31 August 2012

Lochard Energy Group Plc

("Lochard" or the "Company")

Preliminary unaudited financial report for the twelve months ended 30 June 2012

Lochard Energy Group Plc, the oil exploration, development and production company, today in accordance with the rules of the Australian Stock Exchange ("ASX") lodges its preliminary unaudited results for the year ended 30 June 2012.

The timing and format of these preliminary results are dictated by the requirements of the ASX. The Company intends to release it audited results for the year ended 30 June 2012 later in September 2012.

Operational & financial Highlights – *A year of decisive moments and significant progress*

Commencement of production from Athena in June 2012

- Lochard has a 10 per cent interest in the Athena field
- Athena started production in June 2012 and is currently producing at the rate of between 10-11,000 bopd (1,000-1,100 net to Lochard)
- Production expected to increase significantly in 2013 following the completion of remedial work

Independent Reserve report completed

- Sproule Associates have completed a reserve report on the Athena field (see Note 1 and 2 below)
    - Proved reserves (1P) at 17.9 mmbbl gross (1.79 mmbbl net to Lochard)
    - Proved plus probable reserves (2P) at 26.10 mmbbl gross (2.61 mmbbl net to Lochard)
    - Proved plus probable and possible (3P) at 44.7 mmbbl gross (4.47 mmboe net to Lochard)

Funding

- In February 2012 the Company raised £3.38 million, before expenses, by way of a placement new ordinary shares
- In June 2012 the Company successfully secured an additional $11.9 million deferred consideration, in respect of the disposal of the drilling fluids business
- The Board has secured a conditional draw down debt facility from Henderson Global investors ("Henderson"), the Company's largest shareholder, which would allow the Group to draw down up to £3 million

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Court case

Long standing litigation was settled for an aggregate payment of $9 million, which is to be paid in monthly instalments between August 2012 and February 2013

Financial results

- Turnover for the year ended 30 June 2012 was A$ 1,811,000 (2011: A$ 20,000)
- EPS for the current year is a loss per share of 2.9cents/share (2011: 2.9cents/share)

Commenting on the full year results Clive Carver, Non-executive Chairman, said:

"The difficulties of the past have been quantified and are now behind us. The future success of the Group depends in the first instance on the operational performance of the Athena field, and then the deal we strike on developing Thunderball.

"Our immediate strength comes from the continuing cashflows from our interest in the Athena field, which after summer 2013 are expected to become substantial. Over the medium term the Group should also benefit from exploiting our other assets."

- Ends -

Lochard Energy Group plc

Clive Carver, non-executive chairman

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Financial Dynamics

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Chairman's Statement
Introduction

The year to 30 June 2012 was clearly eventful. Rarely does a company have so much to contend with in such a short time.

Your company had both notable successes and failures in the period under review, all of which are detailed below. The net effect of these is that Lochard is now well placed to capitalise on its exploration successes with a significant stake in a valuable and producing North Sea asset.

Your board's focus now is to maximise shareholder value, however that may be delivered.

Athena
Lochard has a 10 per cent interest in the Athena field, which was originally identified as a prospect in 2005 by Mike Rose, a non-executive director of Lochard, and his business partner Bob Frost. Athena is the Company's flagship asset.

Athena started production in June 2012 and is currently producing at the rate of between 10-11,000 bopd (1,000-1,100 net to Lochard). Lochard's pro rata contribution to the Athena operating costs are running at some $1 million per month and are expected to continue at this level for the remainder of the year.

Lochard, through Ithaca, has entered into an off-take agreement with BP Oil International Limited. Under the terms of this contract Lochard sells oil at the arithmetic average of the Brent Oil price as published by Platts Crude Oil Market wire, less a handling fee and receives payment within 45 days after the delivery of oil to the Nigg Oil Terminal ("Nigg"). The first two deliveries have been offloaded at Nigg and the first payment has been received.

Athena potential
Production at Athena is expected to increase significantly following remedial work on the existing wells. Although the costs of the remedial work is likely to be substantial, with Lochard bearing 10 per cent of the total, the expected additional production of up to 5,000 bopd (500 bopd net to Lochard) should allow Lochard to recover the costs involved from incremental production within 12 months.

The timing of the remedial work depends on the availability of a drilling rig. We therefore anticipate monthly cashflows from Athena to remain at some US$2 million, after Athena operating costs, until the remedial work is successfully completed.

Based on information released from the operator we estimate that following successful remedial work the potential of the field based on the existing wells would be between 12,500 and 15,000 bopd.

