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PLANET OIL INTERNATIONAL PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2001

COMPANY NO. 3589112

PLANET OIL INTERNATIONAL PLC

FINANCIAL STATEMENTS

For the year ended 30 June 2001

INDEX	PAGE
Report of the directors	1
Auditors' report	3
Accounting policies	4
Consolidated profit and loss account	6
Balance sheets	7
Consolidated cash flow statement	8
Notes to the financial statements	9

PLANET OIL INTERNATIONAL PLC

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 June 2001.

Principal activity

The principal activity of the group is that of worldwide oil and gas exploration.

Results and dividends

The group loss for the year after taxation amounted to £528,109 (2000: £68,492 loss). The directors cannot recommend payment of a dividend and the balance has been transferred to reserves.

Review of the business

The directors are satisfied with the results for the year and anticipate further progress in the current year. The company's intention to be admitted to the Alternative Investment Market (AiM) was aborted in February 2001, however, the company's parent undertaking Hardman Resources NL was admitted to AiM on 19 March 2002.

Directors

The present membership of the Board is set out below:

E Ellyard

S Spencer resigned on 21 September 2000 and was reappointed on 7 March 2001.

A Burns resigned on 21 September 2000.

P Taylor and P Blakey were appointed 21 September 2000 and subsequently resigned on 19 March 2001.

M Panebianco was appointed on 21 September 2000 and subsequently resigned on 14 March 2001.

M Pink was appointed on 1 November 2000 and subsequently resigned on 16 March 2001.

J Anthony was appointed on 1 November 2000 and subsequently resigned on 8 March 2001.

The directors had no beneficial interests in the issued share capital of the company. The directors interests in the share capital of the ultimate parent company Hardman Resources NL (Hardman), are shown in that company's financial statements.

PLANET OIL INTERNATIONAL PLC

REPORT OF THE DIRECTORS

Statement of directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial period 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 and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Creditors' payment policy and practice

The company does not have a formal policy for payment of its trade creditors. Payment is made as soon as possible after the goods or services are supplied. There were no trade creditors at the period end.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

On Behalf of the Board



E. ELLYARD
Director

Registered office:

5 Charterhouse Square
LONDON
EC1M 6EE

17 April 2002

AUDITORS' REPORT TO THE MEMBERS OF

PLANET OIL INTERNATIONAL PLC

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on pages 4 and 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

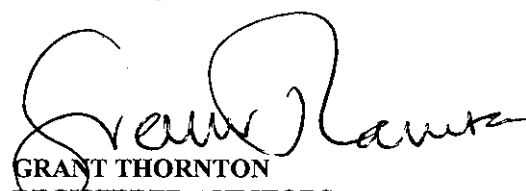
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

Brighton

17 April 2002

PLANET OIL INTERNATIONAL PLC

ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the group, which have remained unchanged from the previous year, are set out below.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 30 June. The results of the subsidiary undertakings acquired during the period have been included from the date of acquisition. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life of one year.

ASSOCIATED UNDERTAKINGS

Income from associated undertakings is recognised on the following basis:

- the group's share of profits less losses in the consolidated financial statements
- dividends received and receivable are included in the company's profit and loss account.

TURNOVER

Turnover is the total amount receivable by the group in the ordinary course of business for goods supplied as principal and for services provided.

INVESTMENTS

Investments are included at cost less amounts written off.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All exchange differences are dealt with through the profit and loss account.

PLANET OIL INTERNATIONAL PLC

ACCOUNTING POLICIES

EXPLORATION AND DEVELOPMENT COSTS

The group follows the "full cost" method of accounting for costs incurred in the exploration and development of oil and gas properties, in accordance with the Statement of Recommended Practice 'Accounting for oil and gas exploration'.

Costs are capitalised in a single cost pool. The costs of acquisition of property (including rights and concessions) and plant and equipment are included in tangible fixed assets if they relate to proved properties. Investments made for the specific purpose of undertaking oil and gas exploration and development activities jointly with others are included in the full cost pool.

All costs associated with property acquisition, exploration and development are capitalised whether or not they result directly in commercial discoveries, subject to the limitation that capitalised costs less accumulated depletion do not exceed the estimated value of the proven and probable reserves of the group. Proceeds from the disposal of oil and gas assets are deducted from the full cost pools.

SITE RESTORATION AND DECOMMISSIONING COSTS

Provision for expenditure on site restoration and decommissioning of oil and gas production facilities is made using the unit of production method where the directors consider there is a material liability for the removal of production facilities and site restoration at the end of the producing life of a field.

