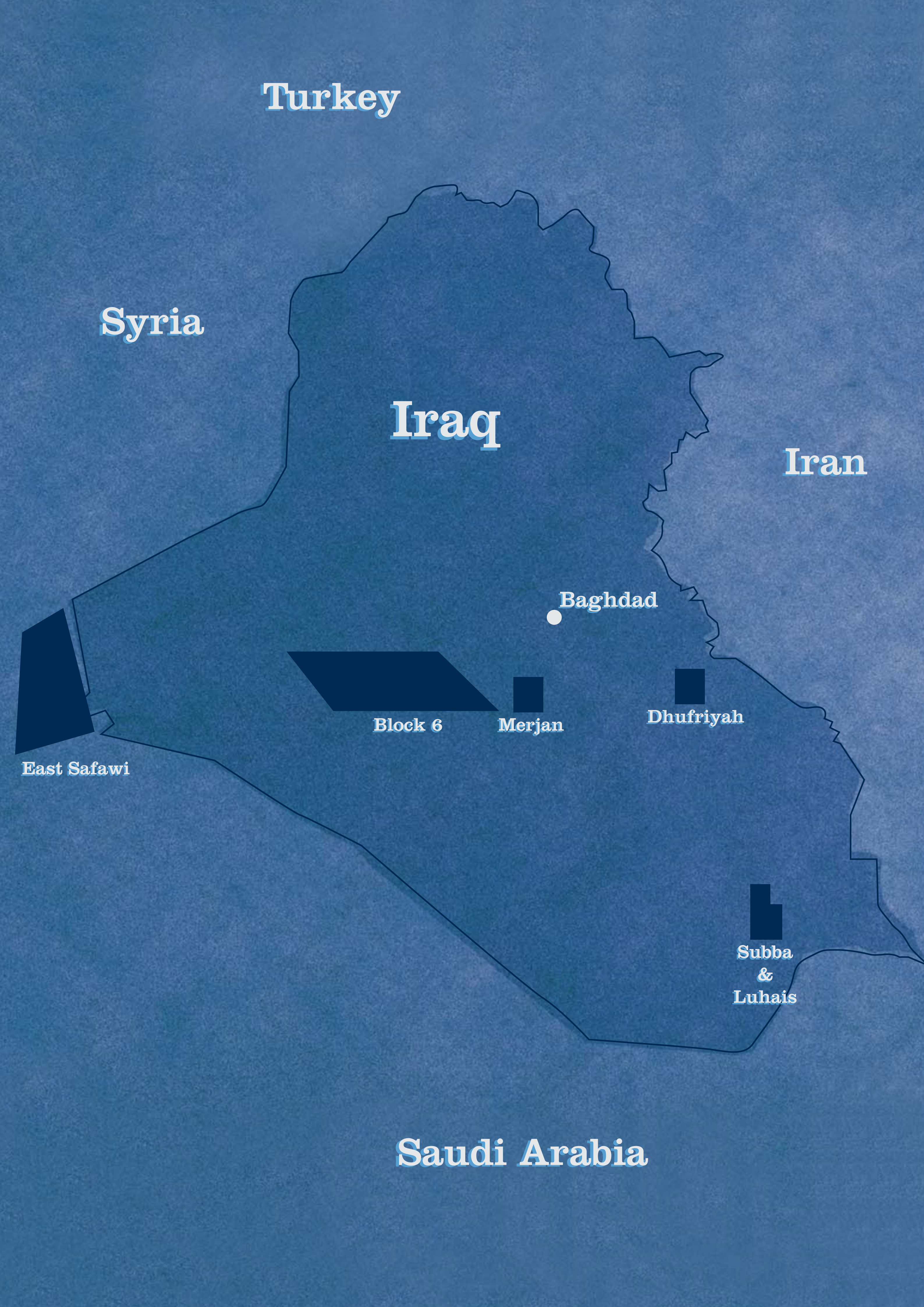
Petrel Resources PLC

Annual Report and Accounts

Year ended 31 December 2010

Registration number: 92622


Turkey
Syria
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Baghdad
Block 6
Merjan
Dhufriyah
East Safawi
Subba
&
Luhais
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Chairman's Statement

Petrel has been in existence for almost 30 years. This will undoubtedly come as a surprise to many shareholders who know only of our Iraqi activities. It was set up in 1982 to explore for oil offshore Ireland – but that venture failed. Following an abortive and expensive incursion into US oil and gas, the company value was virtually written off. David Horgan, currently the Managing Director, bought the shell in the mid 1990s and financed it, initially for African exploration in Namibia and Uganda. Then an opportunity opened in 1999 to go into Iraq, which was and is the best hydrocarbon province in the world. We exited Africa.

In Iraq we worked with the Ministry of Oil under the Saddam regime. Since 2003 operating in Iraq has become more difficult, complicated and dangerous. In the last eight years Iraqi oil development has languished with production levels only now getting back to pre-war levels. There is no clear set of rules, there is no new Hydrocarbon Law. We had an early success getting access to a 10,000 sq km block in the Western Desert and a very substantial success in 2005 with the award of the Subba and Luhais $197 million (Engineering Procurement and Supervision of Construction) development contract to a Petrel/Makman partnership. But repeated changes in rules and personnel made it difficult to operate. Nevertheless we obtained two further Technical Cooperation Agreements in Iraq, to produce evaluators of both the Merjan and Dhurfiya fields. The world's supermajors have rushed in and accepted service contracts on sub-economic terms.

Work progressed on Subba and Luhais. There was a hiatus while payment was received for work done and acceptable Letters of Credit put in place for future payments. Inflation, design changes and delays meant that any profit was likely to be small, so Petrel negotiated with Makman to obtain an exit payment of US$7 million plus a 10 per cent profit interest while remaining operator of record. The project is now 94% completed and will soon operate as a 200,000 plus barrel a day oil producer. In one of the most unstable and dangerous areas on Earth a state of the art world class project has been delivered. No one was killed, international suppliers have been paid and the Iraqi people will shortly have additional exports of over US$700 million each year.

But Iraq was proving an impossible location in which to obtain oil concessions so Petrel sought to leverage its Iraq experience by exploring in Jordan.

The Jordanian experience was good, but costly and ultimately unsuccessful. We got licences, we did the necessary work, we identified targets but drilling was going to be expensive and was deemed too risky. We were unable to joint venture the project so we dropped it.

We next sought to build on our international contacts.

Ghana is the hottest hydrocarbon exploration area on earth. Recent giant offshore discoveries are drawing Ghana to the first rank of oil producers. Petrel, with two associate companies and a local partner, applied for, and obtained, a concession, Tano 2A close to the big Kosmos/Tullow discoveries. Cabinet and parliament approval is taking a long time, understandable when you realise that the legislators have to learn about and understand the effects and impact of oil wealth. The curse of resources is well known.

In a return to our roots we have applied for blocks in the current Irish offshore licencing round. Irish offshore exploration has not been successful to date with five small discoveries from over 200 wells drilled. But technology improves and oil prices are high. Petrel has for many years maintained a significant library of Irish offshore seismic and well log data. This database has been analysed and new data added. Our team have put together applications for a couple of blocks. No awards have been made to date.

Why oil and why Iraq?

Growing world demand particularly in the large emerging markets is expected to grow to 120 million barrels a day by 2020. Current capacity cannot meet that demand. Finding new supplies is becoming more difficult and expensive. The vast new discoveries offshore West Africa are in ultra deep waters and will require hundreds of billions to develop. The even bigger discoveries offshore Brazil, at total depths approaching 10 kilometres, will require as yet undeveloped engineering technology and vast sums of capital.

Contrast this with Iraq. Over 70 discovered undeveloped oil fields with known resources of over 150 billion barrels and potential to go to 300 billion matching the Saudi Arabian reserve figures. Capital and operating costs will be the lowest in the world. Cash operating costs could be under $2 a barrel. Technical, management and geological skills are in country. The infrastructure is good when compared to offshore Africa and Brazil. Iraq is simply the world's best hydrocarbon province. We have been there for twelve years, we have maintained an office in Baghdad, we have experienced staff. All we need is the opportunity.

Petrel has prepared and submitted a detailed proposal to participate in the Fourth Licencing Round. The focus is on oil prone acreage becoming available from January 2012.

Iraq

The Subba & Luhais project will be completed by end 2011. While we are the operator of record, day to day operations are under the control of Makman who paid Petrel US $7 million to take 100% ownership. We maintain a 10% profit interest. Despite facing obstacles that would defeat most groups, Petrel/Makman have delivered the contracted elements of a 200,000 barrel a day oil development.

We continue to maintain an interest in the former Block 6. It should be noted that this nomenclature refers to areas included in blocks advertised over a decade ago. It is not the same as the Block 6 offered in recent rounds. Petrel began to work on the 10,000 sq km Western Desert area formerly known as Block 6 in 2000 and reached agreement with the authorities on a work programme in 2002. No final signatures were obtained. Article 40 of the draft hydrocarbon law requires the Ministry of Oil to review 2003 agreements to operate in accordance with the law. We think and hope that this means a revision of financial terms and a new work programme. We are ready to begin field work once agreement is reached.

Ghana

The Petrel board of directors and management team has extensive experience in resources in Africa. While waiting for a clear path in Iraq, an opportunity arose to apply for a highly prospective onshore/offshore block in Ghana, Tano 2A, close to the massive discoveries of Tullow and Kosmos. A consortium of four companies applied for, and obtained the 1,532 sq km Tano 2A block. The target is a multibillion barrel discovery in the prolific Cretaceous geological structure. Terms in Ghana are good. The agreement was signed in 2010 with the Ghana National Petroleum Company (GNPC) and is now working its way through cabinet and parliament. The agreed work programme requires a minimum expenditure of US$25 million in the first three years including a well. While awaiting ratification we have acquired, processed and analysed 769 kilometres of seismic and studied five horizons at different depths. We have identified a number of promising areas.

Offshore Ireland

Petrel, in a previous guise and time, was an active participant in Irish offshore exploration working on three blocks in the Irish Sea (Kish Basin), Celtic Sea (Block 57/1) and Porcupine (Blocks 35/23 and 35/24). Nothing commercial was discovered. In the past year the Irish government has offered large offshore blocks totalling 500,000 sq km. The fiscal terms are very good, title is not an issue and there is a positive State attitude. They need to be positive as drilling results have been poor and exploration costs will be high.

Following a detailed review of newly constructed seismic base maps together with analysing well log data on over 50 holes a number of leads were identified. Petrel has submitted applications for blocks in the Porcupine Basin.

Future

Petrel with over US$6 million in cash is well financed for all current activities. We are active in Iraq, Ghana and now Ireland. We are very hopeful of participating in the 4th Licencing Round in Iraq. The status of our Western Desert interest awaits the passing of the Hydrocarbon Law. Once parliament approves our Ghana licence we will move quickly. We know what we want to do and have the cash to do it. Many shareholders have been patient for a long time and we appreciate that support. They understand that we have no control over the decisions of sovereign states. Building a successful hydrocarbon company in politically uncertain areas is high risk but, in the areas we are, the potential is great.

Chairman
27 June 2011

Review of Operations

Petrel has long-standing projects in Iraq, has recently expanded into Ghana and is an applicant for blocks offshore Ireland.

