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PLANET OIL INTERNATIONAL PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2000

COMPANY NO. 3589112

PLANET OIL INTERNATIONAL PLC

FINANCIAL STATEMENTS

For the year ended 30 June 2000

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PLANET OIL INTERNATIONAL PLC

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 June 2000.

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 £68,492 (1999: £273,580 loss). The directors cannot recommend payment of a dividend and the balance has been transferred to reserves.

Review of the business

During the financial year and to the date of this report business operations included:

Malta – seismic reprocessing was completed over the Malta licences which resulted in the prospects being upgraded. The acquisition of new 2D seismic data over the prospects will be undertaken in the fourth quarter 2000.

Italy – the Colombo #1 well was drilled in April 2000. Gas bearing sandstones were discovered within the Miocene Liguridi Flysch but the well flowed gas at uncommercial rates when tested through casing.

Mauritania – the Company is free-carried in offshore Mauritania where the drilling of at least one, and possibly three wells, are scheduled to commence in the first half of 2001.

Corporate – on 28 June 2000 Hardman Resources NL, the ultimate parent entity, announced that it proposed to list the Company on the Alternative Investment Market (AIM) in London. As at the date of this report Hardman has received shareholder approval and a prospectus is now being drafted for submission to AIM. Conditional upon the successful listing on AIM, the Company has entered into agreements for the acquisition of significant oil and gas interests in Italy and offshore Kenya.

Directors

The present membership of the Board is set out below:

E Ellyard
P Taylor – appointed 21 September 2000
P Blakey – appointed 21 September 2000
M Panebianco – appointed 21 September 2000

A Burns and S Spencer resigned on 21 September 2000.

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.

Issue of shares

The company issued 29,435,875 ordinary shares of 2p each at 2.25p per share by way of subscription for shares, the funds from which were utilised to repay part of the loan from Hardman on 27 June 2000.

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.

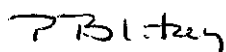
Creditors' payment policy and practice

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



P BLAKEY
Director

Registered office:

5 Charterhouse Square
LONDON
EC1M 6EE

24th October 2000

**AUDITORS' REPORT TO THE MEMBERS OF
PLANET OIL INTERNATIONAL PLC**

We have audited the financial statements on pages 4 to 14 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 2000 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

24 October 2000

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 period, 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.

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 2000

	Note	2000 £	1999 £
Turnover	1	-	-
Cost of sales		<u>7,557</u>	<u>(96,821)</u>
Gross profit/(loss)		7,557	(96,821)
Administrative expenses		<u>(120,753)</u>	<u>(132,055)</u>
Operating loss		(113,196)	(228,876)
Share of associated undertaking's profits/(losses)	7	<u>44,704</u>	<u>(44,704)</u>
Loss on ordinary activities before taxation	1	(68,492)	(273,580)
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation sustained for the period	4,11,12	<u>(68,492)</u>	<u>(273,580)</u>

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

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

PLANET OIL INTERNATIONAL PLC

BALANCE SHEETS AT 30 JUNE 2000

	Note	2000 Group £	1999 Group £	2000 Company £	1999 Company £
Fixed assets					
Intangible assets	5	-	-	-	-
Tangible assets	6	681,081	178,222	-	-
Investments	7	<u>-</u> <u>681,081</u>	<u>(44,704)</u> <u>133,518</u>	<u>-</u> <u>-</u>	<u>-</u> <u>-</u>
Current assets					
Debtors	8	2,657	2,657	-	-
Cash at bank and in hand		<u>5,039</u>	<u>6,134</u>	<u>2,605</u>	<u>2,899</u>
		7,696	8,791	2,605	2,899
Creditors: amounts falling due within one year	9	<u>(257,259)</u>	<u>(304,606)</u>	<u>(249,283)</u>	<u>(159,120)</u>
Net current liabilities		<u>(249,563)</u>	<u>(295,815)</u>	<u>(246,678)</u>	<u>(156,221)</u>
Total assets less current liabilities		<u>431,518</u>	<u>(162,297)</u>	<u>(246,678)</u>	<u>(156,221)</u>
Capital and reserves					
Called up share capital	10	700,000	111,283	700,000	111,283
Share premium account	11	73,590	-	73,590	-
Profit and loss account	11	<u>(342,072)</u>	<u>(273,580)</u>	<u>(1,020,268)</u>	<u>(267,504)</u>
Shareholders' funds	12	<u>431,518</u>	<u>(162,297)</u>	<u>(246,678)</u>	<u>(156,221)</u>

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The financial statements were approved by the board of directors on October 2000.