DEPLETION

Capitalised costs in respect of oil and gas exploration and development are depleted on the unit of production method based upon estimates of the proven and probable reserves of the group.

PLANET OIL INTERNATIONAL PLC**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 30 June 2001

	Note	2001 £	2000 £
Turnover	2	-	-
Cost of sales		<u>-</u>	<u>7,557</u>
Gross profit		-	7,557
Administrative expenses		<u>(528,109)</u>	<u>(120,753)</u>
Operating loss		(528,109)	(113,196)
Share of associated undertaking's profits		<u>-</u>	<u>44,704</u>
Loss on ordinary activities before taxation	2	(528,109)	(68,492)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation sustained for the year	5,12,13	<u>(528,109)</u>	(68,492)

There were no recognised gains or losses other than the loss for the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

BALANCE SHEETS AT 30 JUNE 2001

The financial statements were approved by the board of directors on 17 April 2002

The accompanying accounting policies and notes form an integral part of these financial statements.

PLANET OIL INTERNATIONAL PLC

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2001

	Note	£	2001 £	£	2000 £
Net cash outflow from operating activities	14		(48,808)		(61,957)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(459,610)		(502,859)	
Net cash outflow from capital expenditure and financial investment			(459,610)		(502,859)
Net cash outflow before financing			(508,418)		(564,816)
Financing					
Issue of shares		-		662,307	
Loan from parent undertaking		512,555		(98,586)	
Net cash inflow from financing			512,555		563,721
Increase/(decrease) in cash	15		4,137		(1,095)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT					
Increase/(decrease) in cash in the year			4,137		(1,095)
Cash (inflow)/outflow from financing			(512,555)		98,586
Movement in net debt			(508,418)		97,491
Net debt at 1 July 2000			(182,376)		(279,867)
Net debt at 30 June 2001	15		(690,794)		(182,376)

The accompanying accounting policies and notes form an integral part of these financial statements.

PLANET OIL INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

1 BASIS OF PREPARING THE FINANCIAL STATEMENTS

The company meets its working capital requirements through periodic cash advanced from the parent undertaking, Hardman Resources NL which had cash resources at 30 June 2001 of £3.5million. The directors' have prepared projected cash flow information for the period ending 30 April 2003.

On the basis of this cash flow information and Hardman's cash resources, the directors consider that the company will continue to operate within the funding available from Hardman. The parent undertaking has indicated its willingness to continue to support the operation of the company, by extending such credit as is required from time to time. The directors therefore consider that the going concern basis is appropriate.

2 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities is attributable to the principal activity of worldwide oil and gas exploration.

Loss on ordinary activities is stated after:

	2001 £	2000 £
Auditors' remuneration		
- audit services	7,000	7,000
- non-audit services	15,000	-
Depreciation and depletion	293,075	-
Exceptional item		
- costs in relation to abortive admission to the Alternative Investment Market	<u>249,643</u>	<u>16,404</u>

3 DIRECTORS AND EMPLOYEES

The only employees were the directors who received no remuneration in either year.

4 TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge based on the loss for either year. The group has unrelieved tax losses of approximately £810,000 (2000: £250,000) available to carry forward against future profits of the same trade.

5 LOSS ON ORDINARY ACTIVITIES AFTER TAXATION

The company has taken advantage of Section 230(2) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the year includes a loss of £454,991 (2000: £752,764) which is dealt with in the financial statements of the parent company.

PLANET OIL INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

6 INTANGIBLE FIXED ASSETS

Group

**Goodwill on
consolidation
£**

Cost

At 1 July 2000 and

At 30 June 2001

76,010

Amount written off

At 1 July 2000 and

At 30 June 2001

76,010

Net book amount

At 30 June 2001 and at 30 June 2000

-

7 TANGIBLE FIXED ASSETS

Group

**Oil and gas
exploration
£**

Cost

At 1 July 2000

681,081

Additions

459,610

At 30 June 2001

1,140,691

Depreciation and depletion

At 1 July 2000

-

Provided in the year

293,075

At 30 June 2001

293,075

Net book amount

At 30 June 2001

847,616

Net book amount

At 30 June 2000

681,081

The oil and gas exploration relates wholly to costs which are unevaluated and not subject to depletion.