Iraq

Petrel has two interests in Iraq:

- The Subba and Luhais EPC Contract
- Western Desert Block 6 pre-2003 Agreement

Highlights

Background

Iraq remains a complicated and uncertain place to do business. Security issues remain, but power and authority steadily return to the sovereign central government.

The March 2010 election went well and peacefully but the election did not yield an immediately clear result. It took until early 2011 to complete the formation of a new government. This is the sixth government Petrel has dealt with since 1999, but the first whose electoral legitimacy is not seriously disputed.

There have been contracts awarded and two main bid rounds involving super-majors and National Oil Companies agreeing to marginal rates of return on service contracts with demanding work commitments.

The gas round did not excite the same level of interest due to the current lack of major gas export infrastructure. These gas export pipelines will ultimately be resolved by direct market access to Europe, India and China – but this will take time, because of financial, political and logistical challenges.

As of June 2011, the macro situation regarding the oil industry remains confused:
No one is yet certain how the laws, contracts and general government will turn out. The best legal advice remains that oil contracts require explicit ratification by Parliament to be 100% reliable – unless there is a new General Hydrocarbon Law, which changes the entire legal framework. So far the recent contracts have not approved such approval.

Meantime oil production has begun to recover and has already reached circa 2.7 million barrels daily, of which circa 2.1 million barrels is exported daily. We expect that 2 to 3 million barrels daily will be added under existing plans – but the announced expectation of 12.5 million barrels daily will be challenging to deliver under prevailing circumstances and hard to explain to OPEC partners. Most observers believe that about 5 to 6 million barrels will be delivered from the current projects – already a major accomplishment which would triple Iraq's output. World oil demand is now growing moderately, at a total level of c. 89 million barrels daily – with about 87% of the growth in developing countries. There are nearly 4.4 million barrels daily of surplus capacity already available within OPEC, 67% of which is in Saudi Arabia.

The objective of the Iraqi authorities remains to drive the best bargain for their citizens. This was indeed necessary Realpolitik in terms of the need to gain the grudging acceptance of a skeptical and fragmented electorate for necessary restructuring and opening-up to international investment and technology. For historical reasons, as in Iran, there is deep public suspicion of the super-majors. Hence Iraqi efforts to develop the oil industry via service contracts. There are major disadvantages to this model, as can be seen from the limited and slow progress to date. Few anticipated that output would be at such a modest level 8 years after the toppling of the former régime. Such an attitude is normal in the region, but no country has experienced Iraq's difficult recent history.

Since the service contract bid rounds for development of giant fields, preliminary work has started and intentions are positive but not everything has gone smoothly. The risk appetite of BP and other companies might be impacted if oil price corrects and indeed 2010's tragic events in the Gulf of Mexico. On the other hand the straightforward geology and low environmental risk of conventional Iraqi projects is even more compelling.

Long experience of Iraq's special conditions convince us that the bid-round contracts will not be implemented as planned to the satisfaction of all parties. This is because bidding for service contracts does not align the interests of the players or guarantee access to the best technology to maximise recovery from reservoirs.

One lesson of the first bid process was the demonstrated belief that leading oil industry players, who have studied Iraqi fields, are convinced that production can be dramatically increased – to the point that they were prepared to lock remuneration into achieved targets that until recently would have been considered very demanding. This confirms that the potential economic value of Iraqi is world class. However, the Iraqi industry will not be able to maximise this value for some years without international technology and capital. The challenge is persuading the authorities that circa 80% of a much bigger cake is better than 100% of a smaller cake.

The ultimate solution may be risk-sharing arrangements which align the interests of the parties. Iraq will receive over 80% of the economic value but agile, hard-working partners will be fairly remunerated. Much of the political passion against international operators is now dissipating with the departure of international forces and restoration of Iraqi sovereignty.

The legal situation is further complicated by attempts of regional government to extend its influence into areas properly belonging to the central authorities exacerbate nationalism and complicate matters. Attempting to bypass the legitimate sovereign authorities is not a sensible or ethical way to invest.

We expect these issues to steadily clarify when the policy of the current government steadily clarifies over the coming months.

Ministry of Oil producing companies have done well to reverse a long production decline and increase output to c. 2.7mmbod in recent months. While well below pre-2003 levels, this has to be seen in terms of decades of strife, sanctions and under-investment. A national oil company will be re-established.

Security continues to improve. Our recent Baghdad visit (May 2011) for meetings, and to deliver our qualification materials to the Ministry of Oil, was conducted without special security and went smoothly, without incident. While challenges remain, there are regular air services and travelling within Iraq can normally be conducted at acceptable risk – for the first time since 2007.

Petrel continues to work only with the Iraqi Central Government Authorities and has no inappropriate business relationships with any of the Regional Authorities. All of Petrel's contracts are with the official Ministry of Oil of the sovereign government of the Republic of Iraq. In our belief, this is the correct and secure way to proceed. Local relationships are important, but not to the point where they undermine legitimate authority.

- The final payment due of $2.5 million was received, on schedule in April 2011, in relation to the Engineering, Procurement and supervision of Services (EPC) contract on the Subba and Luhais development contract in Iraq.
- Petrel has now received a total of $7 million in cash over the past year from Subba and Luhais. All existing or potential liabilities have been ironed out.
- Petrel maintains a 10% profit share in the project but has no further liability or exposure. The unavoidable delays and cost escalation of key items, including steel and long-lead items, mean that the ultimate project profit is unlikely to be significant.
- The Subba and Luhais project is nearing completion, with all Letters of Credit opened and 94% of procurement complete.
- This track record of steady progress clears the way for expansion in Iraq.

- An application has being made to participate in the Fourth Iraqi Hydrocarbon Licensing Round. Initial studies of the Blocks offered are underway.

After a long effort and overcoming many obstacles, work is now almost complete on the Engineering, Procurement and supervision of Services (EPC) contract on the Subba and Luhais additional field development contract in Iraq.

Petrel has now received the final $2.5m payment due in relation to this project, in accordance with agreements in place. Petrel retains a 10 per cent profit interest in the project, based on audited accounts of the project Joint Venture company. Completion meetings with the Iraqi authorities were conducted during May 2011. Given the prevailing circumstances, the escalation of steel and component prices from 2004 through 2008, and the many obstacles which we had to overcome or work a way around, completion represents a huge achievement for your company. Your company has shown that one can operate in southern Iraq, without injury to personnel or equipment. We maintained high international Health & Safety standards throughout.

Petrel maintains a 10% profit interest in the EPC project, but the prevailing circumstances in Iraq, especially delays and materials' inflation, means that net profits are unlikely to be significant. We have however learnt a great deal from the experience of operating in an unusual environment. We have established a network of important contacts that hopefully will be a foundation for future success in development contracts.

We first studied the Subba and Luhais project in 2000, but development was then constrained by the UN sanctions then in place. We were pre-qualified to bid and asked to bid on the EPC contracts in 2004. Petrel bid and was awarded this contract in 2005, after which we formed a 50:50 Joint Venture with a leading Iraqi construction and engineering group, Makman. At first the project went smoothly, with basic design work conducted to the highest international standards and key orders for the critical packages of long-lead items placed. The prevailing circumstances did however pose challenges, with the unfortunate loss of key individuals at the Ministry. The world financial crisis after Lehman Brothers complicated the acquisition and necessary extension of Letters of Credit on acceptable commercial terms. This led to unavoidable project delays, which were eventually resolved with goodwill and flexibility on all sides. The many problems were resolved one by one and this important project is now nearing successful completion. Successful delivery of all equipment and services to site, without injury, loss of life or equipment is a major achievement for everyone involved with this important project. This unique and valuable experience proves that with goodwill, enthusiasm and unremitting effort, large-scale work can be satisfactorily delivered notwithstanding the prevailing circumstances.

Petrel is now preparing a detailed proposal to participate in the recently announced Fourth Licensing Round in Iraq. Specific blocks have been identified, with a focus on the oil-prone acreage becoming available from January 2012. Petrel met the original closure date for pre-qualification documents of 19th May 2011, though it was later extended till June.

The 10,000km2 area formerly known as 'Iraqi Western Desert Block 6' is not one of the blocks on offer in the current round. The new, additional 'Block 6' advertised by the Iraqi authorities is not in any way connected with the 'Iraqi Western Desert Block 6' that Petrel was invited to study by the Oil Exploration Company of the Iraqi Ministry of Oil in 2000.

The long term, continued interest of Petrel in this area is known to the relevant authorities in Iraq.

We have identified specific targets in the blocks included in the Fourth Hydrocarbon Licensing Round. Petrel is now completing a detailed study of the blocks of interest. The blocks on offer are interesting for gas and oil but do not include the 10,000km2 area known as 'Iraqi Western Desert Block 6'.

A successful election in March 2010 led to many months delay in the formation of a new government, which in turn hampered the planned rapid development of Iraqi oil. A new Administration has taken charge, and remaining issues are being resolved. We expect renewed progress in the coming months to drive forward the development of Iraq and particularly its hydrocarbons industry, to the benefit of all stakeholders.

Subba and Luhais Technical Work

The Subba and Luhais oil field development services project is one of the largest EPC (Engineering, Procurement and Supervision of Construction) contracts awarded to date by the Ministry of Oil.

The development of the Subba and Luhais oilfields will provide a minimum capacity of 200,000 barrels of oil daily and 120 million cubic feet of associated gas for export from the field area. Much of this gas is designated for use to support power generation for the Iraqi National Grid.

Petrel Resources was awarded the $197 million Subba & Luhais oil field EPC contract in 2005. Work started immediately. There were no serious security problems. Technical work proceeded well but payments were initially slow and there were disputes over control of project bank accounts and related bank guarantees. The resulting uncertainty led to project delays from 2008 and de-mobilising most of our project team in late 2009.

The project was further complicated by the escalation of oil industry component costs between 2004 and 2008. We were therefore pleased to be eventually able to organise Letters of Credit, source components and bulk supplies at reasonable cost and deliver same to site without loss or incident.

Reflecting the difficult circumstances through which the Iraqi oil industry has battled in recent years and decades, there was considerable turnover in key individuals and sometimes policy-making delays. We are pleased therefore to have finally overcome these difficulties and helped refine attitudes on all sides to be more commercial and pragmatic, so as to expedite the development of the oil industry and of Iraq generally in the interests of all legitimate stakeholders.

After several false dawns and lengthy negotiations, all outstanding issues on the Subba and Luhais oilfield development in Southern Iraq were satisfactorily resolved in February 2010, and all ministerial approvals received in April 2010. Petrel handed over primary responsibility for the final phases of the work, in accordance with the original Joint Venture Agreement of December 2005, but maintained a role. Mobilisation for the project, which was effectively suspended for 20 months, began promptly.

Project Description:

- Development of a grass roots Gas Oil Separation Plant (at Subba central) with a 100,000 bbl/d capacity and relevant satellite flow-station,
- Revamping of an existing 50,000 bbl/d capacity Gas Oil Separation Plant (at Luhais central) and relevant satellite flow-station to increase production up to 150,000 bbl/day,
- Installation of flow-lines, treated oil and gas export pipelines, fresh water supply lines for both fields (Net Diameter from 4" to 28") for a total length of about 500km).
- Together with our JV partner and engineering partner, Enereco, the team carried out all basic and detail design activities, procurement assistance, Vendor follow-up and expediting. Project completion is now close (at June 2011).

