

# **Leed Resources PLC**

**(Formerly Leed Petroleum PLC)**

**Annual report and accounts**

**For the year ended 30 June 2012**

# Leed Resources PLC

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# Leed Resources PLC

## Company information

### Directors

**Peter Redmond (Chairman)**

**Ian Shaun Gibbs**

**Nicholas Lee**

### Secretary

**M Nicholson**

### Registered number

**06034226**

### Registered office

31 Harley Street

London

W1G 9QS

### Lawyers to the Company

**Morrison Foerster**

CityPoint

One Ropemaker Street

London

EC2Y 9AW

### Registrar

**Computershare Investor Services PLC**

PO Box 82

The Pavilions

Bridgewater Road

Bristol

BS99 7NH

### Bankers

**Metro Bank plc**

One Southampton Row

London

WC1B 5HA

### Nominated advisers

**Libertas Capital Corporate Finance Ltd**

17c Curzon Street

London

W1J 5HU

### Brokers

**Peterhouse Corporate Finance Ltd**

31 Lombard Street

London

EC3V 9BQ

### VSA Capital Ltd

New Liverpool House

15-17 Eldon St

London

EC2M 7LD

### Auditor

**Welbeck Associates**

Chartered Accountants

31 Harley Street

London

W1G 9QS

## **Leed Resources PLC**

### **Chairman's statement**

for the year ended 30 June 2012

As shareholders will be aware, Leed is now an investing company, focused on investments in the energy and other natural resources sectors. This resulted from the failure of the previous US oil and gas operations and the subsequent reconstruction in which the Company raised £2.435 million and changed its activities, as described in my last Chairman's Statement. The loss for the period under review amounted to £372,000, which includes some costs relating to the previous year's restructuring and refinancing.

Since that time, the Company has made an investment in Manas Coal LLC ("Manas"), a coal exploration company with a licence at Kok Kiya, Kyrgyzstan where significant quantities of good quality coal are thought to be located.

As announced on 9 August 2012, Manas have been notified of a rival claim in relation to a part of the Kok Kiya licence, and this claim remains under dispute. Manas have assured us that, based on local legal advice, they expect to have their full licence area restored in due course but that in any event a significant and viable coal deposit exists in the undisputed area. In view of this claim, however, they have suspended the work programme pending resolution of the dispute. On 30 November 2012 the Kok Kiya licence expired in accordance with its terms. Manas are now in the process of applying for a renewal of the licence, and they have taken the necessary steps to secure the renewal, initially for the part of the licence which is not in dispute. They believe that the renewal process will be completed in the coming weeks.

The Directors have reviewed the investment in Manas in light of the above and believe that this should continue to be held at cost. We will keep the situation under review.

We have also made investments in a number of sizeable AIM-listed oil and gas companies. In addition, we have reviewed a range of investment/reverse takeover opportunities. We continue to review and pursue potential value enhancing reverse takeover and other opportunities.

As a result of our investment activities we have now successfully implemented our investment policy, so maintaining our status as an AIM investment company.

Since the year end, the Company raised a further £959,000 providing it with significantly enhanced cash resources to enable it to meet its objectives of securing a major reverse or investment transaction.

While market conditions remain challenging, we are optimistic of being able to complete such a transaction during the current financial year.

**Peter Redmond**  
**Chairman**

20 December 2012

# **Leed Resources PLC**

## **Report of the directors**

for the year ended 30 June 2012

The Directors of Leed Resources PLC ("Leed", "the Company") present to shareholders this report and the audited financial statements for the year ended 30 June 2012. The year ended 30 June 2011 is also presented for comparative purposes. The Company is quoted on the AIM market of the London Stock Exchange ("AIM") and trades under the symbol LDP.

The Company changed its name from Leed Petroleum PLC to Leed Resources PLC on 21 February 2012.

### **Principal activity**

The principal activity of the Company is investment in the natural resources industry.

### **Investing policy**

Leed is an investing company quoted on AIM, focused on opportunities in the natural resources sector, with an emphasis mainly but not exclusively on the oil and gas sector. In line with this policy, the proposed investments to be made by the Company may be either quoted or unquoted; made by direct acquisition or through farm-ins; may be in companies, partnerships, joint ventures; or direct interests in natural resource projects. Target investments will generally be involved in projects in the exploration and/or development stage. The Company's equity interest in a proposed investment may range from a minority position to 100 per cent ownership. The Directors will initially focus on projects located in Africa but will also consider investments in other geographical regions. It is likely that the Company's financial resources will be invested in a small number of projects or potentially in just one investment which may be deemed to be a reverse takeover under the AIM Rules. The Directors have not, however, excluded the possibility of building a broader portfolio of investment assets. The Company intends to deliver shareholder returns principally through capital growth rather than capital distribution via dividends.

