

Company Registration No. 05299267 (England and Wales)

PLECTRUM OIL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2005



PLECTRUM OIL LIMITED

COMPANY INFORMATION

Directors	M Whyatt	(Appointed 29 November 2004)
	M H Evans	(Appointed 29 November 2004)
	J D Bain	(Appointed 29 August 2005)

Secretary	N R Gordon
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Company number	05299267
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Registered office	5th Floor 17 Hanover Square London W1S 1HU
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Auditors	MRI Moores Rowland LLP 3 Sheldon Square London W2 6PS
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PLECTRUM OIL LIMITED

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PLECTRUM OIL LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the period ended 31 December 2005.

Principal activities

The company was incorporated and began trading on 29 November 2004. The principal activity of the company is the exploration for oil and gas reserves.

Directors

The following directors have held office since 29 November 2004:

M Whyatt	(Appointed 29 November 2004)
M H Evans	(Appointed 29 November 2004)
J D Bain	(Appointed 29 August 2005)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £ 1 each	
	31 December 2005	29 November 2004
M Whyatt	-	1
M H Evans	-	1
J D Bain	-	-

The directors' interests in the shares of the company's ultimate parent undertaking, Plectrum Petroleum plc, are shown in that company's financial statements. These are available from 5th floor, 17 Hanover Square, London, W1S 1HU.

Auditors

MRI Moores Rowland LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

PLECTRUM OIL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

Directors' responsibilities

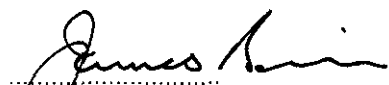
The directors are required to prepare financial statements for the financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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 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 UK Generally Accepted Accounting Practice. 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



J.D. Bain
Director

31 March 2006

PLECTRUM OIL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PLECTRUM OIL LIMITED

We have audited the financial statements of Plectrum Oil Limited on pages 5 to 10 for the period ended 31 December 2005. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective June 2002).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's 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 the directors and auditors

As described in the statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 also evaluated the overall adequacy of the presentation of information in the financial statements.

PLECTRUM OIL LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF PLECTRUM OIL LIMITED

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Basis of opinion - emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the continuing availability of the financial support provided by the ultimate parent undertaking. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

MRI Moores Rowland LLP

MRI Moores Rowland LLP

Chartered Accountants
Registered Auditor

31 March 2006

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3 Sheldon Square
London
W2 6PS

PLECTRUM OIL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2005

		13 Month Period ended 31 December 2005 £
	Notes	
Cost of sales		(122,793)
Administrative expenses		(594,723)
Operating loss	2	(717,516)
Other interest receivable and similar income	3	610
Interest payable and similar charges		(4)
Loss on ordinary activities before taxation		(716,910)
Tax on loss on ordinary activities	4	-
Loss on ordinary activities after taxation	10	(716,910)

PLECTRUM OIL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£
Fixed assets			
Tangible assets	5		4,006
Current assets			
Debtors	6	23,718	
Cash at bank and in hand		62,733	
		<u>86,451</u>	
Creditors: amounts falling due within one year	7	<u>(677,365)</u>	
Net current liabilities			<u>(590,914)</u>
Total assets less current liabilities			<u>(586,908)</u>
Capital and reserves			
Called up share capital	9		65,652
Share premium account	10		64,350
Profit and loss account	10		<u>(716,910)</u>
Shareholders' funds			<u>(586,908)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 31 March 2006


J D Bain
Director

PLECTRUM OIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	Straight line over 3 years
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1.3 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.5 Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Going concern

The financial statements have been prepared on the going concern basis. This is considered appropriate as the shareholders will continue to provide financial support to the company for the foreseeable future. Should the shareholders be unable to continue supporting the company, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify fixed assets as current assets.

1.7 Long period of account

The financial statements are for the 13 month period from 29 November 2004 to 31 December 2005.

2 Operating loss 2005 £

Operating loss is stated after charging:

Depreciation of tangible assets	114
Auditors' remuneration	6,500
Directors' emoluments	337,804

3 Investment income 2005 £

Bank interest	610
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PLECTRUM OIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

4 Taxation

Based on the results for the period there is no charge to corporation tax.

5 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 29 November 2004	-
Additions	4,120
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At 31 December 2005	4,120
	<hr/>
Depreciation	
At 29 November 2004	-
Charge for the period	114
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At 31 December 2005	114
	<hr/>
Net book value	
At 31 December 2005	4,006
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6 Debtors

	2005 £
Other debtors	23,718
	<hr/> <hr/>

7 Creditors: amounts falling due within one year

	2005 £
Trade creditors	3,163
Amounts owed to parent company	655,727
Taxation and social security	12,475
Other creditors	6,000
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	677,365
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PLECTRUM OIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

8 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

Defined contribution

	2005 £
Contributions payable by the company for the period	27,194

9 Share capital

Authorised

	2005 £
130,002 Ordinary Shares of £1 each	130,002

Allotted, called up and fully paid

65,002 of Ordinary Shares of £1 each	65,002
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Allotted, called up and partly paid

65,000 of Ordinary Shares of £1 each	650
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On 29 November 2004 2 ordinary shares of £1 were issued at nominal value. On 8 September 2005 65,000 £1 ordinary shares were issued at £1 per share. Also on 8 September 2005 65,000 £1 ordinary shares were issued at £100 per share. 1% of this issue was called for a consideration of £65,000, and 99% of this issue remains uncalled and unpaid. Under the placing agreement, the uncalled and unpaid shares have no voting rights attached and are only entitled to the called percentage of assets and distributions until fully called.

10 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Retained loss for the period	-	(716,910)
Premium on shares issued during the period	64,350	-
Balance at 31 December 2005	64,350	(716,910)

PLECTRUM OIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2005

11 Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

	2005 £
Operating leases which expire:	
Within one year	900
Between two and five years	1,422
	<hr/>
	2,322

12 Control

The immediate parent company is Plectrum Oil & Gas plc (formerly Plectrum Petroleum Plc), a company registered in England and Wales.

The ultimate parent company is Plectrum Petroleum plc (formerly Table Mountain Minerals Plc), a company registered in England and Wales. The directors of Plectrum Petroleum plc do not believe that there is an ultimate controlling party.

Plectrum Petroleum plc prepares group financial statements and copies can be obtained from 5th Floor, 17 Hanover Square, London, W1S 1HU.

13 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.