Immediately following resolution of the Subba & Luhais outstanding issues, on the ground work re-started in Iraq in May 2010. Our Project Joint Venture Company extended the Performance Bond and Advance Payment Guarantee for an initial 6 months based on the agreed extension of the Contract period and the Ministry of Oil's Project Letter of Credit for an initial 6 months, extendible. The initial adjusted schedule was 14 months, but this is being extended by agreement to cover minor exceptional unforeseen delays.

Completing the project in this way avoided any legal complications or lengthy delays resulting from re-bidding. The current Contractor's team was acknowledged by all to be now experienced and expert, and therefore best positioned to complete this work quickly given its experience to date and familiarity with the project.

By May 2011 the procurement phase was 94% complete. While there were some limited additional delays and issues because of the prevailing circumstances, steady progress was made across all main disciplines. This work has been conducted without any casualties or significant injury, and without any material being destroyed or damaged. Our generally smooth operating experience shows that we can operate in Iraq, provided commercial aspects are robust. The steady advance of the work, and overcoming of obstacles, allows Petrel to move forward with other projects. Accordingly, and despite the many challenges, we regard this project as a success in that it has firmly established our ability to deliver.

Petrel's philosophy remains to seek big potential projects – typically in places with good geology but challenging politics. Our logic is that politicians change but rocks do not.

We deliver quality work but, like larger groups, are still exposed to bureaucracy and politics. Sometimes players seek to impose conditions or unattractive limits on rates of return that are not fully commercial. We are not a charity, so must always seek adequate upside. But there is always a solution.

No pioneer can guarantee quick success. We guarantee is that we will not spend shareholders' money on overhead. We put it into projects. When it works shareholders do very well. If not, there is no disgrace in honest failure.

Petrel has raised a total of $15 million or £10 million from 1994 to date. Petrel still has $6 million in cash and a market capitalisation of $22 million. It has operated continually in Iraq since 1999 and has run a Baghdad office through sanctions, invasion, civil war and 5 governments. A super-major told us that their minimum security budget would have been $2 million yearly since 2003 – or equal to all of the funds that Petrel has raised.

Petrel also gains from the contacts of its management elsewhere: this brought a 30% stake in the fashionable Ghanaian Tano 2A Block. There are more such opportunities.

Exploration and Development Projects

Petrel was a pioneer in Iraqi oil and the only western company to have worked continuously in Iraq since 1999. We have never lost an employee or suffered serious sabotage or loss of equipment. This operating expertise is valuable and we have had discussions with larger groups interested in using our services. Our preference is to maintain our independence, and develop Petrel into an Iraq-based oil and gas producer as soon as this is commercially and legally practical.

Petrel has trained Ministry staff, undertaken technology transfer work on the Merjan and Dhufriya fields, and has studied, at the request of the Ministry, Block 6 in the Western Desert.

Our work on Merjan has been reviewed and endorsed by the Technical Committee of the Ministry. A subsequent thorough Ministry technical and Petroleum Licensing & Contracts Directorate (PLCD) review also endorsed our technical work.

Petrel works, where possible, with Iraqi staff; they act as contractors to maximise flexibility and protect their security. Petrel has maintained a continuous Baghdad presence since 2000. We maintained a core Iraqi team through the difficult times and continue with training activities.

The work included a broadening of previous regional analysis of the western desert, including Block 6. Its output included detailed analysis of seismic data and well logs made available to our team. We confirmed that the oil-bearing structure extended well beyond the previously mapped structure.

Petrel maintains its interest in this project and hopes to refine reserve estimates when additional information becomes available.

We are interested in further exploring and developing this field if and when it is legally possible. The field has the possibility to become a 100,000 barrel a day producer.

Other than regional work associated with the Merjan oil field, no geological or geophysical work was conducted on Western Desert Block 6 during 2010.

The Iraqi authorities are working their way through the pre-2003 contracts and agreements on Western Desert Exploration Blocks and have had discussions with ONGC on Block 8.

The security situation had been challenging in this area, but dramatically improved after 2007. Our geophysics contractor GSC has confirmed the availability of a field crew to shoot a state-off-the-art 2D, or if necessary 3D, seismic survey.

4th Iraqi Bid Round, 2011/2012:

Petrel has submitted Pre-Qualification materials to participate in the 4th Bid Round in Baghdad.

Key strengths are Petrel's 12 years of experience in Iraq and unique familiarity among international companies with operational challenges.

Ghana

Our group has 25 years continuous Africa experience. Petrel was an oil & gas explorer in Uganda & Namibia – before focusing on Iraq in 1999.

There are now more than 330 Billion barrels of oil equivalent of reserves discovered in Africa, of which about half is in Sub-Saharan Africa.

There are many hydrocarbon-rich basins in Africa, which remains under-explored. New ideas are constantly emerging. Discoveries since 2000 in Angola and Ghana alone exceed the entire Africa Yet-to-Find calculations of Peak Oil theorists in 1999. In exploration, technology moves forward by fits and starts but it is rightly said that 'exploration begins again every 15 years'. The $100 price for locally produced Bonny Light Sweet crude has dramatically improved the economics of West African projects.

There is a generally welcoming business environment for junior E&P companies in these countries of focus. The big up-front costs of the established provinces are a deterrent, as are the poor fiscal terms available in established producers such Algeria and Angola. Many other countries like Libya or DRC suffer political issues. We aim at areas of geological potential, reasonable legal and physical security with attractive fiscal terms and limited up-front costs:

Ghana emphatically now meets those objectives: over the past year Ghana has solidified its status as the oil industry's new hotspot, following recent success by Tullow / Kosmos in new (especially Cretaceous) plays generating an estimated 2 billion barrels of recoverable oil.

Almost overnight Ghana moved from small production of circa 700 barrels daily to about 60,000 and ultimately over 200,000 barrels daily. Anchor infrastructure is now being planned that will lower the costs and accelerate development time for additional projects. In a world that generally suffers from resource nationalism, Ghana offers competitive conditions and large exploration potential. Despite

Ghana's rich history and culture, English is the working language and there is established legal title based on English Law.

Accordingly. Ghana became our priority outside of Iraq, and Petrel participated in a proposal to explore and develop the circa 1,532km2 Tano Block 2A.

Our group of related companies (as the Ghanaian company 'Pan Andean Resources Limited') signed a Memorandum of Understanding with Ghanaian state petroleum company, GNPC, on the Tano 2A Block in November 2008, and a Petroleum Agreement with GNPC on Tano 2A Block in December 2008. The Block is held via a Ghanaian private company (called 'Pan Andean Resources Limited'), owned 30% by Petrel, 60% by Clontarf Energy plc and 10% by Ghanaian interests.

Block size: c. 1,532 km2 (153,200 hectares)
Basin: Tano
Geological Target: Cretaceous
Potential: multi-billion barrel recoverable

Fiscal terms are competitive: There is a royalty off the top (12.5% for oil and 10% for gas), a 10% carried state interest (held by the national oil company, the GNPC) and a standard 35% income tax on profits.

In addition the GNPC can elect to pay their way for a further 15%. There is also a super-profits tax or 'Additional Oil Entitlement (AOE)' which is payable according to the overall Rate of Return. This extra 'bonanza tax' does not apply for a rate of return under 12.5%. The Additional Oil Entitlement rises in a step function with returns to a maximum of 30% for project Rates of Return over 27.5%. There are also the normal, relatively modest land rentals plus Training Allowance plus an additional 'Technology Support' one-time payment.

These terms compare favourably with best practice elsewhere and are broadly similar in economic effect to the terms available in Colombia and Peru. For likely discovery economics the total state take should be roughly half the total value created. This compares favourably with fiscal terms in comparable areas (typically 60 to 70%) and for established producers (80% +). There are risks in West Africa but contractors are well-remunerated if they discover and develop oil.

The work programme has agreed been agreed with GNPC, is reasonably flexible and is not specifically bonded:

Minimum Expenditure in the Initial Exploration Period

If the 1st well is Onshore	US$ 25 million
If the 1st well is Offshore	US$ 35 million

(no sum was contractually specified for the offshore area and upon conferring with the Exploration Department they gave US$35m as a reasonable figure).

Our team has collected, during 2010, all data available from GNPC and have now consolidated and integrated the GNPC geological and seismic data with our regional database so as to expedite and focus the exploration work programme.

In 2008 our negotiating team had conceded the GNPC's desire for 3D seismic in the surf-zone and mangrove swamp areas of the block notwithstanding their oft-mentioned technical concerns that 3D seismic in such circumstances was not appropriate or possible. Further technical work during 2009 confirmed these concerns and we proposed appropriate adjustments.

Simultaneously with these technical clarifications, the GNPC negotiators asked us to amend the Petroleum Agreement to grant greater entitlements pre-emption rights and the need for more comprehensive approvals of future corporate transactions involving the block. Our technical and senior management team has made several presentations to GNPC, the Ministry of Energy, Ghana Internal Revenue Service, as well as other branches of the Ghanaian authorities.

All Ghanaian Petroleum Agreements are subject to Cabinet approval and ratification by Parliament. We understand that this process was well advanced by June 2011.

Ratification is a notoriously slow process in West Africa, so we have used the time to push ahead with our technical work:

We reviewed the four seismic survey databases, shot and originally processed by different companies. Our group purchased all the available data from the GNPC. A total of 769 line kilometres of seismic data were loaded onto our corporate database.

Interpretation of the seismic data was conducted by Geophysical Center (GSC) a top contractor we have worked with in the Middle East for many years. Data quality was generally poor to fair, so much work was required to maximize the value of the database. This reflects the data's vintage, together with some apparent defects in the processing parameters.

However, it also reflects the challenges in acquiring quality seismic data in the shallow water and surf zone conditions immediately offshore, and the frequently swampy nature of the coastal plain. Future reprocessing of diverse original data would provide a more uniform database, and improve the seismic data in terms of statics, velocities, frequency content and multiple elimination. In turn, this will help to minimize the 'mis-tie' problems between the different surveys that bedevil such exploration.

We studied five horizons of different depths, and produced 'time structure maps' of acceptable reliability for two horizons. While these maps show the overall form of the basin, they are insufficiently detailed to allow prospect definition. Therefore a second analysis was conducted to scrutinize all seismic lines individually. This work aimed to define areas of structural or stratigraphic potential, and develop play or prospect leads. This project was completed in May 2011. Data quality and grid spacing did not allow drillable prospects to be outlined, but we succeeded in identifying areas of greater promise within the Tano 2A Block.

Reprocessing of the existing seismic lines using the original tapes is a critical early step in a methodical exploration programme. This solid base, together with later acquisition of new seismic data will undoubtedly define additional areas of interest, particularly in the offshore section of the Block.

Offshore Ireland

Petrel technical staff has long experience of the Irish offshore, dating back to 1982.

When Petrel was known as Kish Developments Ltd in the 1980s, it was an active participant in Irish offshore exploration. We were involved in three petroleum licences or options:

- Licence 82/8 covering Blocks 33/17 & 33/23 in the (Irish Sea) Kish Basin. We assembled the group for this licence and initially operated the block. Operatorship was later assumed by Charterhouse plc (subsequently acquired by Total). The group carried out a seismic survey and then drilled the 33/17-1 well. We held a 34% working interest in the licence.
- We held a 10% interest in the group holding a Celtic Sea licence, covering Block 57/1 and operated by Premier Consolidated Oilfields plc.
- We operated a group with an option over Blocks 35/23 and 35/24 in the Porcupine Basin. This group carried out a seabed geochemical survey and undertook the first gravity coring of the, then largely unknown, cold-water coral mounds that are a feature of the Porcupine Basin. The company funded research on the cores that was later published.