P Blakey
P BLAKEY

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)
) DIRECTOR
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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 2000

	Note	£	2000 £	£	1999 £
Net cash outflow from operating activities	13		(61,957)		(136,918)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(502,859)		(178,222)	
Purchase of intangible fixed assets		<u>-</u>		<u>(76,010)</u>	
Net cash outflow from capital expenditure and financial investment			<u>(502,859)</u>		<u>(254,232)</u>
Net cash outflow before financing			(564,816)		(391,150)
Financing					
Issue of shares		662,307		111,283	
Loan from parent undertaking		<u>(98,586)</u>		<u>286,001</u>	
Net cash inflow from financing			<u>563,721</u>		<u>397,284</u>
(Decrease)/increase in cash	14		<u>(1,095)</u>		<u>6,134</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT					
(Decrease)/increase in cash in the year			(1,095)		6,134
Cash outflow/(inflow) from financing			<u>98,586</u>		<u>(286,001)</u>
Movement in net debt			97,491		(279,867)
Net debt at 1 July 1999			<u>(279,867)</u>		<u>-</u>
Net debt at 30 June 2000	14		<u>(182,376)</u>		<u>(279,867)</u>

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 2000

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

There was no turnover in either period.

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

Loss on ordinary activities is stated after:

	2000 £	1999 £
Auditors' remuneration	7,000	5,000
Amortisation	<u>-</u>	<u>76,010</u>

2 DIRECTORS AND EMPLOYEES

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

3 TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge based on the loss for either period. The group has unrelieved tax losses of approximately **£250,000** (1999: £180,000) available to carry forward against future profits of the same trade.

4 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 period includes a loss of **£752,764** (1999: £267,504) which is dealt with in the financial statements of the parent company.

5 INTANGIBLE FIXED ASSETS

Group

Goodwill on
consolidation
£

Cost

At 1 July 1999 and
At 30 June 2000

76,010

Amount written off

At 1 July 1999 and
At 30 June 2000

76,010

Net book amounts

At 30 June 2000

-

At 30 June 1999

-

PLANET OIL INTERNATIONAL PLC**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2000

6 TANGIBLE FIXED ASSETS**Group****Oil and gas
exploration
£****Cost**

At 1 July 1999

178,222

Additions

502,859

At 30 June 2000

681,081**Depreciation**

At 1 July 1999

-

Charge for the year

-

At 30 June 2000

-**Net book amounts**

At 30 June 2000

681,081

At 30 June 1999

178,222

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

7 INVESTMENTS**Group****Share of net liabilities in associated undertaking****£**

At 1 July 1999

(44,704)

Disposal

44,704

At 30 June 2000

-

During the year, the group disposed of its 50% shareholding in Hardman Petroleum (Uganda) Pty Ltd (HP), a company incorporated in Australia, to its parent undertaking Hardman NL. HP was acquired by the group on 26 June 1998 for nil consideration. HP was originally acquired by Planet Oil Limited, a subsidiary of the company on 17 February 1998. Its principal activity is the exploration of natural gas and oil in Uganda.

Company**Shares in subsidiary undertakings**

At 1 July 1999 and

At 30 June 2000

£

Cost

110,000

Provision

(110,000)

Net book amount

-

PLANET OIL INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

7 INVESTMENTS (CONTINUED)

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

The group acquired its subsidiaries on 26 June 1998 and the acquisition method of accounting has been adopted. The analysis of net assets acquired and the fair value to the group is set out in note 15 to the financial statements.

* These companies are subsidiaries of Planet Oil Holdings Limited.