### **Business and operational review**

A review of the Company's business during the period, together with details of its future plans, is set out in the Chairman's Statement.

### **Financial review**

The Company recorded a loss after taxation of £372,000 for the period ended 30 June 2012, as compared to the loss of £120.5 million for the prior year.

As at 20 December the Company held approximately £1,505,000 in cash and £519,000 in quoted investments.

### **Investment in Manas Coal LLC ("Manas")**

In September 2011 the Company made an initial cash investment of £750,000 to enable Manas to effect the transfer of a licence for geological exploration of coal at Eastern Kok Kiya area of Toguz-Toro district, JalaAbad region of the Kyrgyz Republic. In December 2011 the Company completed the acquisition of a 17.5% interest in Manas by way of the issue of 166,666,667 new ordinary shares in Leed to existing shareholders of Manas, together with 166,666,667 warrants exercisable at 0.15p per share, taking the total value of its investment to £957,000.

On 9 August 2012 the Company was advised by Manas that a third party company which holds a licence over an adjoining area to the Kok Kiya Licence claim to have an interest in part of the Kok Kiya Licence area. The third party is claiming that its licence covers part of the area held by the Kok Kiya Licence.

The overlapping area does not represent all of the prospective part of the Kok Kiya Licence area, but it is thought to comprise a material part. However, Manas has stated that it would still wish to continue to hold its Kok Kiya Licence even if it were determined that the overlapping area did not comprise part of its licence.

Manas has informed Leed that it has made a court application to resolve this issue.

Manas has therefore delayed the continuation of the work programme planned for the Kok Kiya Licence area, which is now unlikely to occur before Spring 2013. It is possible that in the meantime Manas may carry out some exploration activities in the area of the licence which is not within the overlapping area but no definitive decision has been made on this at the present time.

The exploration licence was originally issued to Kurmanbek LLC and dated 30 November 2010. In August 2011 the licence was transferred to Manas and was due for renewal on 30 November 2012. In accordance with the provisions of the licence, in December 2012 Manas submitted the necessary documentation to the State Agency for Natural Resources to have the licence renewed. As at the date of signing these financial statements the renewal of the licence has not been completed. However, the Directors have been informed that the State Agency has confirmed that renewal of the undisputed part of the licence area should be completed in the next few weeks.

# Leed Resources PLC

## Report of the directors

for the year ended 30 June 2012

### Investment in Manas Coal LLC (continued)

The Directors have considered whether the £957,000 carrying value of Leed's investment in Manas continues to reflect its fair value. The Directors have been informed by Manas firstly that the renewal of the licence over the undisputed area should be completed shortly, secondly that, based on local legal advice, it is expected that the full licence area is likely to be restored to Manas in due course and thirdly that in any event a significant and viable coal deposit is believed to exist in the undisputed area and that these deposits would, at a minimum, be sufficient to maintain the value of the investment. For these reasons the Directors consider that the carrying value of Leed's investment in Manas represents at least its fair value and that no provision for impairment should be made in these financial statements

### Key performance indicators

The Company's chief measurements of performance are the net asset value per share, share price and market capitalisation.

	2012	2011
Net asset value – fully diluted per share	0.08p	0.09p
Closing share price	0.24p	0.13p
Market capitalisation	£6,406,000	£3,253,000
Net Asset Value	£2,184,000	£2,330,000

### Principal risks and uncertainties

The principal risks facing the Company are set out in note 4.

### Going Concern

As explained in Note 20, day to day working capital requirements and investment objectives are met by existing cash resources and the issue of equity. At 30 June 2012 the Company had cash balances of £668,000 and easily realisable investments of £546,000. Since that date the Company has also raised equity finance of £959,000 before expenses. The Company's forecasts and projections, taking into account reasonably possible changes in the level of overhead costs, show that the Company should be able to operate within its available cash resources.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

### 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 13 December 2012:

Shareholder	Number of ordinary shares	Percentage of ordinary share capital
Lynchwood Nominees Limited	757,724,482	24.40%
Barclayshare Nominees Limited	356,663,217	11.49%
TD Direct Investing Nominees (Europe) Limited	352,247,003	11.34%
HSDL Nominees Limited	266,839,024	8.59%
HSBC Client Holdings Nominee (UK) Limited	153,949,206	4.96%
Investor Nominees Limited	126,509,682	4.07%
L R Nominees Limited	123,267,779	3.97%
Hargreaves Lansdown (Nominees) Limited	104,005,086	3.35%

The Company has also been informed that Uhuru Investments Limited has a beneficial interest in 481,000,000 shares (15.49%) and that Casop Holdings has a beneficial interest in 243,089,694 shares (7.83%). These beneficial interests are included in the above shareholdings.

# Leed Resources PLC

## Report of the directors

for the year ended 30 June 2012

### Post year end events

An up to date report on the Company's investment in Manas Coal LLC is included on page 3.