Subsequently Petrel re-focused elsewhere, but has maintaining a watching brief on this intriguing though complicated petroleum province.

Irish fiscal terms available are some of the most attractive world-wide, and politicians of all parties have been adept in deflecting naïve resource nationalism, and encouraging exploration. Drilling has been limited in recent years but we feel that this will now change:

The local gas market is growing and prices high. According to the IEA, Ireland is 58% dependent on gas for electricity generation, and 95% dependent on gas imports.

Part of the reasoning behind the opening-up of large tracts of offshore acreage is the need to diversify away from imports. There are security of supply concerns due to the fact that Ireland is at the end of a long supply pipeline ultimately emanating from western Siberia and North Africa – though there is also European production, especially in the North Sea and likely in the future from unconventional sources. A flattening on the long German decline in hydrocarbons consumption since 2007, together with the recently announced de-commissioning of the German nuclear industry has exacerbated supply worries in Western Europe. Germany already sources 24% of its energy from gas and 39% from oil, with coal accounting for 25% and nuclear currently 11%. The modest presence and prospects for renewables in the short-term suggest that gas will make up the difference together with any growth. This initiative and the legal prohibition on generation of electricity from nuclear plants shows the importance of political and emotional factors in the European energy debate.

As a result, about 500,000km2 of sedimentary acreage, including much of the available Atlantic acreage, was opened up by the Irish Department of Energy in the May 2011 bid-round.

The fact that no commercially producing oil field has been discovered offshore Ireland despite 214 exploration and development wells drilled since 1968 is a negative. Despite about €3 billion of exploration or risky appraisal/development investment since then, there have been only 3 commercial finds:

1. Kinsale gas field of 1.4 trillion cubic feet,
2. Ballycotton gas field of 0.1 trillion cubic feet (which was economic because it was effectively a satellite of Kinsale),
3. Corrib gas field of 0.8 to 1 trillion cubic feet +, which is marginally economic and encountered vigorous local minority opposition because of poor community relations by Enterprise and Shell.

There have been several uneconomic discoveries, chiefly:

Helvick (at circa 1 million barrels of oil (mmbo) recoverable),
Seven Heads (an uneconomic gas/condensate field in the Celtic Sea - though effectively a satellite of Kinsale), and
BP Connemara (Porcupine Basin: high initial oil flow rates which declined).

In fact, a good proportion of the circa 150 true exploration 'wildcats' offshore Ireland did intersect hydrocarbons – though at sub-commercial levels. On the Irish Atlantic Margin in recent years some 42 exploration 'wildcats' have been drilled, with maybe 5 gas/condensate or possibly oil discoveries that will ultimately be developed. While this is a low hit-rate of 1 in 8, after taking into account the attractive fiscal terms (basically a 25% tax, with 'bonanza taxes' unlikely to kick-in because of the 'R' formula linking revenue and total costs). Most wells were drilled during a previous era of high oil prices in the 1970s and 1980s, when analysts wrongly saw this Irish offshore province as comparable to the quite different North Sea.

The high proportion of shows (c. 50% in the Celtic Sea, for instance) show that there is a working petroleum system in the main Irish offshore basins.

The big volume potential is in the deep water, but the best immediate risk vs. reward trade-off is, we think, in the Porcupine Basin.

There will be discoveries in the Irish offshore.

In preparing an application for the current round Petrel and our contractor GSC professionals worked closely in order to obtain the most useful interpretation results from the existing seismic database, and to define target horizons and features. The work project was carried out on newly-constructed seismic base maps. Petrel already held a considerable seismic database and purchased an additional 2,740 line km of seismic data to assist in the study. Petrel also holds well information for most of the wells drilled along the Atlantic seaboard and petrophysical studies were carried out on the critical wells.

Careful quality control management of this material was carried out to validate all data being used in the project.

Well information data was used for the calibration of seismic data, and contour maps are produced in time and depth for each of the selected seismic markers. The study identified a number of leads in the region.

Director's Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The main activity of Petrel Resources plc and its subsidiaries (the Group) is oil and gas exploration. The company commenced development of an oil field in Iraq in 2007. The company is also involved in exploration in Ghana. On the 26 April 2010, the company announced the settlement of all outstanding operational issues on the Subba and Luhais Oilfield Development in Southern Iraq which will result in the company having a significantly reduced role in the Project going forward. See Note 3 for further details.

Further information concerning the activities of the Group during the year and its future prospects is contained in the Chairman's Statement and Review of Operations.

RESULTS FOR THE YEAR

The consolidated loss after taxation for the year, transferred to reserves, amounted to €836,052 (2009: loss of €6,526,075).

The directors do not recommend that a dividend be declared for the year ended 31 December 2010 (2009: €Nil).

PERFORMANCE REVIEW

The performance review is set out in the Chairman's Statement and Review of Operations.

RISKS AND UNCERTAINTIES

The Group is subject to a number of significant potential risks including:

- Foreign exchange risks;
- Uncertainties over development and operational costs;
- Political and legal risks, including arrangements for licenses, profit sharing and taxation;
- Foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- Liquidity risks;
- Operations and environmental risks and;
- Going Concern risks.

In addition to the above there can be no assurance that current exploration programmes will result in profitable operations. The recoverability of the carrying value of exploration and evaluation assets is dependent upon the successful discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Group to raise additional financing, if necessary, or alternatively upon the Group's and company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write down of the carrying values of the Group's assets.

KEY PERFORMANCE INDICATORS

The Group reviews expenditure incurred on exploration projects and successes thereon, and ongoing operating costs. In addition the Group reviewed the stages of completion in respect of the Subba & Luhais development services contract up to the date of the primary responsibility of the project being transferred to Makman, as outlined in the financial statements.

DIRECTORS

The current directors are listed on the inside of back cover. There were no changes to the Board during the year.

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The directors and secretary held the following beneficial interests in the shares of the company:

	31/12/2010 Ordinary Shares of €0.0125 Number	31/12/2010 Options - Ordinary Shares of €0.0125 Number	31/12/2009 Ordinary Shares of €0.0125 Number	31/12/2009 Options - Ordinary Shares of €0.0125 Number
J. Teeling	**3,615,000**	**1,900,000**	3,615,000	1,900,000
D. Horgan	**2,715,384**	**1,650,000**	2,715,384	1,650,000
G. Delbes	**190,000**	**-**	190,000	-
J. Finn (Secretary)	**1,015,384**	**870,000**	1,015,384	870,000
S. Borghi	**155,000**	**450,000**	155,000	450,000

SUBSTANTIAL SHAREHOLDINGS

The share register records that, in addition to the directors, the following shareholders held 3% or more of the issued share capital as at 31 December 2010 and at 31 May 2011:

	31 May 2011 Number of Ordinary Shares	%	31 December 2010 Number of Ordinary Shares	%
Citibank Nominees (Ireland) Limited (CLRLUX)	**10,960,803**	**14.3**	10,769,283	14.05
L. R. Nominees Limited	**5,335,883**	**6.96**	5,316,303	6.93
TD Waterhouse Nominee (Europe) Limited	**4,327,307**	**5.64**	4,147,928	5.41
HSBC Global Custody Nominee	**2,940,000**	**3.83**	2,940,000	3.83
Lynchwood Nominees Limited	**2,464,234**	**3.21**	2,530,134	3.30

FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management policies are set out in Note 19 to the financial statements.

GOING CONCERN

Information in relation to going concern is outlined in Note 3.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance and to managing the company in an honest and ethical manner.

The Board approves the Group's strategy, investment plans and regularly reviews operational and financial performance, risk management, and Health, Safety, Environment and Community (HSEC) matters.

The Chairman is responsible for the leadership of the Board, whilst the Executive Directors are responsible for formulating strategy and delivery once agreed by the Board.

SUBSIDIARIES

Details of the company's significant subsidiaries are set out in Note 13 to the financial statements.

CHARITABLE AND POLITICAL DONATIONS

The company made no political or charitable contributions during the year.

BOOKS OF ACCOUNT

To ensure that proper books and accounting records are kept in accordance with Section 202 of the Companies Act, 1990, the directors have involved appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's office at 162 Clontarf Road, Dublin 3.

SUBSEQUENT EVENTS

Details of significant subsequent events are outlined in Note 25.

AUDITORS

Deloitte & Touche, Chartered Accountants, will continue in office as auditors in accordance with Section 160(2) of the Companies Act 1963.

Signed on behalf of the Board:

John Teeling Director	David Horgan Director

27 June 2011

Statement of Directors' Responsibilities

Irish company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies for the Group and the Parent Company Financial Statements and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; 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 proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and comply with Irish statute comprising the Companies Acts, 1963 to 2009. 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 included on the company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Petrel Resources Plc

We have audited the financial statements of Petrel Resources Plc for the year ended 31 December 2010 which comprise the Group Financial Statements: the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Group Statement of Changes in Equity and the Consolidated Cash Flow Statement and the Company Financial Statements: the Company Balance Sheet, the Company Statements of Changes in Equity, the Company Cash Flow Statement and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. 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 auditors' 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

The directors are responsible, as set out in the Statement of Directors' Responsibilities, for preparing the Annual Report, including the preparation of the Group Financial Statements and the Company Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibility, as independent auditors, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group Financial Statements and the Company Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, and are properly prepared in accordance with Irish statute comprising of the Companies Acts, 1963 to 2009. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit and whether the company's balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, other information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. The other information comprises only the Chairman's Statement, the Review of Operations and the Directors' Report. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the Group Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the affairs of the Group as at 31 December 2010 and of its loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009;
- the Parent Company's Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Acts, 1963 to 2009 of the state of the parent company's affairs as at 31 December 2010; and
- the Parent Company's Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

Emphasis of matter – Realisation of intangible assets
Without qualifying our opinion we draw your attention to Note 12 to the financial statements concerning the valuation of intangible assets. The realisation of intangible assets of €2,149,670 (2009: €1,644,482) included in the consolidated balance sheet and intangible assets of €2,138,433 (2009: €1,633,245) included in the company balance sheet is dependent on the successful discovery and development of economic reserves including the ability of the Group to raise sufficient finance to develop these projects. The ultimate outcome of these uncertainties cannot, at present, be determined.

