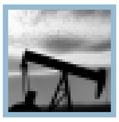
PETREL RESOURCES Annual Report 2001

CONTENTS

CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT

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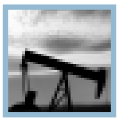


DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended December 31, 2001.

REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

The company is engaged in oil and gas exploration.

Further details of the group's activities and future developments are given in the chairman's statement.

RESULTS FOR THE YEAR

The consolidated loss for the year after taxation was €276,821 (2000: profit after taxation €48,717).

The directors do not recommend that a dividend be declared for the year ended December 31, 2001.

SUBSEQUENT EVENTS

Subsequent to the balance sheet date the company raised Stg£340,000 through the issue of ordinary shares.

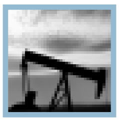
BOOKS OF ACCOUNT

To ensure that proper books and accounting records are kept for the company in accordance with Section 202 of the Companies Act, 1990, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's office at 16 Clontarf Road, Dublin 3.

DIRECTORS

The current directors are set out on page ••. H. Wilson resigned as a director on 27 February 2002.

DIRECTORS REPORT (CONTINUED)



DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The directors and secretary at December 31, 2001 held the following beneficial interest in the shares of the company:

	1/05/2002 Ordinary Shares of €0.0125 '000	1/05/2002 Options – Ordinary Shares of €0.0125 '000	31/12/2001 Ordinary Shares of €0.0125 '000	31/12/2001 Options – Ordinary Shares of €0.0125 '000	1/01/2001 Ordinary Shares of €0.0125 '000	1/01/2001 Options – Ordinary Shares of €0.0125 '000
J. Teeling	2,500	2,700	2,100	2,200	2,100	2,200
D. Horgan	1,600	2,400	1,100	2,200	1,100	2,200
H. Wilson	—	100	—	100	—	100
G. Delbes	140	100	—	100	—	100
J. Finn (Secretary)	600	970	100	770	100	770

SUBSTANTIAL SHAREHOLDINGS

The share register records that the following shareholders held 3% or more of the issued share capital as at
30 April 2002:

	Number of Ordinary Shares	%
Bank of Ireland Nominees	3,250,000	7.1
Scoti Company Limited C06150	2,315,000	5.1
BNY Gil Client Account (Nominees) Limited (NWSC)	1,960,000	4.3
BNY (OCS) Limited	4,340,000	9.5
Yewpole Limited	1,986,694	4.3

HEALTH AND SAFETY

The well-being of employees is safeguarded through strict adherence to health and safety standards and compliance with the requirements of the Safety, Health and Welfare at Work Act, 1989.

GOING CONCERN

The directors, having made the necessary enquiries, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The directors therefore propose the continued preparation of the financial statements on a going concern basis.

DIRECTORS REPORT (CONTINUED)

EURO

The directors have taken the necessary steps on the introduction of the Euro. The cost was not material.

SUBSIDIARY

Details of the company's subsidiary are set out in Note 7 to the financial statements.

AUDITORS

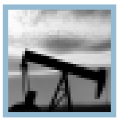
Deloitte & Touche, Chartered Accountants, will continue in office as auditors in accordance with Section 160(2) of the Companies Act 1963.

Signed on behalf of the Board :

John Teeling
David Horgan
} Directors

Date: ???? May 2002

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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PETREL RESOURCES PLC

We have audited the financial statements of Petrel Resources Plc for the year ended December 31, 2001 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, Auditing Standards as promulgated by the Auditing Practices Board in Ireland and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992. 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 information and explanations necessary for the purposes 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, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

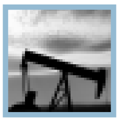
We read the Directors' Report and the Chairman's Statement and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Basis of audit opinion

We conducted our audit in accordance with the auditing standards issued by the Auditing Practices Board and generally accepted in Ireland. 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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, and the group, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PETREL RESOURCES PLC (CONTINUED)



Intangible fixed assets

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the valuation of intangible fixed assets. The realisation of the intangible fixed assets of €912,812, included in the consolidated and company balance sheets, is dependent on the successful development of economic reserves. We draw attention to further details given in Note 6. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at December 31, 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we considered 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 balance sheet of the company are more than half the amount of its called-up share capital and, in our opinion, on that basis there did not exist at December 31, 2001 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 Registered Auditors
Deloitte & Touche
Earlsfort Terrace
Dublin 2

???? May 2002

STATEMENT OF ACCOUNTING POLICIES

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

BASIS OF PREPARATION

The financial statements are prepared in accordance with the historical cost convention and the relevant Statements of Recognised Practice for the oil and gas industry and other applicable accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992.