On 18 October 2012 the Company completed a placing of 227,272,727 new ordinary shares of 0.1 pence each at a price of 0.22 pence per share, raising gross proceeds of £500,000.

On 24 October 2012 the Company completed a placing of 208,636,363 new ordinary shares of 0.1 pence each at a price of 0.22 pence per share raising gross proceeds £459,000.

### Other matters

#### Financial instruments

The Company's financial instruments at 30 June 2012 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 Company 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 Company's performance. No performance bonuses were paid to executives or management during the financial year ended 30 June 2012.

#### 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 Company made charitable contributions of £nil in the year ended 30 June 2012 and £2,000 in the year ended 30 June 2011.

#### Supplier payment policy

It is the Company'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

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Ian Shaun Gibbs	
Peter Redmond	
Nicholas Lee	(appointed 11 January 2012)

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At 30 June 2012 the interest of the Directors in Company shares was:

Director holdings	Ordinary Shares of 0.1 pence	Share options	Stock Appreciation Rights ("SARs") vested and unvested
Ian Gibbs*	20,070,638	50,052,042	62,755
Peter Redmond	7,500,000	75,078,062	-

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

The share options were granted to the Directors on 7 July 2011 and are exercisable at 0.4p per share. Further details of the options are contained in Note 19 "*Share-based payments – Directors and employees*".

# Leed Resources PLC

## Report of the directors

for the year ended 30 June 2012

Additional information regarding director compensation is contained in Note 17 “*Employees, directors and auditor remuneration*” of the consolidated financial statements within this report.

### Directors Indemnities

The Company has qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

### 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 of the profit or loss of the Company 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 Company 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 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 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 Company’s auditor in connection with preparing their report of which the Company’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 Company’s auditor in connection with preparing their report and to establish that the Company’s auditor is aware of that information.

### Auditor

Welbeck Associates was appointed as the Company’s auditor, following the resignation of Grant Thornton UK LLP, and has expressed a willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006, a resolution to reappoint Welbeck Associates as auditor of the Company will be proposed at the next Annual General Meeting of the Company.

**Peter Redmond**  
**Chairman**

20 December 2012

## Report of the independent auditor

to the members of Leed Resources PLC

Registered number 06034226

We have audited the financial statements of Leed Resources PLC for the year ended 30 June 2012 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the 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 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 6, 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](http://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 Company's affairs as at 30 June 2012 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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.

### 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Jonathan Bradley-Hoare  
Senior Statutory Auditor  
for and on behalf of Welbeck Associates  
Chartered Accountants and Statutory Auditor,

31 Harley Street  
London  
W1G 9QS

20 December 2012

## Leed Resources PLC

### Statement of comprehensive income

for the year ended 30 June 2012

	Note	2012 £000	2011 (see note below) £000
<b>Continuing operations</b>			
Administrative expenses	8	(306)	(555)
Share based payment (expense)/credit		(19)	302
<b>Operating loss</b>		<b>(325)</b>	<b>(253)</b>
Net gain on disposal of investments		37	—
Write down of investment		—	(120,228)
Investment income	6	2	—
Finance costs	7	(45)	(12)
<b>Loss before taxation</b>		<b>(331)</b>	<b>(120,493)</b>
Taxation	9	—	—
<b>Loss for the period from continuing operations and loss attributable to equity owners</b>		<b>(331)</b>	<b>(120,493)</b>
<b>Other comprehensive loss</b>			
Fair value adjustment to investments	11	(41)	—
<b>Total comprehensive loss for period, net of tax attributable to equity owners</b>		<b>(372)</b>	<b>(120,493)</b>
<hr/>			
<b>Loss per share (pence)</b>	10		
<b>From continuing and total operations:</b>			
Basic and fully diluted		(0.01)	(99.60)

**Note:** The 2011 comparative figures are stated in £GBP and relate to the company only. In the 2011 financial statements the figures were stated in \$USD and related to the Consolidated Group.