PLANET OIL INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

8 INVESTMENTS

Company

Shares in subsidiary undertakings

At 1 July 2000 and

At 30 June 2001

£

Cost	110,000
Provision	(110,000)
Net book amount	-

The company has the following subsidiaries, all of which are 100% owned, whose principal activity is oil and gas exploration and have share capital consisting solely of ordinary shares.

	Country of incorporation
Planet Oil Limited	England and Wales
Planet Oil Holdings Limited	Guernsey
*Planet Oil (Mauritania) Limited	Guernsey
*Planet Oil (The Gambia) Limited	Guernsey

* These companies are subsidiaries of Planet Oil Holdings Limited.

9 DEBTORS

	2001 Group £	2000 Group £	2001 Company £	2000 Company £
Amounts falling due within one year:				
Other debtors	<u>2,657</u>	<u>2,657</u>	-	-

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 Group £	2000 Group £	2001 Company £	2000 Company £
Loan from parent undertaking	699,970	187,415	699,970	187,415
Accruals	255,090	62,724	8,776	61,868
Other creditors	<u>980</u>	<u>7,120</u>	-	-
	<u>956,040</u>	<u>257,259</u>	<u>708,746</u>	<u>249,283</u>

The parent undertaking has agreed not to demand payment of the amount due to it to the detriment of other creditors.

PLANET OIL INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

11 CALLED UP SHARE CAPITAL

	£	£
Authorised		
250,000,000 (2000: 125,000,000) Ordinary shares of 2p each	<u>5,000,000</u>	<u>2,500,000</u>
Allotted, called up and fully paid		
35,000,000 Ordinary shares of 2p each	<u>700,000</u>	<u>700,000</u>

On 17 October 2000 the authorised share capital was increased from 2,500,000 to 5,000,000 by the creation of 125,000,000 ordinary shares of 2p each.

12 RESERVES

	Group Profit and loss account £	Company Profit and loss account £
At 1 July 2000	(342,072)	(1,020,268)
Loss sustained for the year	<u>(528,109)</u>	<u>(454,991)</u>
At 30 June 2001	<u>(870,181)</u>	<u>(1,475,259)</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2001 £	Group 2000 £
Loss for the financial year	(528,109)	(68,492)
Issue of shares	-	<u>662,307</u>
(Decrease)/increase in shareholders' funds in the year	<u>(528,109)</u>	<u>593,815</u>
Shareholders' funds at 1 July	<u>431,518</u>	<u>(162,297)</u>
Shareholders' funds at 30 June	<u>(96,591)</u>	<u>431,518</u>

14 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating loss	(528,109)	(113,196)
Depreciation and depletion	293,075	-
Increase in creditors	<u>186,226</u>	<u>51,239</u>
Net cash outflow from operating activities	<u>(48,808)</u>	<u>(61,957)</u>

PLANET OIL INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2001

15 ANALYSIS OF CHANGES IN NET DEBT

	At 1 July 2000 £	Cashflows £	At 30 June 2001 £
Cash at bank and in hand	5,039	4,137	9,176
Debt due within one year	<u>(187,415)</u>	<u>(512,555)</u>	<u>(699,970)</u>
	<u>(182,376)</u>	<u>(508,418)</u>	<u>(690,794)</u>

16 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Group and company

In accordance with normal industry practice the economic entity has entered into joint ventures and farm-in agreements with other parties for the purpose of exploring and developing its petroleum interests. If a party to a joint venture defaults and does not contribute its share of joint venture obligations, then the other joint venturers are liable to meet those obligations. In this event the interest in the permit held by the defaulting party may be redistributed to the remaining joint venturers. A contingent liability exists in respect of contributions due to be paid by farm-in partners of the economic entity to some of its joint ventures.

A contingent liability exists over Area C offshore Mauritania for reimbursement of 3D seismic costs incurred by Woodside Mauritania Pty Ltd and ENI SpA (Agip Division) for the amount of approximately £10,600 plus interest. This is payable upon completion of farm-in terms by the farminees, which includes the drilling of an offshore well in Area C.

The group had capital commitments at 30 June 2001 in respect of exploration costs of £114,906 (2000: £150,000).

17 RELATED PARTY TRANSACTIONS

Included in administrative expenses and accruals in 2000 was an amount of £48,000 in respect of service charges from TM Services Limited, a company which is controlled by two of the directors, P Taylor and P Blakey. Messrs Taylor and Blakey are also directors of TM Services Limited. This was not subsequently paid as it was contingent on admission to AIM which did not take place and has been reversed in 2001.

18 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Hardman Resources NL, a company registered in Australia.