We have obtained all the information and explanations we consider necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet is in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the company, as stated in the company balance sheet are more than half the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2010 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

Deloitte & Touche

Chartered Accountants and Statutory Auditors
Earlsfort Terrace
Dublin 2, Ireland

27 June 2011

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2010

	Notes	2010 €	2009 €
CONTINUING OPERATIONS			
Administrative expenses	5	**(462,646)**	(545,835)
Loss on foreign exchange		**(387,180)**	-
Impairment of exploration and evaluation expenditure	12	**-**	(3,923,885)
Impairment of construction costs	14	**-**	(2,085,100)
OPERATING LOSS		**(849,826)**	(6,554,820)
Investment revenue	4	**13,774**	28,745
LOSS BEFORE TAXATION	5	**(836,052)**	(6,526,075)
Income tax expense	10	**-**	-
LOSS FOR THE YEAR: all attributable to equity holders of the parent		**(836,052)**	(6,526,075)
Exchange differences on translation of foreign operations		**128,486**	(2,936)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(707,566)**	(6,529,011)
Loss per share – basic and diluted	11	**(1.09c)**	(8.73c)

The financial statements were approved by the Board of Directors on 27 June 2011 and signed on its behalf by:

John Teeling
Director

David Horgan
Director

Consolidated Balance Sheet

as at 31 December 2010

	Notes	2010 €	2009 €
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	12	**2,149,670**	1,644,482
CURRENT ASSETS			
Construction contracts	14	**-**	5,361,939
Trade and other receivables	15	**2,139,269**	37,407,723
Cash and cash equivalents	16	**2,748,831**	923,429
		4,888,100	43,693,091
TOTAL ASSETS		**7,037,770**	45,337,573
CURRENT LIABILITIES			
Trade and other payables	17	**(85,213)**	(37,677,450)
NET CURRENT ASSETS		**4,802,887**	6,015,641
NET ASSETS		**6,952,557**	7,660,123
EQUITY			
Called-up share capital	20	**958,308**	958,308
Capital conversion reserve fund		**7,694**	7,694
Share premium		**17,784,268**	17,784,268
Share based payment reserve		**205,971**	205,971
Retained deficit		**(12,003,684)**	(11,296,118)
TOTAL EQUITY		**6,952,557**	7,660,123

The financial statements were approved by the Board of Directors on 27 June 2011 and signed on its behalf by:

John Teeling
Director

David Horgan
Director

Company Balance Sheet
as at 31 December 2010

	Notes	2010 €	2009 €
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	12	**2,138,433**	1,633,245
Investment in subsidiaries	13	**11,237**	11,237
		2,149,670	1,644,482
CURRENT ASSETS			
Trade and other receivables	15	**2,139,269**	5,865,154
Cash and cash equivalents	16	**2,748,831**	864,644
		4,888,100	6,729,798
TOTAL ASSETS		**7,037,770**	8,374,280
CURRENT LIABILITIES			
Trade and other payables	17	**(85,213)**	(714,157)
NET CURRENT ASSETS		**4,802,887**	6,015,641
NET ASSETS		**6,952,557**	7,660,123
EQUITY			
Called-up share capital	20	**958,308**	958,308
Capital conversion reserve fund		**7,694**	7,694
Share premium		**17,784,268**	17,784,268
Share based payment reserve		**205,971**	205,971
Retained deficit		**(12,003,684)**	(11,296,118)
TOTAL EQUITY		**6,952,557**	7,660,123

The financial statements were approved by the Board of Directors on 27 June 2011 and signed on its behalf by:

John Teeling
Director

David Horgan
Director

Statement of Changes in Equity

for the year ended 31 December 2010

GROUP AND COMPANY

	Share Capital €	Share Premium €	Capital Conversion Reserve fund €	Share Based Payment Reserve €	Retained Deficit €	Total €
At 1 January 2009	902,873	15,693,098	7,694	205,971	(4,767,107)	12,042,529
Shares issued	55,435	2,137,544	-	-	-	2,192,979
Share issue expenses	-	(46,374)	-	-	-	(46,374)
Total comprehensive income for the year	-	-	-	-	(6,529,011)	(6,529,011)
At 31 December 2009	958,308	17,784,268	7,694	205,971	(11,296,118)	7,660,123
Total comprehensive income for the year	-	-	-	-	(707,566)	(707,566)
At 31 December 2010	**958,308**	**17,784,268**	**7,694**	**205,971**	**(12,003,684)**	**6,952,557**

Share premium
The share premium comprises of the excess of monies received in respect of the issue of share capital over the nominal value of shares issued.

Capital conversion reserve fund
The ordinary shares of the company were renominalised from €0.0126774 each to €0.0125 each in 2001 and the amount by which the issued share capital of the company was reduced was transferred to the capital conversion reserve fund.

Share based payment reserve
The share based payment reserve represents share based payments granted which are not yet exercised and issued as shares.

Retained deficit
Retained deficit comprises accumulated losses in the current year and prior years.

Consolidated Cash Flow Statement

for the year ended 31 December 2010

	Notes	2010 €	2009 €
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		**(836,052)**	(6,526,075)
Investment revenue recognised in loss		**(13,774)**	(28,745)
Exchange movements		**7,644**	(5,659)
Shares issued in lieu of fees		**-**	107,434
Impairment of exploration and evaluation expenditure		**-**	3,923,885
Impairment of construction costs		**-**	2,085,100
OPERATING CASHFLOW BEFORE MOVEMENTS IN WORKING CAPITAL		**(842,182)**	(444,060)
Movements in working capital:			
Decrease/(increase) in construction contracts		**5,361,939**	(154,765)
Decrease in trade and other payables		**(37,592,237)**	(869,557)
Decrease in trade and other receivables		**35,268,454**	1,277,070
CASH GENERATED BY/(USED IN) OPERATIONS		**2,195,974**	(191,312)
Investment revenue		**13,774**	28,745
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		**2,209,748**	(162,567)
INVESTING ACTIVITIES			
Payments for intangible fixed assets		**(376,702)**	(789,347)
NET CASH USED IN INVESTING ACTIVITIES		**(376,702)**	(789,347)
FINANCING ACTIVITIES			
Proceeds from issue of equity shares		**-**	2,085,544
Share issue costs		**-**	(46,374)
NET CASH GENERATED BY FINANCING ACTIVITIES		**-**	2,039,170
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,833,046**	1,087,256
Cash and cash equivalents at beginning of financial year		**923,429**	559,599
Effect of exchange rate changes on cash held in foreign currencies		**(7,644)**	(723,426)
Cash and cash equivalents at end of financial year	16	**2,748,831**	923,429

Company Cash Flow Statement

for the year ended 31 December 2010

	Notes	2010 €	2009 €
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		**(836,052)**	(6,526,075)
Investment revenue recognised in loss		**(13,774)**	(28,745)
Exchange movement		**7,644**	(5,659)
Shares issued in lieu of fees		**-**	107,434
Impairment of exploration and evaluation expenditure		**-**	3,923,885
Impairment of construction costs		**-**	2,085,100
OPERATING CASHFLOW BEFORE MOVEMENTS IN WORKING CAPITAL		**(842,182)**	(444,060)
Movements in working capital:			
Decrease in trade and other payables		**(628,944)**	(374,279)
Decrease/(increase) in trade and other receivables		**3,725,885**	(99,756)
CASH GENERATED BY/(USED IN) OPERATIONS		**2,259,759**	(918,095)
Investment revenue		**13,774**	28,745
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES		**2,268,533**	(889,350)
INVESTING ACTIVITIES			
Payments for intangible fixed assets		**(376,702)**	(789,347)
NET CASH USED IN INVESTING ACTIVITIES		**(376,702)**	(789,347)
FINANCING ACTIVITIES			
Proceeds from issue of equity shares		**-**	2,085,544
Share issue costs		**-**	(46,374)
NET CASH GENERATED BY FINANCING ACTIVITIES		**-**	2,039,170
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,891,831**	**360,473**
Cash and cash equivalents at beginning of financial year		**864,644**	498,512
Effect of exchange rate changes on cash held in foreign currencies		**(7,644)**	5,659
Cash and cash equivalents at end of financial year	16	**2,748,831**	864,644

1. PRINCIPAL ACCOUNTING POLICIES

The significant accounting policies adopted by the group and company are as follows:

(i) Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain financial instruments which are held at fair value. The consolidated financial statements are presented in Euro.

(ii) Statement of compliance

The financial statements of Petrel Resources plc and all its subsidiaries ("the Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have also been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union.

The financial statements are prepared under the Companies Acts, 1963 to 2009.

(iii) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Where necessary, adjustments have been made to the financial statements of the subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(iv) Investment in subsidiaries

Investment in subsidiaries is stated at cost less any provision for impairment.

(v) Intangible assets

Exploration and evaluation assets
Exploration expenditure relates to the initial search for mineral deposits with economic potential in Iraq and Ghana. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential.

The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as intangible assets as part of exploration and evaluation assets.

Exploration costs are capitalised as an intangible asset until technical feasibility and commercial viability of extraction of reserves are demonstrable, when the capitalised exploration costs are re-classed to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share based payments) as determined by management, where they relate to specific projects.

Prior to reclassification to property, plant and equipment exploration and evaluation assets are assessed for impairment and any impairment loss is recognised immediately in the statement of comprehensive income.

Impairment of intangible assets
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. The Company reviews and tests for impairment on an ongoing basis and specifically if the following occurs:

a) the period for which the Group and Company has a right to explore in the specific area has expired or is expected to expire;
b) the exploration and evaluation has not led to the discovery of economic reserves;
c) the development of the reserves is not economically or commercially viable;
d) the exploration is located in an area that has become politically unstable;
e) the board resolves to exit a particular project or region.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(vi) Construction contracts

Work in progress related to costs incurred on the Subba & Luhais oilfield development and was stated at the lower of cost and net realisable value. Amounts previously capitalised in exploration and evaluation expenditure relating to this project were transferred to work in progress after being tested for impairment.

Where the outcome of the construction contract could have been estimated reliably, revenue and costs were recognised by reference to the stage of completion of the contract at the balance sheet date, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not have been representative of the stage of completion.

Variations are included in contract revenue when it is probable that the customer will approve the variation and the amount of revenue arising from the variation and the amount of revenue can be reliably measured.

Where the outcome of the construction contract could not be estimated reliably, contract revenue was recognised to the extent of contract costs incurred that it was probable would be recoverable. Contract costs were recognised as expenses in the period in which they were incurred.

When it was probable that total contract costs would exceed total contract revenue, the expected loss was recognised as an expense immediately.

During 2010, the company announced the settlement of all outstanding operational issues on the Subba & Luhais contract which will result in the company having a significantly reduced role in the project going forward.

(vii) Foreign currencies

The individual financial statements of each Group company are maintained in the currency of the primary economic environment in which it operates (its functional currency). The functional currency of the company is US Dollars. However, for the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in Euro (the presentation currency). This is for the benefit of the Group's shareholders, the majority of whom reside in the Eurozone.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was re-determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

(viii) Taxation

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

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences arising on investments in subsidiaries and associates, only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(ix) Share-based payments

The Group and Company have applied the requirements of IFRS 2 “Share-Based Payments”. In accordance with the transitional provisions, IFRS 2 has been applied to all equity instruments vesting after 1 January 2006.

The Group and Company issue equity-settled share based payments to directors and certain consultants. Equity settled share-based payments are measured at fair value at the date of grant. The fair value excludes the effect of non-market based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Group and Company’s estimate of shares that will eventually vest. At the balance sheet date the Group reviews its estimate of the nature of equity instruments expected to vest as a result of the effect of non-market based vesting conditions.

Where the value of the goods or services received in exchange for the share-based payment cannot be reliably estimated the fair value is measured by use of a Black-Scholes model.

(x) Operating loss

Operating loss comprises general administrative costs incurred by the Company, which are not specific to evaluation and exploration projects. Operating loss is stated before finance income, finance costs and other gains and losses.