## Leed Resources PLC

### Statement of changes in equity

for the year ended 30 June 2012

	Share capital £000	Share premium £000	Investment reserve £000	Option & warrant reserve £000	Retained earnings £000	Total £000
<b>Total owners equity at 30 June 2010</b>						
<b>*(RESTATED)*</b>	<b>33,800</b>	<b>76,737</b>	<b>—</b>	<b>3,988</b>	<b>6,269</b>	<b>120,794</b>
Transactions with owners:						
- Share capital issued	2,435	—	—	—	—	2,435
- Share issue costs	—	(104)	—	—	—	(104)
- Share-based payments	—	—	—	(302)	—	(302)
- Options terminated during year	—	—	—	—	—	—
Total transactions with owners	2,435	(104)	—	(302)	—	2,029
Other comprehensive loss:						
- Loss for the year	—	—	—	—	(120,493)	(120,493)
Total comprehensive loss for the year	—	—	—	—	(120,493)	(120,493)
<b>Total owners' equity at 30 June 2011</b>	<b>36,235</b>	<b>76,633</b>	<b>—</b>	<b>3,686</b>	<b>(114,224)</b>	<b>2,330</b>
Transactions with owners:						
- Share capital issued	167	—	—	—	—	167
- Issue of warrants	—	—	—	40	—	40
- Share-based payments	—	—	—	19	—	19
Total transactions with owners	167	—	—	59	—	226
Other comprehensive loss:						
- Loss for the year	—	—	—	—	(331)	(331)
- Market value adjustment to investments	—	—	(41)	—	—	(41)
Total comprehensive loss for the year	—	—	(41)	—	(331)	(372)
<b>Total owners' equity at 30 June 2012</b>	<b>36,402</b>	<b>76,633</b>	<b>(41)</b>	<b>3,745</b>	<b>(114,555)</b>	<b>2,184</b>

\* - The comparative figures for 2010 and 2011 have been restated in GBP. The amounts in the financial statements for 2011 were stated in USD. (see Note 2.1 for further details)

# Leed Resources PLC

## Statement of Financial Position

for the year ended 30 June 2012

	Note	2012 £000	2011 *(RESTATED) £000
<b>Assets</b>			
<b>Non-current assets</b>			
Available for sale investments	11	1,503	—
		—	—
<b>Current assets</b>			
Trade and other receivables	12	68	473
Cash and cash equivalents	13	668	1,934
		736	2,407
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	55	77
		55	77
<b>Net current assets</b>		<b>681</b>	<b>2,330</b>
<b>Net assets</b>		<b>2,184</b>	<b>2,330</b>
<b>Owners' equity</b>			
Share Capital	16	36,402	36,235
Share premium		76,633	76,633
Investment reserve		(41)	—
Other reserves		3,745	3,686
Retained earnings		(114,555)	(114,224)
<b>Total owners' equity</b>		<b>2,184</b>	<b>2,330</b>

\* - The comparative figures for 2011 have been restated in GBP. The amounts in the financial statements for 2011 were stated in USD. (see Note 2.1 for further details)

The financial statements and related notes were authorised and approved by the Board of Directors and were signed on 20 December 2012 on its behalf by:

**Peter Redmond, Chairman**

Company number: 06034226

# Leed Resources PLC

## Statement of Cash Flows

for the year ended 30 June 2012

		2012	2011
			*(RESTATED)
	Note	£000	£000
<b>Loss before taxation</b>		<b>(331)</b>	(120,493)
Adjustments for:			
Impairment of investment		—	120,620
Gain on disposal of investments		(37)	—
Investment income		(2)	—
Finance expense	7	45	12
Share-based payments		19	(302)
<b>Changes in working capital</b>			
Decrease/(increase) in trade and other receivables		405	(7)
Decrease in payables		(22)	(82)
<b>Net cash flows from operating activities</b>		<b>77</b>	(252)
<b>Cash flows from investing activities</b>			
Capital contribution to subsidiary		—	173
Purchase of investments		(1,424)	—
Disposal of investments		124	—
Interest received		2	—
Net cash (used in)/cash from investing activities		<b>(1,298)</b>	173
<b>Cash flows from financing activities</b>			
Proceeds from issue of Ordinary Shares		—	1,985
Share issue costs		—	(104)
Interest and other financing costs paid		(45)	(12)
Net cash (used in)/from financing activities		<b>(45)</b>	1,869
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,266)</b>	1,790
Exchange differences in cash and cash equivalents		—	(26)
Cash and cash equivalents at beginning of period		<b>1,934</b>	170
Cash and cash equivalents at end of period	13	<b>668</b>	1,934

\* - The comparative figures for 2011 have been restated in GBP. The amounts in the financial statements for 2011 were stated in USD. (see Note 2.1 for further details)

# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2012

### 1. General information

Leed Resources PLC is a publicly quoted company registered in the United Kingdom. The address of its registered office is 31 Harley Street, London, W1G 9QS.

The Company disposed of its subsidiary during the prior year and therefore the comparative amounts now only include the operations of the Company and not the former consolidated figures. The investment in the subsidiary had been written off at the time of the disposal.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The 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 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 Company'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.

#### *Change in accounting policy*

The Company's functional and presentational currency in the prior period was the US dollar but following the disposal of its US subsidiary the functional and presentational currency has been changed to Pound Sterling. As this represents a change in accounting policy the comparative period figures have been restated in Pound Sterling. The exchange rate used for the restatement of the financial period ended 30 June 2011 was \$1.60135.