CONSOLIDATION POLICY

The consolidated financial statements include the financial statements of the parent company and its subsidiary made up to the end of the financial year.

DEFERRED DEVELOPMENT EXPENDITURE

Exploration costs are capitalised until the results of the projects, by geographical area, are known. Exploration costs include an allocation of administration and salary costs as determined by management. If the project is successful, then the related exploration costs are written off over the life of the estimated ore reserve on a unit of production basis. Where a project is terminated, the related exploration costs are written off immediately.

TANGIBLE FIXED ASSETS

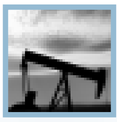
Depreciation is provided to write-off the cost less the estimated residual value of tangible assets by equal instalments over their useful economic lives as follows:

Office Equipment	5 years

FOREIGN CURRENCY

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rate of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transactions.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2001



	Notes	2001	2000
		€	€
ADMINISTRATIVE EXPENSES			
— Cost of admission to A.I.M.	1a	**—**	(136,098)
— Other		**(284,338)**	(197,721)
		(284,338)	(333,819)
EXCEPTIONAL ITEM			
Gain on disposal of asset	1b	**—**	373,528
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		**(284,338)**	39,709
Interest income		**7,517**	11,260
(LOSS)/PROFIT FOR THE YEAR BEFORE TAXATION	2	**(276,821)**	50,969
Taxation	3	**—**	(2,252)
(LOSS)/PROFIT FOR THE YEAR AFTER TAXATION		**(276,821)**	48,717
Profit and loss account: opening — deficit		**(1,341,523)**	(1,390,240)
Profit and loss account: closing — deficit		**(1,618,344)**	(1,341,523)
(Loss)/profit per share — basic	4	**(0.71c)**	0.12c
(Loss)/profit per share — fully diluted	4	**(0.71c)**	0.11c

All gains and losses are dealt with through the profit and loss account. Results derive from continuing operations.

The financial statements were approved by the Board of Directors on ..???? May 2002. and signed on its behalf by:

John Teeling
David Horgan
} Directors

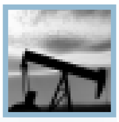
BALANCE SHEETS AS AT DECEMBER 31, 2001

	Notes	Group 2001 €	Company 2001 €	Group 2000 €	Company 2000 €
FIXED ASSETS					
Tangible assets	5	**6,576**	**6,576**	4,132	4,132
Intangible assets	6	**912,812**	**912,812**	503,357	503,357
Financial assets	7	**—**	**3**	—	3
		919,388	**919,391**	507,489	507,492
CURRENT ASSET					
Debtors	8	**4,952**	**4,952**	16,555	16,555
Cash at bank		**13,762**	**13,762**	658,669	658,669
		18,714	**18,714**	675,224	675,224
CREDITORS: (Amounts falling due within one year)	9	**(301,664)**	**(301,667)**	(269,454)	(269,457)
NET CURRENT (LIABILITIES)/ ASSETS		**(282,950)**	**(282,953)**	405,770	405,767
TOTAL ASSETS LESS CURRENT LIABILITIES		**636,438**	**636,438**	913,259	913,259
CAPITAL AND RESERVES					
Called-up share capital	10	**487,305**	**487,305**	494,999	494,999
Capital conversion reserve fund	11	**7,694**	**7,694**	—	—
Share premium	12	**1,759,783**	**1,759,783**	1,759,783	1,759,783
Profit and loss account — (deficit)		**(1,618,344)**	**(1,618,344)**	(1,341,523)	(1,341,523)
EQUITY SHAREHOLDERS' FUNDS	13	**636,438**	**636,438**	913,259	913,259

The financial statements were approved by the Board of Directors on ??? May 2002.... and signed on its behalf by:

John Teeling
David Horgan } Directors

CONSOLIDATED CASH FLOW STATEMENT AT DECEMBER 31, 2001



	Notes	**2001** **€**	2000 €
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	15(a)	**(238,363)**	(165,594)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received		**7,517**	11,260
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**7,517**	11,260
TAXATION			
Corporation tax paid		**—**	(1,025)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Disposal of intangible fixed asset		**—**	682,784
Payments to acquire intangible fixed assets		**(409,455)**	(500,110)
Payment to acquire tangible fixed asset		**(4,606)**	(1,364)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		**(644,907)**	25,951
FINANCING			
Issue of ordinary share capital		**—**	539,169
NET CASH INFLOW FROM FINANCING		**—**	539,169
(DECREASE)/INCREASE IN CASH	15(b)	**(644,907)**	565,120

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

1. EXCEPTIONAL ITEMS

(a) The exceptional charge in 2000 represents the costs of the company being listed on the Alternative Investment Market.

(b) The exceptional item in 2000 represents the gain on the sale of the company's interest in a Ugandan oilfield.

	2000
	€
Sales proceeds	698,085
Cost of interest	(310,960)
Related selling costs	(13,597)
Gain on disposal	373,528

2. (LOSS)/PROFIT BEFORE TAXATION

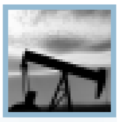
	2001	2000
	€	€
The (loss)/profit before taxation is stated after charging the following items :		
Depreciation	**2,162**	1,105
Directors' remuneration		
— fees	**31,740**	23,490
— salary	**28,142**	15,040
Auditors' remuneration	**4,200**	3,809
Staff costs — salaries	**35,166**	17,776

The company had two employees during the year.

3. TAXATION

No charge to taxation arises in the current year. The company has availed of available loss relief.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001 (CONTINUED)



4. (LOSS)/PROFIT PER SHARE

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

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

	2001	2000
	€	€
Numerator		
Numerator for basic EPS retained loss	**(276,821)**	48,717
Denominator		
Denominator for basic EPS	**38,984,388**	38,984,388
Effect of diluted securities – options	**—**	4,593,033
Denominator for diluted EPS	**38,984,388**	43,577,421
Basic EPS	**(0.71c)**	0.12c
Diluted EPS	**(0.71c)**	0.11c

Basic and diluted EPS are the same in respect of 2001 as the effect of outstanding options is anti-dilutive and therefore excluded.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001 (CONTINUED)

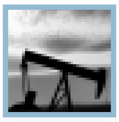
5. TANGIBLE FIXED ASSETS

	Office Equipment €
Group and Company	
Cost :	
At January 1, 2001	6,204
Additions	4,606
At December 31, 2001	10,810
Accumulated Depreciation:	
At January 1, 2001	2,072
Charge for year	2,162
At December 31, 2001	4,234
Net book value :	
At December 31, 2001	6,576
At December 31, 2000	4,132

6. INTANGIBLE ASSETS

Group and Company	**2001 €**
Deferred development expenditure:	
Cost :	
At January 1, 2001	**503,357**
Additions	**409,455**
At December 31, 2001	**912,812**
Net book value :	
At December 31, 2001	**912,812**
At December 31, 2000	**503,357**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001 (CONTINUED)



Intangible assets:
Deferred development expenditure at December 31, 2001 represents exploration and related expenditure in respect of projects in Iraq.

The realisation of this intangible asset is dependent on the development of economic reserves, including the ability to raise finance to develop the project. Should this prove unsuccessful the value included in the balance sheet would be written off.

The directors are aware that by its nature there is an inherent uncertainty in such development expenditure as to the value of the asset. Having reviewed the deferred development expenditure at December 31, 2001, the directors are satisfied that the value of the intangible asset is not less than net book value.