8 DEBTORS

	2000 Group £	1999 Group £	2000 Company £	1999 Company £
Amounts falling due within one year:				
Other debtors	<u>2,657</u>	<u>2,657</u>	<u>-</u>	<u>-</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 Group £	1999 Group £	2000 Company £	1999 Company £
Loan from parent undertaking	187,415	286,001	187,415	153,756
Accruals	62,724	9,848	61,868	5,364
Other creditors	<u>7,120</u>	<u>8,757</u>	<u>-</u>	<u>-</u>
	<u>257,259</u>	<u>304,606</u>	<u>249,283</u>	<u>159,120</u>

PLANET OIL INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

10 CALLED UP SHARE CAPITAL

	£	£
Authorised		
125,000,000 (1999: 5,000,000) Ordinary shares of 2p (1999: 5p) each	<u>2,500,000</u>	<u>250,000</u>
Allotted, called up and fully paid		
35,000,000 (1999: 2,225,650) Ordinary shares of 2p (1999: 5p) each	<u>700,000</u>	<u>111,283</u>

Allotments during the year

On 27 June 2000, the company subdivided the 5,000,000 ordinary shares of 5p each into 12,500,000 ordinary shares of 2p each. On the same date it increased the authorised share capital to 125,000,000 ordinary shares of 2p each and allotted 29,435,875 ordinary shares of 2p each at 2.25p per share by way of conversion of part of the loan from Hardman to equity. The difference between the total consideration of £662,307 and the total nominal value of £588,717 has been credited to the share premium account.

11 RESERVES

	Group Profit and loss account £	Company Profit and loss account £	Group and company Share premium account £
At 1 July 1999	(273,580)	(267,504)	-
Loss sustained for the year	(68,492)	(752,764)	-
Premium on allotments in the year	-	-	<u>73,590</u>
At 30 June 2000	<u>(342,072)</u>	<u>(1,020,268)</u>	<u>73,590</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2000 £	Group 1999 £
Loss for the financial period	(68,492)	(273,580)
Issue of shares	<u>662,307</u>	<u>111,283</u>
Increase/(decrease) in shareholders' funds in the period	<u>593,815</u>	<u>(162,297)</u>
Shareholders' funds at 1 July 1999	<u>(162,297)</u>	-
Shareholders' funds at 30 June 2000	<u>431,518</u>	<u>(162,297)</u>

13 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating loss	(113,196)	(228,876)
Amortisation	-	76,010
Increase in debtors	-	(2,657)
Increase in creditors	<u>51,239</u>	<u>18,605</u>
Net cash outflow from operating activities	<u>(61,957)</u>	<u>(136,918)</u>

PLANET OIL INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

14 ANALYSIS OF CHANGES IN NET DEBT

	At 1 July 1999 £	Cashflows £	At 30 June 2000 £
Cash at bank and in hand	6,134	(1,095)	5,039
Debt due within one year	<u>(286,001)</u>	<u>98,586</u>	<u>(187,415)</u>
	<u>(279,867)</u>	<u>97,491</u>	<u>(182,376)</u>

15 ACQUISITIONS

On 26 June 1998 the company acquired 110,000 ordinary shares in Planet Oil Limited, being 100% of its nominal share capital for a consideration of £110,000, satisfied by an issue of shares in the company. Goodwill arising on the acquisition has been capitalised. The purchase has been accounted for by the acquisition method of accounting.

The loss after taxation for the period ended 26 June 1998 was £91,010.

The assets and liabilities of Planet Oil Limited acquired were as follows:

	£
Cash at bank and in hand	25,077
Debtors	<u>8,913</u>
	33,990
Goodwill	<u>76,010</u>
	<u>110,000</u>
Satisfied by:	
Cash	<u>110,000</u>

The whole of the issued share capital of Planet Oil Holdings Limited was acquired for nil consideration on 26 June 1998. Its net assets at that date were nil.

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.

The group had capital commitments at 30 June 2000 in respect of exploration costs of £150,000 (1999: £540,000). The company had no commitments at 30 June 2000.

PLANET OIL INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

17 RELATED PARTY TRANSACTIONS

Included in administrative expenses and accruals is 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 (who were appointed directors on 21 September 2000) are also directors of TM Services Limited.

18 ULTIMATE PARENT UNDERTAKING

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

19 ACCOUNTING PERIOD

The financial statements are for the year ended 30 June 2000. The comparatives are for the period from incorporation on 26 June 1998 to 30 June 1999.