	—	—
Interest rate swaps	—	(191)	—	—
Derivative financial instruments liabilities	—	(859)	—	—
Current portion	—	(837)	—	—
Non-current portion	—	(22)	—	—

Other gains and losses

Gains and losses on derivative financial instruments that closed in each period were accounted for as realised gains and losses. Changes in the movement of the fair value of derivative financial instruments that were still open at each statement of financial position date were accounted for as unrealised gains and losses. Both are included in profit and loss for each period and shown as other gains and losses (Note 8 "Loss for period"). A recap of those gains and losses for each period is shown in the table below:

	Group		Company	
	2011	2010	2011	2010
Other gains and losses	\$000	\$000	\$000	\$000
Commodity contracts realised (losses)/gains	(195)	2,010	—	—
Commodity contracts unrealised (losses)	—	(1,265)	—	—
Interest rate swaps realised gains/(losses)	36	(310)	—	—
Interest rate swaps unrealised gains	—	296	—	—
	(159)	731	—	—

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Commodity contracts

As a part of its bank credit facility (Note 17 "Borrowings"), the Group entered into crude oil and natural gas commodity contracts, with staggered effective and termination dates to manage its price risk to oil and natural gas. Such contracts were entered into only at the US subsidiary level. All open contracts were closed on cessation of the Group's oil and gas operations, so that there were no open positions at 30 June 2011. A summary of the open contracts at 30 June 2010 follows:

Contract type	Volumes	Floor price	Valuation level	Time period
30 June 2010				
Natural gas swaps	202,197 mmbtu	\$5.89 - \$6.89	Level 2	July 2010 – January 2011
Natural gas puts	420,000 mmbtu	\$5.94 - \$6.13	Level 1	July 2010 – January 2011
Natural gas puts	283,114 mmbtu	\$6.00	Level 2	March 2011 – March 2012
Natural gas puts	36,000 mmbtu	\$5.00	Level 3	April 2012 – June 2012
Crude oil swaps	32,000 bbl	\$55.30 - \$56.85	Level 2	September 2010 – January 2011
Crude oil puts	40,000 bbl	\$55.00	Level 2	July 2010 – November 2011
Crude oil puts	37,406 bbl	\$75.00	Level 2	April 2011 – June 2012

Valuations levels in the above table are categorised as follows:

- Level 1: fair value based quoted prices for similar instruments;
- Level 2: fair value based on directly observable market inputs other than Level 1 inputs; and
- Level 3: estimate; inputs not based on observable market data.

For the year ended 30 June 2010, average end of month prices of NYMEX/Henry Hub futures for the open contract periods above ranged from \$4.38 to \$6.06 per mmbtu for natural gas and average end of month prices of NYMEX/WTI futures for the open contracts for crude oil ranged from \$75.80 to \$81.09 per barrel. Considering the unrealised gain at 30 June 2010 and these movements to the volumes and fixed prices of the contracts then open, a post-tax increase of \$2,539,000 or a post-tax increase of \$1,699,000 could have resulted.

19. Deferred tax

The Company reversed all deferred tax asset and liability balances at 30 June 2010. The movement on the net deferred taxes of both jurisdictions in which the Company operates is as per the following:

	Net US deferred tax \$000	Net UK deferred tax \$000	Total \$000
Net deferred taxes			
30 June 2009	1,147	—	1,147
Profit and loss charge	6,083	—	6,083
Reversal of deferred tax balances	(7,230)	—	(7,230)
30 June 2010	—	—	—
Profit and loss charge	—	—	—
Reversal of deferred tax balances	—	—	—
30 June 2011	—	—	—

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20. Issued capital

A recap of issued capital follows:

	Group and Company	
	30 June 2011	30 June 2010
Authorised	£000	£000
301,000,000 Ordinary Shares of 5 pence each	15,050	15,050
Issued and fully paid	\$000	\$000
676,020,767 Ordinary Shares of 5 pence each	—	60,335
2,502,602,008 Ordinary shares of 0.1 pence each	4,020	—
67,602,008 Deferred shares of 49.9 pence each	60,214	—
	64,234	60,335

On 22 June 2011 the shareholders approved a resolution to reorganise the issued share capital of the Company with the effect that for every ten existing ordinary shares of 5 pence each one new ordinary share of 0.1 pence each and one deferred share of 49.9 pence each were issued. The restricted rights attaching to the deferred shares are such that the deferred shares have no economic value.

Also on 22 June 2011 2,435,000,000 new shares of 0.1 pence each were issued at par on conversion of loan notes totalling £2,435,000.