#### *Going concern*

As at the financial year end the Company had net cash resources of £668,000 and since the year end the Company has raised additional equity finance of £957,000 before expenses. The Directors have prepared cash flow forecasts through to 31 December 2013 which assume that any investment activity is only undertaken when it can be financed from existing cash resources. The expenses of the Company'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.

# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2012

### **2.2 Statement of compliance**

The financial statements comply with IFRS as adopted by the European Union. At the date of authorisation of these financial statements there are no new standards and interpretations with an effective date after the date of these financial statements and which have not been early adopted which would have a material effect on the Company's financial statements.

### **2.3 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.

### **2.4 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 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.

### **2.5 Financial instruments**

The Company 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 Company's statement of financial position when the Company 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 Resources PLC

## Notes to the financial statements

for the year ended 30 June 2012

### **Available for sale investments**

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments classified as available for sale are measured at subsequent reporting dates at fair value. Fair value is defined as the price at which an orderly transaction would take place between market participants at the reporting date and is therefore an estimate and as such requires the use of judgement. Where possible fair value is based upon observable market prices, such as listed equity markets or reported merger and acquisition transactions. Alternative bases of valuation may include contracted proceeds or best estimate thereof, implied valuation from further investment and long-term cash flows discounted at a rate which is tested against market data. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the net profit or loss for the period. Impairment losses recognised in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement.

The Company determines the fair value of its Investments based on the following hierarchy:

LEVEL 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an on-going basis.

LEVEL 2 – If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data including recent arm's length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used.

LEVEL 3 – Valuations in this level are those with inputs that are not based on observable market data.

### **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 Company 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.

### **Equity instruments**

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

# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2012

### ***Fair value determination***

The Company 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.

### **2.6 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.

### **2.7 Share-based payments**

The Company has issued Stock Appreciation Rights ("SARs") 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 Company'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.

## **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 Company's business activities expose it to a variety of potential financial risks that include price risk, liquidity risk and interest rate risk.

## **Leed Resources PLC**

### **Notes to the financial statements**

for the year ended 30 June 2012

#### **4.1 Liquidity risk**

The Company's objective has been to maintain cash and cash equivalents to meet its liquidity requirements for a minimum of 30 days.

The Company finances its operations through a combination of equity funds and cash generated from operations.

At 30 June 2012 the Company was not exposed to liquidity risk as substantially all its assets were in cash and cash equivalents.

#### **4.2 Interest rate risk**

At 30 June 2012 the Company was not exposed to interest rate risk as it had no borrowings.

#### **4.3 Capital maintenance**

The Board of Directors' policy with regards to capital maintenance includes an objective to maintain a strong capital base to sustain future development of the business, while maximising shareholder value. The Board of Directors directs and monitors the allocation of cash resources against investments to maximise the return on asset value within the Company. Day to day working capital requirements and medium-term funding requirements are managed through use of internally generated funds. Periodically, the Board of Directors will consider raising additional equity when the Company 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.

#### **4.4 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.

### **5. Segmental information**

There is one continuing class of business, being the investment in the natural resources sector.

Given that there is only one continuing class of business, operating within the UK, no further segmental information has been provided.

## Leed Resources PLC

### Notes to the financial statements

for the year ended 30 June 2012

#### 6. Investment income

The Company's interest income on bank and other deposits during the years ended 30 June 2012 and 2011, respectively, were as follows:

	2012	2011
	£000	£000
Interest income on bank and other deposits	2	—

#### 7. Finance costs

The Company's finance costs during the years ended 30 June 2012 and 2011, respectively, were as follows:

	2012	2011
	£000	£000
Bank loan release fee (see note below)	45	—
Finance costs, including charges on undrawn credit facilities	—	12
	45	12

Note – The bank fee was paid for the release of the Company from its guarantee and all other obligations in respect of the loan from UniCredit Bank AG to the Company's US operating subsidiary Leed Petroleum LLC.

#### 8. Loss for the period

Selected items comprising the loss for the years ended 30 June 2012 and 2011, respectively are as follows:

	2012	2011
	£000	£000
<b>Included in administrative expenses:</b>		
Employee benefits expense (Note 17)	127	(160)
Professional fees and outside consultants	186	370
Insurance	5	31
	318	241
<b>Included in other gains and losses:</b>		
Realised currency gain	—	2
	—	2

# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2012

### 9. Taxation

A summary of taxation charges, and components thereof, incurred during the years ended 30 June 2012 and 2011, respectively, are set out in the tables below:

<b>Taxation for period</b>	<b>2012 £000</b>	<b>2011 £000</b>
Deferred tax:		
Continuing operations	—	—
Reversal of net deferred taxes	—	—
	—	—
<b>Taxation components</b>		
Loss on ordinary activities before tax		
– Continuing operations	<b>(331)</b>	(120,493)
<b>Tax effects</b>		
Loss on ordinary activities multiplied by rate of corporation tax (25.5%) in the UK	<b>(84)</b>	(33,738)
Disallowed portion of UK tax provision asset	<b>84</b>	33,738
Effect of different tax rates of overseas subsidiaries	—	—
Reversal of net deferred taxes	—	—
Total tax	—	—