(xi) Financial instruments

Financial assets and financial liabilities are recognised in the Group and Company balance sheet when the Group and Company becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade receivables are measured at initial recognition at invoice value, which approximates to fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the consolidated statement of comprehensive income when there is objective evidence that the carrying value of the asset exceeds the recoverable amount. Subsequently, trade receivables are classified as loans and receivables which are measured at amortised cost, using the effective interest method.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents
Cash and cash equivalents comprise cash held by the Group and Company and short-term bank deposits with a maturity of three months or less from the date of acquisition.

Financial liabilities
Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Trade payables
Trade payables are classified as financial liabilities, are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(xii) Comparative Amounts

Comparative amounts have been reclassified, where necessary, on the same basis as the current year.

(xiii) Critical accounting judgments and key sources of estimation uncertainty

Critical judgments in applying the Group and Company accounting policies
In the process of applying the Group and Company accounting policies above, management has identified the judgmental areas as those that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

Exploration and evaluation
The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalise it within intangible assets.

Costs which can be demonstrated as project related are included within exploration and evaluation assets. Exploration and evaluation assets relate to exploration and related expenditure in Iraq and Ghana.

The Group and Company's exploration activities are subject to a number of significant and potential risks including:

- Foreign exchange risks;
- Uncertainties over development and operational costs;
- Political and legal risks, including arrangements for licenses, profit sharing and taxation;
- Foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- Liquidity risks;
- Operation and environmental risks;
- Going Concern.

The recoverability of these exploration and evaluation assets is dependent on the discovery and successful development of economic reserves, including the ability to raise finance to develop future projects. Should this prove unsuccessful, the value included in the balance sheet would be written off as an impairment to the statement of comprehensive income.

Impairment of intangible assets
The assessment of intangible assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value in use.

The assessment requires judgements as to the likely future commerciality of the assets and when such commerciality should be determined, future revenue and operating costs and the discount rate to be applied to such revenues and costs.

Deferred tax assets
The assessment of availability of future taxable profits involves judgement. A deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Going Concern
The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern assumption is dependent on finance being available for the continuing working capital requirements of the Group and Company and finance for the development of the Group's projects. Under the terms of the agreement reached between Petrel and Makman FZC (Makman), Petrel received a final payment of $2.5 million on 3 May 2011.

Key sources of estimation uncertainty
The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported in the statement of comprehensive income for the year. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payments
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Group and Company have made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. The model used by the Group and Company is the Black-Scholes valuation model.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group did not adopt any new International Financial Reporting Standards (IFRS) or Interpretations in the year that had a material impact on the Group's Financial Statements. The following IFRS became effective since the last Annual Report but had no material impact on the Financial Statements:

IFRS 1	(Revised) First-time Adoption of International Financial Reporting Standards (effective for accounting periods beginning on or after 1 July 2009);
IFRS 2	(Amendment) Share Based Payments (effective for accounting periods beginning on or after 1 July 2009 and 1 January 2010);
IFRS 3	(Revised) Business Combinations (effective for accounting periods beginning on or after 1 January 2010);
IFRS 5	(Amendment) Non-Current Assets Held for Sale and Discontinued Operations (effective for accounting period beginning on or after 1 July 2009 and 1 January 2010);
IFRS 8	(Amendment) Operating Segments (effective for accounting periods beginning on or after 1 January 2010)
IAS 1	(Amendment) Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2010)
IAS 7	(Amendment) Statement of Cash Flows (effective for accounting periods beginning on or after 1 January 2010);
IAS 17	(Amendment) Leases (effective for accounting periods beginning on or after 1 January 2010);
IAS 27	(Amendment(Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 July 2009)
IAS 28	(Amendment) Investments in Associates (effective for accounting periods beginning on or after 1 July 2009);
IAS 31	(Amendment) Interests in Joint Ventures (effective for accounting periods beginning on or after 1 July 2009);
IAS 36	(Amendment) Impairment of Assets (effective for accounting periods beginning on or after 1 January 2010);
IAS 38	(Amendment) Intangible Assets (effective for accounting periods beginning on or after 1 July 2009);
IAS 39	(Amendment) Financial Instruments: Recognition and Measurement (effective for accounting period beginning on or after 1 July 2009 and 1 January 2010);
IFRIC 9	(Amendment) Reassessment of Embedded Derivatives (effective for accounting periods beginning on or after 1 July 2009);
IFRIC 16	(Amendment) Hedges of a Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 July 2009);
IFRIC 17	Distributions of Non-cash Assets to Owners (effective for accounting periods beginning on or after 1 July 2009); and
IFRIC 18	Transfers of Assets from Customers (effective for accounting periods beginning on or after 1 July 2009).

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 1	(Revised) First-time Adoption of International Financial Reporting Standards (effective for accounting periods beginning on or after 1 July 2010);
IFRS 1	(Amendment) First-time Adoption of International Financial Reporting Standards (effective for accounting periods beginning on or after 1 July 2010);
IFRS 3	(Amendment) Business Combinations (effective for accounting periods beginning on or after 1 July 2010);
IFRS 7	(Amendment) Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 July 2011);

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

IFRS 9	Financial Instruments (effective for accounting periods beginning on or after 1 January 2013);
IAS 1	(Amendment) Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2011)
IAS 12	(Amendment) Deferred Tax: Recovery of Underlying Assets (effective for accounting periods beginning on or after 1 January 2012);
IAS 24	(Revised) Related Party Disclosures (effective for accounting periods beginning on or after 1 January 2011);
IAS 27	(Amendment) Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 July 2010);
IAS 32	(Amendment) Financial Instruments: Presentation (effective for accounting periods beginning on or after 1 February 2010);
IAS 34	(Amendment) Interim Financial Reporting (effective for accounting periods beginning on or after 1 January 2011)
IFRIC 14	(Amendment) Prepayments of a Minimum Funding Requirement (effective for accounting periods beginning on or after 1 January 2011); and
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after 1 July 2010).

The Directors are currently assessing the impact in relation to the adoption of these Standards and Interpretations for future periods of the Group, however, at this point they do not believe they will have a significant impact on the financial statements of the Group in the period of initial application.

3. GOING CONCERN

The Group and Company incurred a loss for the year of €836,052 (2009: loss of €6,526,075) and had a retained earnings deficit of €12,003,684 (2009: deficit of €11,296,118), at the balance sheet date leading to doubt about the Group and Company's ability to continue as a going concern. The Group had a cash balance of €2,748,831 at the balance sheet date together with a bank loan of € Nil (2009: €23,501,833) representing the amount drawn down on a letter of credit which was in place in respect of the Subba & Luhais development contract. Under the terms of the agreement reached between Petrel and Makman FZC (Makman), Petrel received the final payment of $2.5 million, subsequent to the year end on 3 May 2011.

Accordingly the directors are satisfied that it is appropriate to continue to prepare the financial statements of the Group and Company on the going concern basis, as the additional cash resources of $2.5 million realised can be used on other projects along with the day to day running of the Group. The financial statements do not include any adjustment to the carrying amount, or classification of assets and liabilities, if the Group or Company was unable to continue as a going concern.

4. INVESTMENT REVENUE

	2010	2009
	€	€
Interest on bank deposits	**13,774**	28,745

5. LOSS BEFORE TAXATION

	2010	2009
	€	€
The loss before taxation is stated after charging/(crediting) the following items:		
Administrative expenses:		
Professional fees	**206,851**	203,249
Staff costs - salaries	**182,535**	229,671
- payroll taxes	**21,390**	43,000
Net foreign exchange losses/(gains)	**394,825**	(5,659)
Other administration expenses	**44,225**	75,574
	849,826	545,835
Impairment of exploration and evaluation expenditure	**-**	3,923,885
Impairment of construction costs	**-**	2,085,100

Details of directors' remuneration are set out in Note 7.

6. AUDITOR'S REMUNERATION

Auditor's remuneration for work carried out for the Group and Company in respect of the financial year is as follows:

	2010	2009
	€	€
Group		
Audit of Group accounts	**18,000**	24,000
Other assurance services	**1,000**	1,000
Tax advisory services	**3,300**	5,000
Other non-audit services	**-**	-
Total	**22,300**	30,000
Company		
Audit of company accounts	**9,000**	16,000
Other assurance services	**9,000**	8,000
Tax advisory services	**3,300**	5,000
Other non-audit services	**-**	-
Total	**21,300**	29,000

7. RELATED PARTY AND OTHER TRANSACTIONS

Group and Company

- **Directors' Remuneration**

The remuneration of the directors is as follows:

	2010 Fees – services as directors	**2010 Fees-other services**	**2010 Total**	2009 Fees-services as directors	2009 Fees-other services	2009 Total
	€	**€**	**€**	€	€	€
John Teeling	**5,000**	**99,783**	**104,783**	5,000	107,900	112,900
David Horgan	**5,000**	**156,825**	**161,825**	5,000	172,200	177,200
Guy Delbes	**5,000**	**9,095**	**14,095**	5,000	9,303	14,303
Total	**15,000**	**265,703**	**280,703**	15,000	289,403	304,403

Directors' remuneration of €100,000 (2009: €82,500) was capitalised as exploration and evaluation expenditure as set out in Note 12.

Key management compensation

Key management personnel are deemed to be John Teeling (Chairman), David Horgan (Managing Director), Guy Delbes (Director) and James Finn (Chief Financial Officer). The total compensation expense comprising solely of short-term benefits in respect of key management personnel was as follows:

	2010	2009
	€	€
Short-term employee benefits	**385,686**	407,200

7. RELATED PARTY AND OTHER TRANSACTIONS *(continued)*

Other
Petrel Resources plc shares offices and overheads with a number of companies also based at 162 Clontarf Road. These companies have some common directors.

Transactions with these companies during the year are set out below:

	African Diamonds Plc €	Botswana Diamonds Plc €	Clontarf Energy Plc €	Connemara Mining Plc €	Cooley Distillery Plc €	Pan Andean Resources Plc €	Hydrocarbon Exploration Plc €	Stellar Diamonds Plc €	Swala Resources Plc €	Total €
Balance at 1 January 2009	(9,284)	-	11,396	-	(9,525)	27,214	-	20,539	217	40,557
Office and overhead costs recharged	10,191	-	7,757	1,343	(27,658)	19,330	-	14,706	-	25,669
Repayments	10.929	-	-	-	23,108	(11,160)	-	(22,067)	(217)	593
Balance at 31 December 2009	11,836	-	19,153	1,343	(14,075)	35,384	-	13,178	-	66,819
Office and overhead costs recharged	(22,926)	-	16,555	569	(35,300)	-	23,107	-	-	(17,995)
Exploration and evaluation expenditure recharged by Petrel	-	-	44,464	-	-	-	-	-	-	44,464
Exploration and evaluation expenditure recharged to Petrel	-	-	-	-	-	-	(67,560)	-	-	(67,560)
Transfer on demerger	11,090	(11,090)	-	-	-	(35,384)	35,384	-	-	-
Repayments	-	-	-	-	49,375	-	97,739	(13,178)	-	133,936
Balance at 31 December 2010	**-**	**(11,090)**	**80,172**	**1,912**	**-**	**-**	**88,670**	**-**	**-**	**159,664**

On 4 April 2010 certain assets of Pan Andean Resources plc were demerged to Hydrocarbon Exploration plc. The assets demerged included amounts due by Pan Andean Resources plc to Petrel Resources plc.