The reserve base of the asset, which has been quantified at a proved developed producing (1P) level by Sproule Associates in an updated report issued today at 17.9 mmbbl gross (1.79 mmbbl net to Lochard) (see Note 1 and 2 below). This is based on the existing wells when working effectively. A copy of the Sproule Associates report can be found on the Lochard website (www.lochardenergy.com) Sproule Associates quantify proven plus probable (2P) reserves at 26.10 mmbbl gross (2.61 mmbbl net to Lochard) (see Note 1 and 2 below) but this may require investment in due course in at least one more well.

Over the longer term the board believes there is the potential to increase reserves significantly following further drilling activity deploying the two extra drilling slots available for use.

Thunderball
After Athena, Thunderball, which is a predominantly dry gas discovery in the Scapa formation, is Lochard's next most developed asset. The Thunderball discovery has been well tested at a significant rate of 34 mmscfd and 200 bcpd, and requires appraisal drilling to quantify significant upside potential.

The board estimates the cost of the well to be drilled to satisfy the terms of the license to be some £16 million. This well would appraise the gas discovery but also investigate the presence of oil in the Buzzard formation, which underlies the Scapa reservoir.

Other Assets
Lochard has interests in a further eight blocks. Further details on Athena, Thunderball and all of Lochard's other assets will be set out in the Operational Review in the audited financial statements expected to be published later in September.

Payment for the Drilling Fluids business
In June 2012 the Company successfully secured an additional $13.9 million deferred consideration, in respect of the disposal of the drilling fluids business. $2 million of this had been paid on account in September 2011 and the final $11.9 million was received in June 2012.

Court case
In June 2012 the board drew a line under the long-standing litigation involving Zeus Petroleum Limited ("Zeus"), a 100 per cent subsidiary of Lochard, and settled the case for an aggregate payment of $9 million, which is to be paid in monthly instalments between August 2012 and February 2013.

The litigation centered on whether the former management had committed Zeus to hire a rig to drill Blocks 14/11 and 13/12. Zeus's contention was it had not. The High Court in London found Zeus had made such a commitment. Neither of these blocks are still held by Zeus.

Given the forthright opinion of the trial judge it is disappointing more strenuous attempts were not made to settle the case earlier and at a lower cost to the Company.

The Requisition
Any meaningful review of the past financial year has to deal with the requisition by Lochard shareholders in April 2012 to remove the former executive management (the "Requisition"), which resulted in the then executive management team being voted out of the Company. The background to the Requisition was very publicly told at the time and I do not intend to go over old ground.

Given the strength of feeling among the shareholder base against the former management, the outcome of any vote should have been clear. To put the Company through the very public Requisition process in these circumstances was unnecessary and costly.

Despite the former management spending some £250,000 of the Company's money in an effort to defeat the Requisition, only some 4 per cent of the shares not already held by the former management voted to keep them in place.

Following the Requisition and based on firm Australian legal advice the board was compelled to pay the former Chief Executive A$1.3 million (£0.9 million). Lochard shareholders may have their own views on whether, except for the constraints of Australian employment law, such a payment was appropriate.

Financial position
Gemini Facility repayments
The former management entered into a facility with Gemini Oil & Gas Fund II, L.P. ("Gemini") to help fund Lochard's portion of the Athena development costs ("Gemini Facility"). Under the Gemini Facility Lochard borrowed $14 million and has the obligation to repay $28 million. The repayments under the Gemini Facility are linked to gross production income. The first $14 million is to be repaid at the rate of 50 per cent of gross production, with the first payments in August 2012. The second $14 million is to be repaid at the rate of 20 per cent of the subsequent gross production revenues.

Based on current Athena production levels the board expects the first $14 million to have been repaid by the summer 2013 and the second $14 million by the first half of 2015. Thereafter a royalty of 5 per cent of gross production income is payable to Gemini until in aggregate Lochard has received payment for 20 million barrels when the royalty falls to 2.5 per cent in perpetuity.

Henderson facility
The requirement to simultaneously fund the litigation settlement, meet the Gemini Facility repayments at the higher rate and to fund the workover costs at Athena means until summer 2013 Lochard could be susceptible to any unexpected costs or disruption in production income.

The board has therefore secured a conditional draw down debt facility from Henderson Global investors ("Henderson"), the Company's largest shareholder, which would allow the Group to draw down up to £3 million.

The draw down facility is available for use until 30 September 2013, after which any drawn down amounts, together with rolled up interest and any repayment charge due would become payable.

The facility had a 5 per cent commitment fee payable on signing. Other than this, and the costs associated with setting up the facility, the Company would only pay for the draw-down facility as it is used.