### 10. Loss per Ordinary Share

A recap of loss per ordinary share and weighted average shares outstanding for the years ended 30 June 2012 and 2011, respectively, follows:

<b>Loss</b>	<b>30 June 2012</b>	<b>30 June 2011</b>
Loss attributable to Ordinary Shareholders from continuing operations	<b>(£331,000)</b>	(£120,493,000)
Total loss attributable to Ordinary Shareholders	<b>(£331,000)</b>	(£120,493,000)
<b>Weighted average shares outstanding</b>		
Weighted average number of shares for the period	<b>2,589,578,329</b>	120,971,939
Effect of share options in issue	—	—
Weighted average number of shares for the period for diluted loss per share	<b>2,589,578,329</b>	120,971,939

# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2012

### 11. Investments

In the previous year Leed had a US subsidiary company, Leed Petroleum Inc. (US holding incorporated in Delaware), which in turn, owned 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 Company). A summary of Leed Petroleum PLC's investments in its subsidiaries follows. 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. Subsequently the non- trading US holding company, Leed Petroleum Inc., was dissolved.

	£000
<b>At 30 June 2010</b>	120,244
Share-based costs	(16)
Impairment of investment (see above)	(120,228)
<b>At 30 June 2011</b>	—

Following the disposal of the Company's US oil and gas operations it has operated as an investment company in the natural resources industry.

	£000
<b>30 June 2011 – Investments at fair value</b>	—
Cost of share purchases	1,631
Proceeds of share disposals	(124)
Net profit on disposal of shares	37
	1,544
Fair value adjustment recognised in equity	(41)
<b>30 June 2012 - Investments at fair value</b>	1,503
Categorised as:	
LEVEL 1	546
LEVEL 3	957
	1,503

LEVEL 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an on-going basis.

LEVEL 3 – Valuations in this level are those with inputs that are not based on observable market data.

## Leed Resources PLC

### Notes to the financial statements

for the year ended 30 June 2012

#### 12. Trade and other receivables

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

	2012	2011
	£000	£000
<b>Trade and other receivables</b>		
Other receivables	51	462
Prepayments	17	11
	<b>68</b>	<b>473</b>

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.

#### 13. Cash and cash equivalents

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

	2012	2011
	£000	£000
Amounts held in third party client accounts	668	1,934
	<b>668</b>	<b>1,934</b>

#### 14. 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:

	2012	2011
	£000	£000
<b>Trade and other payables</b>		
Trade payables	23	16
Tax and social security	2	—
Other payables	—	39
Accruals and deferred income	30	22
	<b>55</b>	<b>77</b>

## Leed Resources PLC

### Notes to the financial statements

for the year ended 30 June 2012

#### 15. Financial instruments

A summary of financial assets and liabilities by category at 30 June 2012 and 2011, respectively, follows:

	2012	2011
	£000	£000
<b>Financial instruments measured at fair value</b>		
Available for sale investments	1,503	—
Loans and receivables:		
Trade and other receivables	51	462
Cash and cash equivalents	668	1,934
	<b>2,222</b>	<b>2,396</b>
<b>Financial liabilities at fair value</b>		
Other financial liabilities:		
Trade and other payables	25	16
	<b>25</b>	<b>16</b>

#### 16. Share capital

The share capital is as follows:

	30 June 2012	30 June 2011
	£000	£000
<b>Issued and fully paid</b>		
676,020,767 Ordinary Shares of 5 pence each	—	—
2,669,268,675 Ordinary shares of 0.1 pence each	2,669	2,502
67,602,008 Deferred shares of 49.9 pence each	33,733	33,733
	<b>36,402</b>	<b>36,235</b>

The deferred shares have restricted rights such that they have no economic value.

On 22 December 2011, 166,666,667 shares of 0.1p were issued at par as part consideration for the acquisition of a 17.5% interest in Manas Coal Limited, representing a total value of £166,667.

# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2012

### 16. Share capital (continued)

#### Warrants

In connection with the shares issued on 22 December 2011, 166,666,667 warrants to subscribe for shares were also issued, exercisable at 0.15p per share at any time prior to 14 December 2014. The fair value of the warrants was calculated using the Black-Scholes model and £40,000 was credited to a warrant equity reserve in recognition of their fair value. The inputs to the Black-Scholes model were as follows:

Grant date share price	0.10p
Exercise share price	0.15p
Risk free rate	2.5%
Expected volatility	40%
Option life	3 years
Calculated fair value per share	0.15p

The warrants outstanding are summarised as follows:

<b>Warrants</b>	<b>Weighted average exercise price for the year ended 30 June 2012 pence</b>	<b>Number of shares to be issued in respect of exercise price for the year ended 30 June 2012</b>	<b>Weighted average exercise price for the year ended 30 June 2011 pence</b>	<b>Number of shares to be issued in respect of exercise price for the year ended 30 June 2011</b>
Outstanding, beginning of period	—	—	—	—
Granted during the period	<b>0.15</b>	<b>166,666,667</b>	—	—
Outstanding, end of period	<b>0.15</b>	<b>166,666,667</b>	—	—
Exercisable, end of period	<b>0.15</b>	<b>166,666,667</b>	—	—

### 17. Employees, Directors and Auditor Remuneration

A summary of total employee and director costs follows:

<b>Employee and Director costs</b>	<b>2012 £000</b>	<b>2011 £000</b>
Wages, salaries, fees and bonuses	<b>96</b>	105
Social security costs	—	11
	<b>96</b>	116
Share-based payments	<b>19</b>	(306)
	<b>115</b>	(190)

The average number of personnel was as follows:

<b>Average number of personnel</b>	<b>2012</b>	<b>2011</b>
Average number of Directors and employees	3	4

## Leed Resources PLC

### Notes to the financial statements

for the year ended 30 June 2012

#### 17. Employees, Directors and Auditor Remuneration (continued)

##### *Key management (part of Employee and Director costs above)*

The key management of the Company are the directors (in accordance with IAS 24 "Related Party Disclosures")

	<b>2012</b>	2011
<b>Key Management Costs</b>	<b>£000</b>	£000
Wages, salaries, fees and bonuses	<b>96</b>	105
Social security costs	—	11
	<b>96</b>	116
Share-based payments	<b>19</b>	(306)
	<b>115</b>	(190)

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

Payments to Directors are recapped below:

	<b>2012</b>	2011
<b>Director costs</b>	<b>£000</b>	£000
Fees, salaries and bonuses	<b>96</b>	105
	<b>96</b>	105

##### *Total Compensation by Director during the year ended 30 June 2012*

	Peter Redmond	Ian Shaun Gibbs	Nicholas Lee	<b>2012 Total £000</b>
Director compensation paid	Executive Chairman £000	Non- Executive Director £000	Non- Executive Director £000	
Wages, salaries, fees and bonuses	60	24	12	<b>96</b>
	60	24	12	<b>96</b>

The remuneration for Nicholas Lee includes £6,000 fees paid to ACL Capital Limited, a company of which he is a director and shareholder.

## Leed Resources PLC

### Notes to the financial statements

for the year ended 30 June 2012

#### 17. Employees, Directors and Auditor Remuneration (continued)

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

<b>SARs - Directors</b>	<b>Weighted average exercise price for the year ended 30 June 2012 pence</b>	<b>Number of shares to be issued in respect of exercise price for the year ended 30 June 2012</b>	<b>Weighted average exercise price for the year ended 30 June 2011 pence</b>	<b>Number of shares to be issued in respect of exercise price for the year ended 30 June 2011</b>
Outstanding, beginning of period	470.00	62,755	470.00	690,307
Granted, forfeited, exercised, or expired during the period	—	—	—	(627,552)
Outstanding, end of period	470.00	62,755	470.00	62,755
Exercisable, end of period	470.00	62,755	470.00	62,755

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 2012 were all granted to Ian Shaun Gibbs.

Payments to the highest paid director for the years ended 30 June 2012 and 2011, were as follows:

<b>Highest Paid Director</b>	<b>2012 £000</b>	<b>2011 £000</b>
Salary and bonus	60	54
	60	54

Note 19 "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:

<b>Services by the Company's Auditor</b>	<b>2012 £000</b>	<b>2011 £000</b>
Fees payable to the Company's auditor for the audit of the annual financial statements	12	30
Fees payable to the Company's auditor and its associates for other services:		
– Interim review of Company accounts	—	42
– Other services including taxation	—	10
	—	52

# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2012

### 18. Related party transactions

#### *Identity of related parties*

The Company has a continuing related party relationship with its Directors.

In December 2011 Paternoster Resources plc ("Paternoster"), of which Mr Nicholas Lee is a director, acquired 592,666,667 ordinary shares in the Company and 166,666,667 warrants to acquire shares in the Company. In January 2012 Paternoster disposed of its entire holding of ordinary shares in the Company, but continues to hold the warrants.

#### *Other related party transactions*

Key management and director compensation is disclosed in Note 17 "Employees, Directors and Auditor Remuneration".

