

**IMPERIAL PETROLEUM LIMITED**

**ACCOUNTS FOR THE PERIOD FROM  
1<sup>ST</sup> JULY 2005 TO 30<sup>TH</sup> JUNE 2006**

**COMPANY No. 5156287**



# **IMPERIAL PETROLEUM LIMITED**

**Registered Office  
3 Queen Street  
Mayfair  
London W1J 5PA**

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## IMPERIAL PETROLEUM LIMITED

### COMPANY INFORMATION

Directors

Graeme Kirke (Chairman) (appointed 4<sup>th</sup> September 2006)  
Ross Ashton (appointed 4<sup>th</sup> September 2006)  
Gerald Johnson  
Bo Olsson  
David Steinepreis (appointed 4<sup>th</sup> September 2006)  
Ildiko Wowesny

Secretary

Bo Olsson

Company number

5156287

Registered address

3 Queen Street  
Mayfair  
London W1J 5PA

## **DIRECTORS REPORT**

The Directors present their report and the financial statements of the company for the period from 1st July 2005 to 30th June 2006

## **PRINCIPAL ACTIVITY**

Imperial Petroleum Ltd was established in June 2004 to capitalise on the opportunity to acquire oil and gas assets in the Carpathian Hydrocarbon Province of Central and Eastern Europe. The Company has pursued a strategy of identifying, analysing and assessing potentially profitable petroleum projects, with an initial focus on the Czech Republic.

The company changed its name from Carpathian Resources Limited to Imperial Petroleum Limited on 16<sup>th</sup> January 2006.

## **REVIEW OF BUSINESS AND RESULTS**

During the period under review, the company continued its efforts to raise funds to finance the investment of further work on its Czech oil and gas assets. The discussions with a potential investor which were mentioned in the previous Annual Report did unfortunately not materialise. However, as outlined below under the section "Post Balance Sheet Date Events", in July 2006, Imperial Petroleum entered into an Exploration Funding Agreement with the Australian-based company GB Energy Ltd on the seven licences held at the time.

At 30<sup>th</sup> June 2006, the Company held interests in seven petroleum licences located in the eastern Czech Republic. All the licences are located within the regionally extensive Carpathian Hydrocarbon Province, which extends from Austria through the Czech Republic, Slovakia, Poland and Ukraine and into Romania. Whereas oil and gas are produced from this hydrocarbon province in all of these countries the Czech portion of the province has been only lightly explored and consequently it has produced only modest amounts of oil and gas over the last two to three decades.

The results are set out in the Company's profit and loss account on page 6.

The Directors do not recommend the payment of a dividend on the ordinary shares.

## **POST BALANCE SHEET DATE EVENTS**

In July 2006, Imperial Petroleum entered into an Exploration Funding Agreement with the Australian-based company GB Energy Ltd on the seven licences. Under the terms of the agreement a new Australian-registered company (GBE Exploration Pty Ltd) has been incorporated which is owned 62.5% by GB Energy Ltd and 37.5% by Imperial Petroleum. Imperial Petroleum has assigned its interest in the seven Czech licences to GBE Exploration Pty Ltd in return for which GB Energy Ltd shall provide AUD 2.0 million over two years to fund work on the licences. GB Energy Ltd may, at its discretion, increase its interest in GBE Exploration Pty Ltd from its initial 62.5% interest to 75% by investing a further AUD 1.5 million in GBE Exploration Pty Ltd. Under the agreement Imperial Petroleum will carry out a rights issue at 1p per

ordinary shares (on the basis of one new ordinary share for each two ordinary shares held) which has been underwritten by GB Energy Ltd. Following the completion of the rights issue up to 17,812,500 ordinary shares (or such number of ordinary shares so that GB Energy Ltd acquires 1/3 of the share capital of Imperial Petroleum) will be issued at 1p per share to GB Energy Ltd.

On 1st February 2007, Imperial Petroleum entered into a Memorandum of Understanding with Unigeo as under which Imperial Petroleum is to acquire an 85% working interest in the Salas licence currently held by Unigeo, Unigeo is retaining a 15% working interest. Under the Exploration Funding Agreement, Imperial Petroleum is obliged to offer GBE Exploration the opportunity to participate in the exploration and development of this licence. Should GBE Exploration elect to participate, Imperial Petroleum's interest and consequently funding liability will both reduce to 31.875%.