The principle behind the facility is to provide the Company with protection in the event of a temporary working capital shortfall, but to give the providers of the draw-down facility the returns equivalent to those of shareholders. This is because, had it not been for the restrictions imposed by the UK Takeover Code both the Company and Henderson would have preferred the Company issued Lochard ordinary shares to cover any funding shortfall. However, Henderson are currently interested in 29.09% of the Company's issued share capital and were not be permitted to go beyond 29.9 per cent without making an offer for all Lochard shares.

Draw-downs would be in units of approximately £1 million and attract an interest rate of 12 per cent per annum. Repayments of drawn down amounts would attract a repayment charge of an additional 5 per cent.

A repayment fee would be payable in the event the Lochard share price rises during the life of the draw down facility from a base of 7.25p. Such repayment fee would be equal to the increase in the share price, up to a maximum increase of 7.25p, on the drawn down portion of the facility, less interest charged, the 5 per cent commitment fee, and the 5 per cent repayment fees.

Preliminary Final Report for ASX

Attached to this Chairman's Statement is the Preliminary Final Report required to be issued under the rules of the Australian Stock Exchange ("ASX"). The form of the ASX report is to satisfy the requirements of the ASX. The report is a preliminary statement which Lochard is required to publish within 2 months of the end of the financial year. The numbers in the report have not been audited and are therefore subject to change.

Board appointments and strategic direction
In April 2012, immediately after the Requisition, Lochard had only one non-executive director, Mike Rose. Mike's first act was to re-appoint the two non-executive directors, Jamie Brooke and Peter Youd, who had been removed without justification in the lead up to the Requisition. Additionally, Peter Kingston was appointed as a non-executive director and I was appointed non-executive chairman.

The board now possesses geological, operational and financial experience, and I am pleased to report it has worked well both in dealing with the legacy issues and with current operational matters. Further details on the directors and our experience are set out after the Operational Review.

The strategic objective of the board is to maximise shareholder value however this may be achieved, including seeking merger partners. Until the outcome of any merger discussions are clear it is not the intention of the board to appoint an executive management team, as we believe this could be to the disadvantage of Lochard shareholders.

Outlook
The difficulties of the past have been quantified and are now behind us. The future success of the Group depends in the first instance on the operational performance of the Athena field, and then the deal we strike on developing Thunderball.

Our immediate strength comes from the continuing cashflows from our interest in the Athena field, which after summer 2013 are expected to become substantial. Over the medium term the Group should also benefit from exploiting our other assets.

Clive Carver
Non-executive chairman

Note 1
The Company's petroleum and natural gas reserves (the "reserves") were independently evaluated by Sproule International Limited (www.sproule.com) in an updated report issued today in accordance with the Canadian Oil and Gas Evaluation Handbook.

Note 2
In accordance with AIM Note for Mining and Oil & Gas Companies, and ASX Listing Rules 5.11, 5.12 and 5.13 Lochard discloses that Peter Kingston, a non-executive director of Lochard and the Chief Operating Officer of Lochard's operating subsidiary Zeus Petroleum Limited, is the qualified person that has reviewed the technical information contained in this press release.
Peter Kingston is a member of the Society of Petroleum Engineers (SPE) and has 47 year's operating experience in the upstream oil industry. For much of that period he has been a practicing reservoir engineer and has routinely reviewed corporate oil and gas reserve submissions at Board level since 1984. Peter Kingston consents to the inclusion of the information in the form and context in which it appears.

PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A

Name of entity

Lochard Energy Group PLC

ABN or equivalent reference #

57 490 768 001

Reporting period	**Previous corresponding period**
Financial year ended 30 June 2012	*Financial year ended 30 June 2011*

Contents **Item**

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				A$'000
Revenue from continuing operations	up/down	*8955%* %	to $	*1811*
Profit(Loss) after income tax from continuing operations	up/down	*-89%* %	to $	*-8120*
Profit(Loss) from discontinued operations	up/down	*-100%* %	to $	*0*
Net profit (loss) for the period attributable to owners	up/down	*-211%* %	to $	*-8120*

Dividends per Share	Amount per share	Franked amount per share
Final	*0* cents	*0* cents
Interim	*0* cents	*0* cents

Record date for determining entitlements to dividends NA

No final dividend has been declared or recommended as at 30 June 2012 or as at the date of this report (2011: A$nil).

Explanations

The Athena field, of which Lochard Energy Group PLC has a 10% ownership interest, commenced production in June 2012 resulting in increased revenues from operations. Prior year results relate to minor producing oil fields in the USA which were sold during the current year.