21. Cash flows from operating activities

A summary of the components of cash flows generated from continuing operations follows:

	Group		Company	
	2011	2010	2011	2010
Cash flows from continuing operations	\$000	\$000	\$000	\$000
Loss before taxation	(134,019)	(16,914)	(180,803)	(2,163)
Adjustments for:				
- Loss on disposal of discontinued operations	121,682	—	181,007	—
- Depreciation, depletion and amortisation	10,357	12,294	—	—
- Finance income	(17)	(71)	—	(53)
- Finance expense	1,689	3,644	19	—
- Share-based costs	(516)	2,272	(490)	1,156
- Translation reserve	—	7	—	7
- Fair value changes in derivative contracts	1,535	969	—	—
Changes in working capital:				
- Decrease/(increase) in receivables	5,188	5,056	(12)	(13)
- Increase/(decrease) in payables	(8,263)	2,109	(131)	567
Cash generated from continuing operations	(2,364)	9,366	(410)	(393)
Corporate taxation paid	—	—	—	—
Net cash from continuing operations	(2,364)	9,366	(410)	(393)

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22. Employees, Directors and Auditor Remuneration

A summary of total employee and director costs follows:

	Group		Company	
	2011	2010	2011	2010
Employee and Director costs	\$000	\$000	\$000	\$000
Wages, salaries, fees and bonuses	2,906	3,756	168	215
Social security costs	196	178	—	—
Other pension costs	65	88	—	—
Other benefits	230	500	—	—
	3,397	4,522	168	215
Share-based payments	(516)	2,272	(490)	1,156
	2,881	6,794	(322)	1,371

The average number of personnel was as follows:

	Group		Company	
	2011	2010	2011	2010
Average number of personnel				
Average number of Directors and employees	22	29	4	5

Key management (part of Employee and Director costs above)

The key management of the Company are the directors, and also prior to the disposal of the Group's oil and gas assets the Chief Financial Officer ("CFO") who was not a director. During the year these individuals were the key management of the Company (in accordance with IAS 24 "Related Party Disclosures")

	Group		Company	
	2011	2010	2011	2010
Key Management Costs	\$000	\$000	\$000	\$000
Fees, salaries and bonuses	1,056	1,304	168	215
Social security costs	47	36	18	—
Other pension costs	20	20	—	—
Other benefits	93	126	—	—
	1,216	1,486	186	215
Share-based payments	(516)	1,703	(490)	1,156
	700	3,189	(304)	1,371

Other pension costs for key management were payments towards a money purchase scheme for the two (US) Executive Directors. The Company does not have any defined benefit programs for any of its directors.

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Companies Act and AIM disclosures (part of Employee and Directors cost)

Payments to Directors are recapped below:

	Group		Company	
	2011	2010	2011	2010
Director costs	\$000	\$000	\$000	\$000
Fees, salaries and bonuses	833	1,029	168	215
Other pension costs	16	20	—	—
Other benefits	66	90	—	—
	915	1,139	168	215

Total Compensation by Director during the year ended 30 June 2011

Director compensation paid	Robert Adair Non-Executive Chairman \$000	Howard Wilson President and CEO \$000	James Slatten Chief Operating Officer \$000	Peter Redmond Executive Chairman \$000	Robert Alcock Non-Executive Director \$000	Ian Shaun Gibbs Non-Executive Director \$000	Peter Hirsch Non-Executive Director \$000	Stephen Fleming Non-Executive Director \$000	2011 Total \$000
Wages, salaries, fees and bonuses	87	360	304	1	30	20	22	9	833
Other pension costs	—	8	8	—	—	—	—	—	16
Other benefits	—	46	20	—	—	—	—	—	66
	87	414	332	2	30	18	20	9	915

All outstanding SARS and RSUs applicable to Directors were issued during 2007 and were still outstanding and fully vested at 30 June 2011. A summary of SARs and RSUs awards applicable to directors is set out below, with numbers of shares and exercise prices adjusted for the share reorganisation in June 2011:

SARs - Directors	Weighted average exercise price for the year ended 30 June 2011 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2011	Weighted average exercise price for the year ended 30 June 2010 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2010
Outstanding, beginning of period	470.00	690,307	470.00	690,307
Granted, forfeited, exercised, or expired during the period	—	(627,552)	—	—
Outstanding, end of period	470.00	62,755	470.00	690,307
Exercisable, end of period	470.00	62,755	470.00	460,204

The SARs referenced in the above table were issued on August 6, 2007 and contain vesting provisions of one-third per year and a ten year life. The SARS outstanding and exercisable at 30 June 2011 were all granted to Ian Shaun Gibbs.