## **DIRECTORS AND THEIR INTERESTS**

The Directors in office during the period were as follows:

Gerald Johnson  
Bo Olsson  
Ildiko Wovesny

The interests (as defined in the Companies Act 1985) of the directors holding office at 30 June 2006 in the share capital of Imperial Petroleum Ltd are shown below:

<u>Ordinary Shares of 0.001p</u>	
Gerald Johnson	3,500,000
Bo Olsson	0*
Ildiko Wovesny	3,500,000
* Bo Olsson has a beneficial interest in the 1,399,900 ordinary shares held by Weaving Corporate Finance Limited at 30 June 2006	

These financial statements were approved by the Board of Directors on 1 March 2007 and signed on its behalf by:

.....  
**B. I. Olsson**  
**Director**

## DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial period and of the profit and 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 financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

The Directors confirm that they have complied with the above requirements in preparing the accounts. The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

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.

  
.....

**B. I. Olsson**  
**Director**

**IMPERIAL PETROLEUM LIMITED****PROFIT AND LOSS ACCOUNT**  
**for the period from 1st July 2005 to 30th**  
**June 2006**

	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
Administrative expenses	(23,689)	(208,585)
Operating loss	<u>(23,689)</u>	<u>( 208,585)</u>
Interest receivable	330	393
Interest payable and similar charges	(132)	(536)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>(23,491)</u>	<u>( 208,728)</u>
Tax on loss on ordinary activities	0	0
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION	<u>(23,491)</u>	<u>( 208,728)</u>
RETAINED PROFIT FOR THE YEAR	<u>(232,219)</u>	<u>( 208,728)</u>

**IMPERIAL PETROLEUM  
LIMITED**

**BALANCE SHEET  
as at 30 June 2006**

	Notes	2006	2005 £
<b>FIXED ASSETS</b>			
Investments	4	34,341	34,341
<b>CURRENT ASSETS</b>			
Debtors		0	2,188
Cash at bank and in hand		540	31,837
			<u>34,025</u>
<b>CREDITORS</b>			
Amounts falling due within one year		0	9,994
<b>NET CURRENT ASSETS</b>		540	24,031
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>34,881</u>	<u>58,372</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	22,100	22,100
Share premium account	6	245,000	245,000
Profit and loss account		(232,219)	(208,728)
<b>SHAREHOLDERS' FUNDS</b>		<u>34,881</u>	<u>58,372</u>

The directors have acknowledged their responsibilities for preparing accounts which give a true and fair view of the company and of its loss for the year ending 30 June 2006 in accordance with the requirements of Section 226 of the Companies Act 1985 and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to this company

The directors have acknowledged their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985

The directors have confirmed that no notice has been deposited under Section 249B(2) of the Companies Act 1985.



The directors have taken advantage of the Companies Act 1985 in not having these accounts audited under Section 249A(1) (total exemption)

A handwritten signature in dark ink, appearing to read 'B. I. Olsson', is written over a horizontal dotted line.

**B. I. Olsson**  
**Director**

# **NOTES TO THE FINANCIAL STATEMENTS** for the period from 1st July 2005 to 30th June 2006

## 1 Accounting policies

### Basis of Accounting

The financial statements have been drawn up under the historic cost convention, in accordance with applicable accounting standards and on the going concern basis since the directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which demonstrate that the Company will be able to continue to trade and to meet its liabilities as they fall due

## 2 Operating loss

Operating loss is stated after charging Directors remuneration of £ 8,117

## 3 Tax on loss on ordinary activities

No liability to UK taxation arises based on the results for the period

The Company is carrying forward tax losses in UK, available for relief against future taxable profits

## 4. Investments

Investments in petroleum permits in the Czech Republic £ 34,341

## 5 Share capital

		30 June 2006	30 June 2005
<u>Authorised</u>		£	£
200,000,000 ordinary shares of £0 001		200,000	200,000
<u>Issued</u>			
22,100,000 ordinary shares of £0 001		22,100	22,100

## 6 Share premium account

30 June 2005	£245,000
	£0
30 June 2006	£245,000