On 20 December 2010 certain assets of African Diamonds plc were demerged to Botswana Diamonds plc. The assets demerged included amounts due to African Diamonds plc by Petrel Resources plc.

Petrel Resources plc owns 30% of Pan Andean Resources Limited, an early stage exploration vehicle registered in Ghana. Clontarf Energy plc, Hydrocarbon Exploration plc and Abbey Oil & Gas own the remaining 70%. During 2010 exploration and evaluation expenditure was paid by Petrel Resources plc in relation to the Ghanian operations. This expenditure was recharged to Clontarf Energy plc during the year. Exploration and evaluation expenditure was also paid by Hydrocarbon Exploration plc and recharged to Petrel Resources plc during the year.

Cash held in Escrow Accounts
€1,197,425 and €580,890 of cash and cash equivalents were held on behalf of Botswana Diamonds Plc and Connemara Mining Company Plc, respectively at the balance sheet date under Security Escrow Agreements dated 29 November 2010. Both Botswana Diamonds Plc and Connemara Mining Company Plc share offices with the company at 162 Clontarf Road and have some common directors.

Company
At 31 December the following amount was due to the Company by its subsidiaries:

	2010 €	2009 €
Amounts due from the Petrel/ Makman Service Contract Joint Venture	**-**	5,758,994

8. STAFF NUMBERS

There were no employees of the Group other than the directors and the secretary during the current or prior year.

9. SEGMENTAL ANALYSIS

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about the Group that are regularly reviewed by the chief operating decision maker. The Board is deemed the chief operating decision maker within the Group. For management purposes, the Group has two classes of business: mining exploration and development and construction of an oil field. These are analysed on a project by project basis.

	Exploration and evaluation		Construction of an oil field			Total
	2010	2009	**2010**	2009	**2010**	2009
	€	€	**€**	€	**€**	€
9A. Segment Results						
Continuing Operations						
Subba & Luhais Oil Field Development	**(387,180)**	(4,420,290)	**-**	-	**(387,180)**	(4,420,290)
Merjan and Dhufriya Oil Field Agreement	**-**	(36,925)	**-**	-	**-**	(36,925)
Western Dessert Block 6	**-**	-	**-**	-	**-**	-
Ghana	**-**	-	**-**	-	**-**	-
East Safawi Block, Jordan	**-**	(1,551,769)	**-**	-	**-**	(1,551,769)
Total for continuing operations	**(387,180)**	(6,008,984)	**-**	-	**(387,180)**	(6,008,984)
Unallocated head office	**(448,872)**	(517,091)	**-**	-	**(448,872)**	(517,091)
	(836,052)	(6,526,075)	**-**	-	**(836,052)**	(6,526,075)

There was no revenue earned during the year.

	Exploration and evaluation		Construction of an oil field			Total
	2010	2009	**2010**	2009	**2010**	2009
9B. Segment Assets						
Group & Company						
Subba & Luhais Oil Field Development	**-**	-	**-**	42,722,287	**-**	42,722,287
Merjan and Dhufriya Oil Field Agreement	**-**	**402,749**	**-**	**-**	**-**	402,749
Western Dessert Block 6	**1,900,663**	1,241,733	**-**	-	**1,900,662**	1,241,733
Ghana	**249,007**	-	**-**	-	**249,007**	-
East Safawi Block, Jordan	**-**	-	**-**	-	**-**	-
-						
Total for continuing operations	**2,149,670**	1,644,482	**-**	42,722,287	**2,149,669**	44,366,769
Unallocated head office	**4,888,100**	970,804	**-**	-	**4,888,100**	970,804
	7,037,770	2,615,286	**-**	42,722,287	**7,037,769**	45,337,573

9. SEGMENTAL ANALYSIS *(continued)*

	Exploration and evaluation		Construction of an oil field		Total	
	2010	2009	**2010**	2009	**2010**	2009
	€	€	**€**	€	**€**	€
9C. Segment Liabilities						
Group						
Subba & Luhais Oil Field Development	**-**	-	**-**	(36,963,293)	**-**	(36,963,293)
Merjan and Dhufriya Oil Field Agreement	**-**	-	**-**	-	**-**	-
Western Dessert Block 6	**-**	-	**-**	-	**-**	-
Ghana	**-**	-	**-**	-	**-**	-
East Safawi Block, Jordan	**-**	(411,357)	**-**	-	**-**	(411,357)
Total for continuing operations	**-**	(411,357)	**-**	(36,963,293)	**-**	(37,374,650)
Unallocated head office	**(85,213)**	(302,800)	**-**	-	**(85,213)**	(302,800)
	(85,213)	(714,157)	**-**	(36,963,293)	**(85,213)**	(37,677,450)
Company						
Subba & Luhais Oil Field Development	**-**	-	**-**	-	**-**	-
Merjan and Dhufriya Oil Field Agreement	**-**	-	**-**	-	**-**	-
Western Dessert Block 6	**-**	-	**-**	-	**-**	-
Ghana	**-**	-	**-**	-	**-**	-
East Safawi Block, Jordan	**-**	(411,357)	**-**	-	**-**	(411,357)
Total for continuing operations	**-**	(411,357)	**-**	-	**-**	(411,357)
Unallocated head office	**(85,213)**	(302,800)	**-**	-	**(85,213)**	(302,800)
	(85,213)	(714,157)	**-**	-	**(85,213)**	(714,157)
Additions to non-current assets (Group and Company)						
Subba & Luhais Oil Field Development	**-**	210,679	**-**	-	**-**	210,679
Merjan and Dhufriya Oil Field Agreement	**-**	-	**-**	-	**-**	-
Western Dessert Block 6	**127,695**	-	**-**	-	**127,695**	-
Ghana	**249,007**	-	**-**	-	**249,007**	-
East Safawi Block, Jordan	**-**	578,668	**-**	-	**-**	578,668
Total for continuing operations	**376,702**	789,347	**-**	-	**376,702**	789,347
Unallocated head office	**-**	-	**-**	-	**-**	-
	376,702	789,347	**-**	-	**376,702**	789,347

10. INCOME TAX EXPENSE

	2010 €	2009 €
Factors affecting the tax expense:		
Loss on ordinary activities before tax	**(836,052)**	(6,526,075)
Income tax calculated @ 12.5%	**(104,506)**	(815,759)
Effects of:		
Expenses not allowable	**54,402**	748,261
Tax losses carried forward	**49,580**	62,708
Income taxed at higher rate	**524**	4,790
Tax charge	-	-

No corporation tax charge arises in the current year or the prior year due to losses brought forward.

At the balance sheet date, the Group had unused tax losses of €3,960,185 (2009: €3,559,354) which equates to a deferred tax asset of €495,023 (2009: €444,919). No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Losses may be carried forward indefinitely.

11. LOSS PER SHARE

	2010 €	2009 €
Loss per share - Basic and diluted	**(1.09c)**	(8.73c)

Basic loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2010 €	2009 €
Loss for the year attributable to equity holders	**(836,052)**	(6,526,075)

	2010 Number	2009 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	**76,664,624**	74,727,222

Basic and diluted loss per share is the same as the effect of the outstanding share options is anti-dilutive.

12. INTANGIBLE ASSETS

	Group 2010 €	Group 2009 €	Company 2010 €	Company 2009 €
Exploration and evaluation assets:				
Cost:				
Opening balance	**1,644,482**	4,781,953	**1,633,245**	4,770,716
Additions	**376,702**	789,347	**376,702**	789,347
Impairment	**-**	(3,923,885)	**-**	(3,923,885)
Exchange translation adjustment	**128,486**	(2,933)	**128,486**	(2,933)
Closing balance	**2,149,670**	1,644,482	**2,138,433**	1,633,245

12. INTANGIBLE ASSETS *(continued)*

Exploration and evaluation assets at 31 December 2010 represent exploration and related expenditure in respect of projects in Iraq and Ghana. The directors are aware that by its nature there is an inherent uncertainty in relation to the recoverability of amounts capitalised on the exploration projects. In addition, the current economic and political situation in Iraq is uncertain.

Having reviewed the exploration and evaluation expenditure and as a result of the settlement of all outstanding operational issues on the Subba and Luhais Oilfield development in Southern Iraq, the directors decided to write off €2,372,116 of the exploration and evaluation costs capitalised in relation to the projects in Iraq in the prior year.

In addition, in 2009 the directors had impaired all exploration and evaluation costs, amounting to €1,551,769, relating to the project in Jordan due to an anticipated loss of the license on the block as a result of the Group being unable to identify a partner to progress and fund development of the project

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

- Foreign exchange risks;
- Uncertainties over development and operational costs;
- Political and legal risks, including arrangements for licenses, profit sharing and taxation;
- Foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- Liquidity risks;
- Operations and environmental risks and;
- Going Concern risks.

The realisation of these intangible assets is dependent on the successful development of economic reserves, including the ability to raise finance to develop the projects. Should this prove unsuccessful the value included in the balance sheet would be written off to the statement of comprehensive income.

Directors' remuneration of €100,000 (2009: €82,500) was capitalised as exploration and evaluation expenditure during the year.

Segmental Analysis	**Group 2010 €**	Group 2009 €
Western Dessert Block 6	**1,900,663**	1,644,482
Ghana	**249,007**	-
	2,149,670	1,644,482

13. INVESTMENT IN SUBSIDIARIES

	2010 €	2009 €
Company		
Shares at cost - unlisted:		
Opening and closing balance	**11,237**	11,237

The directors are satisfied that the carrying value of the investment is not impaired.

The Group consisted of the parent company and the following wholly owned subsidiaries as at 31 December 2010:

Name	**Registered Office**	**Group Share**	**Nature of Business**
Petrel Industries Limited	162 Clontarf Road, Dublin 3, Ireland	100%	Dormant
Petrel Resources of the Middle East Offshore S.A.L.	Damascus Street Beirut, Lebanon	100%	Dormant

The company also holds a 30% interest in Pan Andean Resources Limited, an early stage exploration company incorporated in Ghana.

14. CONSTRUCTION CONTRACTS

	Group 2010 €	Group 2009 €
Work in progress:		
Opening balance	**5,361,939**	5,315,599
Expenditure incurred in period	**-**	2,131,440
Impairment	**-**	(2,085,100)
Transfer to trade and other receivables	**(5,361,939)**	-
	-	5,361,939

The above expenditure relates to costs incurred and not billed in respect of the Subba and Luhais development services contract.

The Subba and Luhais development services contract represents a contract with the Iraqi Ministry of Oil, and SCOP (State Company of Oil Projects) to assist design, supply materials and services for the development of an oil field.

On 26 April 2010, the Company announced the settlement of all outstanding operational issues on the Subba and Luhais oilfield development in Southern Iraq. Under the terms of the agreement Petrel were to receive a minimum consideration of $7 million, $4.5m of which had been received as at 31 December 2010. The remaining $2.5m was received on 3 May 2011. The directors had assessed the carrying value of the amounts recoverable under construction contracts at the end of 2009. As a result an impairment of €2,085,100 was recognised to bring the values recoverable under the contract to the actual amount receivable under the terms of the settlement.