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	Number of shares awarded year ended 30 June 2011	Number of shares awarded year ended 30 June 2010
RSUs - Directors		
Outstanding, beginning of period	125,510	125,510
Granted, forfeited, exercised, or expired during the period	(125,510)	—
Outstanding, end of period	—	125,510

All of the RSU awards in the above table apply to Robert Adair and were issued on August 6, 2007 (Note 28 “Share-based payments – Directors and employees”).

Payments to Howard Wilson (highest paid director for the year ended 30 June 2011 and 2010), President, CEO and Executive Director, for the year ended 30 June 2011 and 2010, respectively, were as follows:

	Group	
	2011	2010
Highest Paid Director	\$000	\$000
Salary and bonus	360	441
Social security costs	11	13
Other pension costs	8	10
Other benefits	46	62
	425	526

Note 28 “Share-based payments – Directors and employees” provides details of the incentive schemes; during the period, there were no sales of shares under the incentive schemes.

There were no other undertakings with the Directors.

Auditor’s remuneration

A summary of the remuneration paid to the Company’s auditor follows:

	Group		Company	
	2011	2010	2011	2010
Services by the Company’s Auditor	\$000	\$000	\$000	\$000
Fees payable to the Company’s auditor for the audit of the annual financial statements	48	178	48	178
Fees payable to the Company’s auditor and its associates for other services:				
– Audit of financial statements of Company’s subsidiaries	—	68	—	—
– Interim review of Company accounts	67	65	67	65
– Other services including taxation	16	16	16	16
	83	149	83	81

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23. Operating lease commitments

The Group had no operating leases at 30 June 2011.

A summary of minimum lease payments under non-cancellable operating leases follows:

	Group		Company	
	2011	2010	2011	2010
Operating lease commitments	\$000	\$000	\$000	\$000
Within one year	—	440	—	—
After one year and less than five years	—	910	—	—
	—	1,350	—	—

24. Investments in subsidiaries

Leed Petroleum PLC, the parent company, owns 100% of the issued Ordinary Share Capital in Leed Petroleum Inc. (US holding incorporated in Delaware), who in turn, owns 100% of the issued Ordinary Share Capital in Leed Petroleum LLC ("Leed LLC") (limited liability company incorporated in Delaware acting as the operating entity of the Group). A summary of Leed Petroleum PLC's investments in its subsidiaries follows. Since the transfer of the Company's shareholding in Leed LLC to a trust established for the benefit of Leed LLC's creditors the Group has had no trading activities.

Investment in subsidiaries – cost and net book amount	Company \$000
At 30 June 2009	148,802
Capital contribution	31,115
Share-based payment of Company stock by subsidiary (Note 28)	1,116
At 30 June 2010	181,033
Share-based costs	(26)
Impairment of investment (see below)	(181,007)
At 30 June 2011	—

The fair value of the investment in subsidiaries was represented by the oil and gas assets of Leed LLC. In April 2011 the Company's shareholding in Leed LLC was transferred to a trust established for the benefit of Leed LLC's creditors. The transfer was treated as a disposal and the value of the investment was written off.

25. Capital commitments

	Group		Company	
	2011	2010	2011	2010
Capital commitments	\$000	\$000	\$000	\$000
Contracts placed for future capital expenditure not provided in the financial statements	—	1,358	—	—

26. Contingent liabilities

The Directors are not aware that the Group has any contingent liabilities.

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27. Related party transactions

Identity of related parties

The Group has a continuing related party relationship with its subsidiaries and its Directors. Prior to the disposal of the Group's oil and gas operations and subsequent recapitalisation, it also had related party relationships with IB Daiwa Corporation ("IBD"), Asia Debt Management Galleus Fund Limited ("ADM"), Asia Special Situations GJP1 Limited ("ASSGJP1") and Byron.

Byron scouting agreement

In December 2005, in connection with the acquisition of the shares of Leed Petroleum LLC ("LP LLC") (formerly Darcy Energy, Ltd), IBD agreed that LP LLC enter into a "scouting agreement" with Byron for an initial term of three years. Under this exclusive scouting agreement, Byron was to use its best efforts to introduce oil and natural gas producing property acquisition opportunities to LP LLC. In return, Byron earned the right at its election to receive either a proportional 2% ORRI or to up to 25% of LP LLC's working interest in any properties acquired by LP LLC pursuant to the agreement. If Byron elected a working interest pursuant to the agreement terms, Byron had to pay LP LLC pro-rata up to 25% of LP LLC's net investment in the property (out of pocket costs less any revenues). Byron had a 17.75% working interest in the Eugene Island field. At 30 June 2010, approximately 5.2% of Byron's outstanding shares were owned by certain directors of the Company and 0.4% of Byron's outstanding shares were owned by other professional employees of the Group. Prior to the Company's initial public offering in 2007, both parties retained rights to acquire the respective interests in any Offshore Continental Shelf ("OCS") blocks contiguous to those covered by the agreement. At 30 June 2011 the Byron had ceased to be a related party.