7. INVESTMENT IN SUBSIDIARY COMPANY

	2001	2000
	€	€
Parent company		
Shares at cost - unlisted:		
Opening balance	**3**	3
Closing balance	**3**	3

The group consisted of the parent company and the following wholly owned subsidiary as at
December 31, 2001:

Name	**Registered Office**	**Group Share**	**Nature of Business**
Petrel Industries Limited (formerly Ireland Iraqi Trading Company)	162 Clontarf Road, Dublin 3.	100%	Dormant

8. DEBTORS

	Group and Company	
	2001	2000
	€	€
Amounts falling due within one year		
VAT refund due	**756**	16,555
Sundry	**4,196**	—
	4,952	16,555

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001 (CONTINUED)

9. CREDITORS: (Amounts falling due within one year)

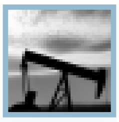
	Group		Company	
	2001	2000	**2001**	2000
	€	€	**€**	€
Accruals	**301,664**	267,201	**301,664**	267,201
Amount due to group company	**—**	—	**3**	3
Corporation tax	**—**	2,253	**—**	2,253
	301,664	269,454	**301,667**	269,457

10. SHARE CAPITAL

	2001	2000
	€	€
Authorised : 200,000,000 ordinary shares of € 0.0125 (2000: 200,000,000 ordinary shares of IR£0.01 each)	**2,500,000**	2,539,476
Allotted, Called-Up and Fully Paid : Opening 38,984,388 shares of € 0.0125 each (2000: 35,410,388 shares of IR£0.01 each)	**494,999**	449,619
Issued: Nil shares (2000: 3,574,000 shares) of IR£0.01 each	**—**	45,380
Transfer to capital conversion reserve fund Closing 38,984,388 shares of € 0.0125 each	**(7,674)**	—
	487,305	494,999

The total number of options outstanding at December 31, 2001, including to directors, was 5,990,000 (2000: 6,045,000) shares. The options are exercisable at price between € 0.0127 and € 0.16 in accordance with the option agreement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001 (CONTINUED)



11. REDENOMINATION AND RENOMINALISATION OF SHARE CAPITAL

Due to the introduction of the Euro each of the issued and unissued ordinary shares of IR£0.01 per share was redenominated into an ordinary share of €0.0126774 following a resolution passed at the Annual General Meeting held on 21 July 2001. Every such share was then renominalised to be an ordinary share of €0.0125. An amount equal to the reduction in the issued share capital resulting from this renominalisation was transferred to a capital conversion reserve fund (see below).

Capital Conversion Reserve Fund	**2001**	2000
	€	€
Opening	**—**	—
Transfer from share capital	**7,694**	—
Closing	**7,694**	—

12. SHARE PREMIUM

	Group and Company	
	2001	2000
	€	€
Opening balance	1,759,783	1,265,995
Arising on shares issued during the year	—	525,443
Costs associated with shares issued during the year	—	(31,655)
Closing balance	1,759,783	1,759,783

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001	2000
	€	€
Opening shareholders' funds	**913,259**	325,374
(Loss)/profit for the year	**(276,821)**	48,717
Issue of shares:		
— at par	**—**	45,380
— share premium	**—**	493,788
Closing shareholders' funds	**636,438**	913,259

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001 (CONTINUED)

14. LOSS ATTRIBUTABLE TO PETREL RESOURCES PLC

The loss after taxation in the parent company amounted to € (276,821) (2000 profit: €48,717).

A separate profit and loss account for Petrel Resources plc (the company) has not been prepared because the company has complied with the conditions laid down in Section 43(2) of the European Communities (Companies: Group Accounts) Regulations 1992.

15. CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash outflow from operating activities

	2001	2000
	€	€
Operating (loss)/profit	**(284,338)**	175,807
Increase in creditors	**32,210**	189,983
Decrease/(increase) in debtors	**11,603**	(9,264)
Depreciation	**2,162**	1,105
Exceptional charge	**—**	(136,098)
Exceptional item Sale of Ugandan interest	**—**	(387,127)
Net cash outflow from operating activities	**(238,363)**	(165,594)

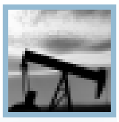
(b) Analysis of net funds

	At 1 January 2001	Cash flow	At 31 December 2001
Cash in bank and in hand	658,669	(644,907)	13,762

(c) Reconciliation of net cash flow to movement in net funds

	2001	2000
	€	€
(Decrease)/increase in cash in the period	(644,907)	565,120
Change in net funds resulting from cash flows	(644,907)	565,120
Movement in net funds in the period	(644,907)	565,120
Net funds at start of year	658,669	93,549
Net funds at end of year	13,762	658,669

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001 (CONTINUED)



16. RISK MANAGEMENT

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

The group does 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.

Interest Rate Risk
The group finances its operations through the issue of equity shares, and has no fixed interest rate agreements. The group has no significant exposures to interest rate risk.