15. TRADE AND OTHER RECEIVABLES

	Group 2010 €	Group 2009 €	Company 2010 €	Company 2009 €
Current assets:				
Trade receivables	**1,870,977**	37,301,562	**1,870,977**	-
VAT refund due	**11,969**	19,953	**11,969**	19,953
Other receivables	**256,323**	86,208	**256,323**	86,207
Non-current assets:				
Amounts due from Group undertakings	**-**	-	**-**	5,758,994
	2,139,269	37,407,723	**2,139,269**	5,865,154

Trade receivables relate to amounts billed in respect of the Subba and Luhais development services contract up to 31 December 2010 with a carrying amount of €Nil (2009: €37,301,562). As disclosed in Note 12, the risks and the substantial rewards relating to the Subba and Luhais Development Contract were transferred to Makman.

In respect to the amounts due from Makman, a total of $4.5 million was received during the year and the final payment of $2.5 million was received subsequent to year end on 3 May 2011.

Accordingly, in the opinion of the directors the amounts above are considered to be fully recoverable.

Ageing of past due but not impaired

	Group 2010 €	Group 2009 €	Company 2010 €	Company 2009 €
90 – 120 days	**-**	-	**-**	-
> 120 days	**1,870,977**	37,301,562	**1,870,977**	-
Total	**1,870,977**	37,301,562	**1,870,977**	-

16. CASH AND CASH EQUIVALENTS

	Group 2010 €	Group 2009 €	Company 2010 €	Company 2009 €
Cash and cash equivalents	**2,748,831**	923,429	**2,748,831**	864,644

Cash at bank earns interest at floating rates on daily bank rates. The fair value for cash and cash equivalents is €2,748,831 (2009: €923,429) for Group and €2,748,831 (2009: €864,644) for Company. The Group and Company only deposits cash surpluses with major banks.

Cash held in Escrow Account

€1,197,425 and €580,890 of cash and cash equivalent balances were held on behalf of Botswana Diamonds Plc and Connemara Mining Company Plc, respectively at the balance sheet date under Security Escrow Agreements dated 29 November 2010. Both Botswana Diamonds Plc and Connemara Mining Company Plc share offices with the company at 162 Clontarf Road and have some common directors.

17. TRADE AND OTHER PAYABLES

	Group 2010 €	Group 2009 €	Company 2010 €	Company 2009 €
Bank loan	**-**	23,501,833	**-**	-
Accruals	**25,000**	119,074	**25,000**	119,074
Amount due to Group undertaking	**-**	-	**-**	3
Other creditors	**60,213**	595,083	**60,213**	595,080
Customer deposits	**-**	13,461,460	**-**	-
	85,213	37,677,450	**85,213**	714,157

The bank loan represents the amounts drawn down on a letter of credit which was in place at the end of 2009 in respect of the Subba & Luhais development contract. The letter of credit has been guaranteed by Makman. The customer deposits relate to payments on account received in respect of the Subba & Luhais development services contract – further details are set out in Notes 14 and 15. The Petrel/Makman Joint Venture Agreement which includes both the bank loan and the customer deposits was transferred to Makman on 26 April 2010.

It is the Group's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, and it is the Group's policy that payments are made between 30 - 45 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

18. FINANCIAL INSTRUMENTS

The Group and Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Group and Company holds cash as a liquid resource to fund the obligations of the Group. The Group's cash balances are held in Euro, Sterling and in US dollar. The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure.

The Group and Company has a policy of not hedging due to no significant dealings in currencies other than the euro denominated transactions and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposures on an adhoc basis.

At 31 December 2009, the Group had a letter of credit in place with the Trade Bank of Iraq for €Nil (2009: €23,501,833). The amount drawn down and outstanding at year end in respect of this was US$Nil.

The Group and Company has relied upon equity funding to finance operations. The Directors are confident that adequate cash resources exist to finance operations for future exploration but controls over expenditure are carefully managed.

18. FINANCIAL INSTRUMENTS *(continued)*

The carrying amounts of the Group and Company's foreign currency denominated monetary assets and monetary liabilities at the reporting dates are as follows:

GROUP	**Assets 2010 €**	Assets 2009 €	**Liabilities 2010 €**	Liabilities 2009 €
Sterling	**77,630**	434,885	**18,408**	5,334
US Dollar	**4,538,635**	37,736,396	**18,710**	37,388,463

COMPANY	**Assets 2010** €	Assets 2009 €	**Liabilities 2010 €**	Liabilities 2009 €
Sterling	77,630	434,883	**18,408**	5,334
US Dollar	4,538,635	6,135,042	**18,710**	425,170

19. RISK MANAGEMENT

The Group's financial instruments comprise cash balances and various items such as trade receivables and trade payables which arise directly from trading operations. The main purpose of these financial instruments is to provide working capital to finance Group operations.

The Group and Company do not enter into any derivative transactions, and it is the Group's policy that no trading in financial instruments shall be undertaken. The main financial risk arising from the Group's financial instruments is currency risk. The board reviews and agrees policies for managing this risk and they are summarised below.

Interest rate risk profile of financial assets and financial liabilities
The Group finances its operations through the issue of equity shares, and had no exposure to interest rate agreements at the year end date.

Liquidity Risk
As regards liquidity, the Group's policy is to ensure continuity of funding primarily through fresh issues of shares. Short-term funding is achieved through utilizing and optimising the management of working capital. The directors are confident that adequate cash resources exist to finance operations in the short term, including exploration and development.

Foreign Currency Risk
Although the Group is based in the Republic of Ireland, amounts held as deferred development expenditure were originally expended in currencies other than Euro aligned currencies. However, this expenditure is not considered to be a monetary asset, and has been translated to the reporting currency at the rates of exchange ruling at the dates of the original transactions. At 31 December 2010, the Group held €2,745,288 in Sterling and U.S. dollar denominated bank accounts (2009: €869,731). The Group had a bank loan of US$Nil (2009: €33,856,741).

The Group also has transactional currency exposures. Such exposures arise from expenses incurred by the Group in currencies other than the functional currency. The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates, and restricting the buying and selling of currencies to predetermined exchange rates within specified bands.

Credit risk
The financial assets of the Group which comprise cash and cash equivalents and trade receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Further information is outlined in Note 15 and 16.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains an adequate capital ratio in order to support its business and maximise shareholder value. The capital structure of the Group consists of equity (comprising issued share capital and reserves).

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

20. SHARE CAPITAL

Group and Company

	2010 €	2009 €
Authorised:		
200,000,000 ordinary shares of €0.0125	**2,500,000**	2,500,000
Allotted, Called-Up and Fully Paid:		
Opening 76,664,624 (2009: 72,229,796) ordinary shares of €0.0125 each	**958,308**	902,873
Issued:		
Nil (2009:4,434,828) ordinary shares of €0.0125 each	**-**	55,435
Closing 76,664,624 (2009: 76,664,624) ordinary shares of €0.0125 each	**958,308**	958,308

Movements in issued share capital

On 4 February 2009, 344,828 shares were issued at a price of 29p per share to consultants in lieu of consulting fees that were due to them.

On 14 May 2009, 4,090,000 shares were issued at a price of 45p per share to provide additional working capital and fund development costs.

21. SHARE BASED PAYMENTS

The Group issues equity-settled share-based payments to certain directors and individuals who have performed services for the Group. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is capitalised as part of exploration and evaluation assets as the transaction relates to the payment of goods and services which qualify to be recognised as an asset. Fair value is measured by the use of a Black-Scholes model.

OPTIONS

The Group plan provides for a grant price equal to the average quoted market price of the ordinary shares on the date of grant. The options vest immediately.

	Year ended 31/12/2010` Options	**Year ended 31/12/2010 Weighted average exercise price in cent**	Year ended 31/12/2009 Options	Year ended 31/12/2009 Weighted average exercise price in cent
Outstanding at beginning of year	**200,000**	**178**	200,000	178
Granted during the year	**-**	**-**	-	-
Outstanding and exercisable at the end of year	**200,000**	**178**	200,000	178
Exercisable at the end of year	**200,000**	**178**	200,000	178

At 31 December 2010, there were 4,670,000 options in existence which are not accounted for under IFRS2 as the grant date was prior to 1 January 2006.

The options outstanding at 31 December 2010 had a weighted average exercise price of 178c, and a weighted average remaining contractual life of 5.75 years.

The options are exercisable at prices ranging between €0.0339 and €1.78 in accordance with the option agreement. No options were granted in 2010 or 2009.

22. PROFIT ATTRIBUTABLE TO PETREL RESOURCES PLC

In accordance with Section 148 (8) of the Companies Act, 1963 and Section 7 (1A) of the Companies (Amendment) Act, 1986, the company is availing of the exemption from presenting its individual profit and loss account to the Annual General Meeting and from filing it with the Registrar of Companies. The loss for the year in the parent company was €836,052 (2009: €6,526,075).

23. NON-CASH TRANSACTIONS

During 2009 a total impairment charge of €6,008,985 was expensed to the Statement of Comprehensive Income due to an announcement by the company, on 26 April 2010, of the settlement of all outstanding operational issues on the Subba and Luhais oilfield development in Southern Iraq. For more details see Note 3. There were no significant non-cash transactions during 2010 except as reflected in Note 20.

24. CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date.

25. POST BALANCE SHEET EVENTS

There were no material post balance sheet events.

26. CONTINGENT LIABILITIES

There are no contingent liabilities (2009:€Nil).

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Petrel Resources plc will be held on 28 July 2011 in Westbury Hotel, Grafton Street, Dublin 2 at 12 noon for the following purposes:

1. To receive and consider the Directors Report, Audited Accounts and Auditors Report for the year ended December 31, 2010.

2. To re-elect Director:
   Guy Delbes retires in accordance with Article 95 and seeks re-election.

3. To authorise the directors to fix the remuneration of the auditors.

4. To transact any other ordinary business of an annual general meeting.

By order of the Board:

James Finn
Secretary

27 June 2011

Registered Office: 162 Clontarf Road, Dublin 3.

Note: 1. A member of the Board who is unable to attend and vote at the above Annual General Meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company.

2. To be effective, the Form of Proxy duly signed, together with the power of attorney (if any) under which it is signed, must be depositied at the Company's Registrars, Computershare Investor Services (Ireland) Ltd., Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, not less than forty eight hours before the time appointed for the Meeting or any adjournment thereof at which the person named in the Form of Proxy is to vote.

Corporate Directory
Directors' and Other Information

CURRENT DIRECTORS	J. Teeling (Chairman) D. Horgan (Managing Director) G. Delbes S. Borghi
SECRETARY	J. Finn
REGISTERED OFFICE	162 Clontarf Road Dublin 3 Telephone: 353-1-8332833 Fax: 353-1-8333505 E-Mail: petrel@iol.ie Website: www.petrelresources.com
AUDITORS	Deloitte & Touche Chartered Accountants & Registered Auditors Deloitte & Touche House Earlsfort Terrace Dublin 2
BANKERS	Allied Irish Bank plc. Annesley Bridge North Strand Road Dublin 3 Commerzbank AG Gallusanlage 60329 Frankfurt
SOLICITORS	McEvoy Partners Connaught House Burlington Road Dublin 4
NOMINATED BROKER & ADVISOR	Northland Capital Partners Limited 60 Gresham Street London EC2V 7BB
REGISTRATION NUMBER	92622
AUTHORISED CAPITAL	200,000,000 €0.0125 Shares
CURRENT ISSUED CAPITAL	76,664,624 Shares
MARKET	Alternative Investment Market
NUMBER OF SHAREHOLDERS	1,630