Byron consultancy agreement

From 8 June 2006 LP LLC had a consultancy agreement with Byron. However, on 8 September 2010 the Group elected to terminate this agreement effective 8 October 2010. As per the termination clause within the consultancy agreement the respective parties retained the rights and obligations arising prior to termination up to the date that the Group disposed of its oil and gas operations.

Summary of related party transactions with Byron

A summary of transactions with Byron during the year ended 30 June 2011 and 2010, respectively, follows:

	2011	2010
Related party transactions with Byron	\$000	\$000
Pro-rata share of oil and natural gas revenues paid to Byron during year	1,811	5,501
Pro-rata share of joint venture costs billed to Byron during year	607	2,202
Joint interest receivable from Byron at period end	—	132
Accrued oil and natural gas revenues payable to Byron at period end	—	419

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IB Daiwa Corporation

Following the public listing of the Company in August 2007, the ownership interest of the Company's former ultimate parent, IBD, fell to approximately 42%. IBD transferred its Leed Petroleum PLC shares to its wholly owned subsidiary, ASSGJP1, in June 2008. ASSGJP1's ownership was further reduced to approximately 38% following a second equity fund raising in August 2008. ASSGJP1's shareholding was further reduced to approximately 29% following the November 2009 equity offering. During February 2010, IBD transferred all of its ownership of ASSGJP1 to ADM in exchange for cancellation of debt owed by IBD to ADM. Stephen Fleming, a non-executive director of the Company, served as an executive director of IBD until 28 February 2010 and is a former employee of ADM. Following the recapitalisation of the Company in June 2011 ABD and its associated companies ceased to hold a material interest in the Group.

Other related party transactions

Key management and director compensation is disclosed in Note 22 "Employees, Directors and Auditor Remuneration".

28. Share-based payments - Directors and employees

The Company operates one share-based cost scheme, the 2007 Omnibus Incentive Plan. Under the plan, the Company has granted SARs and RSUs.

SARs

Awards entitle grantees to receive the appreciation (based on the fair value of the stock) of the number of shares in respect of the SAR granted over the exercise price. The exercise price is normally (but not less than) the closing price of the Company's stock on the date of the award. The SARs have a ten year life; one-third (1/3) vest to the holder at each anniversary date of the grant over three years from the award date; the SARs are subject to forfeiture during the vesting period if the Grantee's service with the Group terminates; vested but unexercised awards normally expire when the Grantee's service with the Group terminates. The SARs are expected to be settled with stock, although the Company has the right to settle them in cash or a combination of cash and stock. A recap of the SAR awards follows, with numbers of shares and exercise prices adjusted for the share reorganisation in June 2011:

SARs	Weighted average exercise price for the year ended 30 June 2011 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2011	Weighted average exercise price for the year ended 30 June 2010 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2010
Outstanding, beginning of period	426.4	1,035,835	435.6	1,179,446
Granted during the period	50.0	2,324,227	105.0	10,000
Forfeited during the period	166.0	(3,297,307)	448.6	(153,611)
Outstanding, end of period	470.0	62,755	426.4	1,035,835
Exercisable, end of period	470.0	62,755	448.1	630,912

On 1 July 2010, the Company awarded 2,324,227 replacement SARs to certain executive officers and employees of the Company, with an exercise price of 50 pence. These replaced 5,200,708 SARs that were outstanding at 30 June 2010. The replacement SARs have been accounted for as a modification of the options they replaced. The SARs outstanding at the end of the financial year all relate to Ian Shaun Gibbs, who was the sole remaining executive officer to whom SARs had been granted. All other options were forfeited.