### 19. Share-based payments - Directors and employees

The Company currently operates one approved option scheme. Under the scheme, the Company granted options on 7 July 2011 to directors as follows:

Ian Gibbs	50,052,042
Peter Redmond	75,078,062

A summary of options outstanding at the year end is as follows:

<b>Share options</b>	<b>Weighted average exercise price for the year ended 30 June 2012 pence</b>	<b>Number of shares to be issued in respect of exercise price for the year ended 30 June 2012</b>	<b>Weighted average exercise price for the year ended 30 June 2011 pence</b>	<b>Number of shares to be issued in respect of exercise price for the year ended 30 June 2011</b>
Outstanding, beginning of period	—	—	—	—
Granted during the period	<b>0.4p</b>	<b>125,130,104</b>	—	—
Forfeited during the period	—	—	—	—
Outstanding, end of period	<b>0.4p</b>	<b>125,130,104</b>	—	—
Exercisable, end of period	<b>0.4p</b>	<b>125,130,104</b>	—	—

The weighted average fair value of the options granted during the year was determined using the Black-Scholes option pricing model and was 0.015p per option. The significant inputs to the model were as follows

Grant date share price	0.15p
Exercise share price	0.4p
No. of share options	125,130,104
Risk free rate	2.5%
Expected volatility	40%
Option life	10 years
Calculated fair value per share	0.15p

The total share-based payment expense recognised in the income statement for the year ended 30 June 2012 in respect of the share options granted was £19,000 (2011: £nil).

Previously the Company operated the 2007 Omnibus Incentive Plan. Under the plan, the Company granted SARs and RSUs, of which only a balance of the SARs granted remain exercisable.

# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2012

### 19. Share-based payments - Directors and employees (continued)

#### 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 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 Company terminates; vested but unexercised awards normally expire when the Grantee's service with the Company 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:

<b>SARs</b>	<b>Weighted average exercise price for the year ended 30 June 2012 pence</b>	<b>Number of shares to be issued in respect of exercise price for the year ended 30 June 2012</b>	<b>Weighted average exercise price for the year ended 30 June 2011 pence</b>	<b>Number of shares to be issued in respect of exercise price for the year ended 30 June 2011</b>
Outstanding, beginning of period	<b>470.0</b>	<b>62,755</b>	426.4	1,035,835
Granted during the period	—	—	50.0	2,324,227
Forfeited during the period	—	—	166.0	(3,297,307)
Outstanding, end of period	<b>470.0</b>	<b>62,755</b>	470.0	62,755
Exercisable, end of period	<b>470.0</b>	<b>62,755</b>	470.0	62,755

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.

### 20. Capital management policies and procedures

The Board of Directors' capital management goals and objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by the effective management of the Company'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 Company. Day to day working capital requirements and investment objectives are met by existing cash resources and the issue of equity. The Company 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 Company 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 Company's shareholders or bank.

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

<b>Capital components</b>	<b>30 June 2012 £000</b>	<b>30 June 2011 £000</b>
Total equity	<b>2,180</b>	2,330
Cash and cash equivalents	<b>(668)</b>	(1,934)
	<b>1,512</b>	396

## **Leed Resources PLC**

### **Notes to the financial statements**

for the year ended 30 June 2012

#### **21. Post year end events**

On 9 August 2012 the Company announced that it had been advised by Manas that a third party company which holds a licence over an adjoining area to the Kok Kiya Licence might have an interest in part of the Kok Kiya Licence area. The third party is claiming that that its licence covers part of the area held by the Kok Kiya Licence.

The Company has been informed by Manas that the overlapping area does not represent all of the prospective part of the Kok Kiya Licence area, but is thought to comprise a material part. However, Manas has stated that it would still wish to continue to hold its Kok Kiya Licence even if it were determined that the overlapping area did not comprise part of its licence. Manas has informed the Company that it has made a court application to resolve this issue.

Manas has therefore delayed the continuation of the work programme planned for the Kok Kiya Licence area, which is now unlikely to occur until 2013. It is possible that in the meantime Manas may carry out some exploration activities in the area of the licence which is not within the overlapping area but no definitive decision has been made on this at the present time.

The exploration licence was originally issued to Kurmanbek LLC and dated 30 November 2010. In August 2011 the licence was transferred to Manas and was due for renewal on 30 November 2012. In accordance with the provisions of the licence, in December 2012 Manas submitted the necessary documentation to the State Agency for Natural Resources to have the licence renewed. As at the date of signing these financial statements the renewal of the licence has not been completed. However, the Directors have been informed that the State Agency has confirmed that renewal of the undisputed part of the licence area should be completed in the next few weeks.

On 18 October 2012 the Company completed a placing of 227,272,727 new ordinary shares of 0.1 pence each at a price of 0.22 pence per share, raising gross proceeds of £500,000.

On 24 October 2012 the Company completed a placing of 208,636,363 new ordinary shares of 0.1 pence each at a price of 0.22 pence per share raising gross proceeds of £459,000.