Liquidity Risk
As regards liquidity, the group's exposure is confined to meeting obligations under short term trade creditor agreements. This exposure is not considered to be significant, and is fully financed from operating cashflow, or where this is insufficient during the development stage, through additional issues of ordinary equity shares.

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. The group at present does not hold significant foreign currency monetary assets or liabilities.

The group also has transactional currency exposures. Such exposures arise from expenses incurred by the group in currencies other than the functional currency. It is expected that almost all future revenue will arise in US dollars. 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.

The group does not presently utilise swaps or forward contracts to manage its currency exposures, although such facilities are considered and be may used where appropriate in the future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001 (CONTINUED)

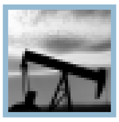
17. RELATED PARTY TRANSACTIONS

During the year the company paid consultancy fees to Guy Delbes amounting to €37,856. Guy Delbes is a director of the company.

18. SUBSEQUENT EVENT

Subsequent to the balance sheet date the company raised Stg£340,000 through the issue of ordinary shares at Stg£0.05 each.

PETREL NOTICE OF MEETING



Notice is hereby given that the annual general meeting of the members of Petrel Resources plc will be held at Clontarf Castle Hotel, Castle Avenue, Clontarf, Dublin 3, on •••••••••••• for the following purposes:

1. To receive the report of the directors and audited financial statements for the year ended December 31, 2001.

2. To re-appoint director: J. Teeling 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

May, 2002

PETREL FORM OF PROXY

I/We..
(BLOCK LETTERS)

of..
being (an) ordinary shareholder(s) of Petrel Resources plc, hereby appoint the Chairman of the Meeting#

....

of..
as my / our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on •••••••••••• and at any adjournment thereof.

I/We direct my / our proxy to vote on the resolutions set out in the Notice convening the Meeting as follows:

	For *	Against *
Reports and Accounts	☐	☐
Re-election of Director J. Teeling	☐	☐
Remuneration of Auditors	☐	☐

Signature ....

Dated the...day of 2002

If it is desire to appoint another person as proxy other than the Chairman of the Meeting the name and address of the proxy, who need not be a member of the Company, should be inserted, the words "the Chairman of the meeting" deleted and the alterations initialled.

* The manner in which the proxy is to vote should be indicated by inserting an "X" in the boxes provided. Proxies not marked as for or against will be regarded as giving the proxy authority to vote, or to abstain at his/her discretion.

NOTES

1. In the case of a corporation this proxy must be under its common seal or under the hand of an officer or attorney duly authorised in writing.

2. To be effective this proxy must reach the address on the reverse hereof not less than 48 hours before the time of the meeting.

3. In the case of joint holders, the vote of the senior who tenders a vote whether in person of by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of member in respect of such holding.

FOLD 1

FOLD 2

The Secretary
Petrel Resources Plc
162 Clontarf Road
Dublin 3
Ireland

FOLD 3
(then turn in)

DIRECTORS AND OTHER INFORMATION

CURRENT DIRECTORS	J. Teeling (Chairman) D. Horgan (Managing) G. Delbes
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, Deloitte & Touche House, Earlsfort Terrace, Dublin 2.
BANKERS	Allied Irish Banks plc., Annesley Bridge, North Strand Road, Dublin 3.
SOLICITORS	Ivor Fitzpatrick & Co., 44-45 St. Stephen's Green Dublin 2.
NOMINATED ADVISOR **CORPORATE BROKER**	Rowan Dartington 6th Floor, Colston Tower, Colston Street Bristol BSI 4RD
REGISTRARS	Computershare Services (Ireland) Ltd. Heron House, Corrig Road, Sandyford Indlustrail Estate, Dublin 18.
REGISTRATION NUMBER	92622
AUTHORISED CAPITAL	200,000,000 1p Shares
ISSUED CAPITAL	38,984,388
MARKET	Alternative Investment Market (AIM)
NUMBER OF SHAREHOLDERS	1100

PETREL RESOURCES
162 CLONTARF ROAD
DUBLIN 3
IRELAND

Tel: + 353 1 833 2833
Tel: + 353 1 833 3505
Email: petrel@iol.ie
Web: www.petrelresources.com