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RSUs

Awards are performance based and entitle grantees to receive Company shares or cash equalling the fair value of the shares on the date of vesting, at the Company's option. Awards are valued at the fair value of the Company's stock on the date granted, unless market conditions are a part of the performance or vesting condition. A description of the RSU awards and their value at dates of grant follows, with numbers of shares adjusted for the share reorganisation in June 2011:

Date of grant	Number of shares	Performance condition	Award value at date of grant	Vesting
March 2009	44,314	Non-market condition: service requirement	\$95,000	50% at 2 years of service; 50% at 3 years
August 2007	62,755	Market condition: percentage growth in Company share price from 47.00 pence	\$280,000	50% at 3 years if 8% per year compound increase; 50% at 3 years if 20% per year compound increase
August 2007	62,755	Non-market condition: percentage growth in after-tax value per fully diluted share of Company's proved and probable oil and natural gas reserves	\$602,000	50% at 3 years if 8% per year compound increase; 50% at 3 years if 20% per year compound increase

RSU awards	Number of shares awarded year ended 30 June 2011	Number of shares awarded year ended 30 June 2010
Outstanding, beginning of period	169,824	169,824
Granted during the period	—	—
forfeited during the period	(169,824)	—
Outstanding, end of period	—	169,824

All the executive officers to whom the outstanding RSUs pertained had terminated their employment with the Group by the year end date and their RSUs were forfeited. The non-market performance conditions were not met and so the amount previously charged was written back.

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29. Loss per Ordinary Share

A recap of loss per ordinary share and weighted average shares outstanding for the years ended 30 June 2011 and 2009, respectively, follows:

Loss per Ordinary Share	30 June 2011	30 June 2010
Loss attributable to Ordinary Shareholders from continuing operations	(\$402,000)	(\$2,217,000)
Loss attributable to Ordinary Shareholders from discontinued operations	(\$133,617,000)	(\$15,844,000)
Total loss attributable to Ordinary Shareholders	(\$134,019,000)	(\$18,061,000)

Weighted average shares outstanding

Weighted average number of shares at end of the period	120,971,939	51,602,077
Effect of share options in issue	—	—
Weighted average number of shares at end of the period for diluted loss per share	120,971,939	51,602,077

30. Capital management policies and procedures

The Board of Directors' capital management goals and objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by the effective management of the Group's assets.

The Board of Directors directs and monitors the allocation of cash resources against projects to maximise the return on asset value within the Group. Day to day working capital requirements and medium-term funding requirements are managed through use of internally generated funds and the issue of equity. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may pay dividends to shareholders, return capital to shareholders, buy back shares, issue new shares, sell assets or reduce its borrowings, all of which may be subject to approvals from the Group's shareholders or bank.

Capital pertaining to the Group for the reporting periods under review is summarised as follows:

Capital components	30 June 2011	30 June 2010
	\$000	\$000
Total equity	3,731	134,543
Borrowings	—	26,500
Derivative financial instruments (net)	—	(676)
Cash and cash equivalents	(3,098)	(10,812)
	633	149,555

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31. Post year end events

On 7 July 2011 the Company granted 75,078,062 options to Peter Redmond, a director of the Company, and 50,052,042 options to Bromius Capital Limited, a company of which Ian Gibbs, a director of the Company, is also a director and shareholder. The options granted are exercisable at 0.4p each on or before 28 June 2021. They will vest on the date that the Company completes its first transaction with a value of 20% or more of the Company's net assets and will be exercisable at any time within three years from that date.

On 12 September 2011 the Company acquired a 17.5% interest in Manas Coal Limited Liability Company ("Manas"). Manas is a company incorporated in the Kyrgyz Republic, the main activity of which is the exploration and development of coking coal resources and deposits within the Kyrgyz Republic.

The Company signed a Loan Agreement and an Implementation Agreement pursuant to which the Company has advanced a sum of £750,000 to Manas by means of a loan. The Company has also issued 166,666,667 ordinary shares to existing shareholders in Manas at a price of 0.15 pence per share, with an aggregate value of £250,000, together with 166,666,667 warrants to subscribe for new ordinary shares in the Company at a subscription price of 0.15 pence per share, in consideration for a 17.5% share in Manas, which is being acquired from certain existing shareholders in Manas.

The Company will have the right to participate in further fundraising rounds undertaken by Manas up to an agreed threshold amount and shall have the right to appoint a director to the board of Manas pursuant to the Implementation Agreement. The Implementation Agreement also contains certain provisions to protect the value of the Company's shareholding in future rounds of funding.

In the event that Manas receives an offer to purchase its legal and beneficial interests, whether by way of a stock exchange listing, a trade sale or otherwise, Leed shall have a right of first refusal to acquire Manas, its business or assets at a price not less than the highest price offered by any third party purchaser.

The proceeds of the loan from the Company are to be applied by Manas for the purposes of the transfer to Manas of a licence for geological exploration of coal at Eastern Kokkia area of Toguz-Toro district, Jalal-Abad region, Kyrgyz Republic and for the purposes of commissioning a scoping report thereon.

Leed Petroleum PLC

Company information

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Ian Shaun Gibbs

Secretary

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