Loss after income tax in the current year (A$8.120 million) has resulted due to recognition of the settlement of the legal Synergy dispute (A$8.718 million), and the increased legal and consulting fees incurred during the year, offset by a gain of A$5.9 million on recognition of the fair value of the liability to Gemini. Further comment can be found in the Commentary on Results

There were no discontinued operations during the current year. The Group disposed of the Drilling Fluids segment in the prior year due to the strategic decision to place greater focus on the Athena field

2. COMMENTARY ON RESULTS

Accounting Policies, Estimation Methods and Measurement Bases
Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual financial statements and the last half-year financial statements.

Earnings Per Share
EPS for the current year is a loss per share of 2.9cents/share (prior year : gain 2.9cents/share)

Comment on the movement from a profit to a loss is noted elsewhere in this commentary .

The weighted average shares base of the current year increased due to the following shares issues:

In February 2012 the Company raised £3.38 million, before expenses, by way of an oversubscribed placement by finnCap for new ordinary shares of 5 pence each in the capital of the Company at an issue price of 7 pence per ordinary share. The placing was undertaken in two tranches, namely (i) a firm placing of 24,958,000 new ordinary shares at an issue price of 7 pence, raising £1.747 million, and, (ii) a conditional placing of a further 23,327,714 new ordinary shares at an issue price of 7 pence raising £1.633 million.

In April 2012 the Company issued 1,000,000 ordinary shares at an issue price of 5 pence each following the exercise of warrants issued to McCall Aitken McKenzie & Co Limited at a price of 5 pence per ordinary share.

Dividends Per Share (including buy backs)
Not applicable

Significant Features of Operating Performance

Athena oil field

The Athena oil field, the Group's flagship asset, commenced production in June 2012 and is currently producing at the rate of between 10-11,000 bopd (1,000-1,100 net to Lochard). Lochard's pro rata contribution to the Athena operating costs are running at some $1 million per month .

The Group, through the Operator Ithaca, has entered into an off-take agreement with BP Oil International Limited. Under the terms of this contract Lochard sells oil at the arithmetic average of the Brent Oil price as published by Platts Crude Oil Market wire, less a handling fee and receives payment within 45 days after the delivery of oil to the Nigg Oil Terminal ("Nigg"). The first two deliveries were offloaded and revenue was recognised at 30 June 2012.

Production at Athena is expected to increase significantly following remedial work on the existing wells. Although the costs of the remedial work is likely to be substantial, with Lochard bearing 10 per cent of the total, the expected additional production of up to 5,000 bopd (500 bopd net to Lochard) should allow Lochard to recover the costs involved from incremental production within 12 months.

With the commencement of production, the Group recognised an abandonment liability and started to depreciate, deplete and amortise development assets.

Thunderball
Thunderball is a predominantly dry gas discovery in the Scapa formation. The Thunderball discovery has been well tested at a significant rate of 34 mmscfd and 200 bcpd, and requires appraisal drilling to quantify significant upside potential.

The board estimates the cost of the well to be drilled to satisfy the terms of the license to be some £16 million. This well would appraise the gas discovery but also investigate the presence of oil in the Buzzard formation, which underlies the Scapa reservoir.

Other assets
Lochard has interests in a further eight blocks of which little or no expenditure has been incurred during the current year.

Receipt of funds from sale of drilling fluids business in prior year
In June 2012 the Company successfully secured an additional A$13.9 million deferred consideration in respect of the disposal of the drilling fluids business reported in the prior year. A$2 million of this had been paid on account in September 2011 and the final A$11.9 million was received in June 2012.

Gemini facility repayments

The former management entered into a facility with Gemini Oil & Gas Fund II, L.P. ("Gemini") to help fund Lochard's portion of the Athena development costs ("Gemini Facility"). Under the Gemini Facility Lochard borrowed A$14 million and has the obligation to repay A$28 million. The repayments under the Gemini Facility are linked to gross production income. The first A$14 million is to be repaid at the rate of 50 per cent of gross production, with the first payments in August 2012. The second A$14 million is to be repaid at the rate of 20 per cent of the subsequent gross production revenues.

Based on current Athena production levels the board expects the first A$14 million to have been repaid by the summer 2013 and the second A$14 million by the first half of 2015. Thereafter a royalty of 5 per cent of gross production income is payable to Gemini until in aggregate Lochard has received payment for 20 million barrels when the royalty falls to 2.5 per cent in perpetuity.

Henderson facility

As the Group is dependent upon the cashflows of the Athena field to fund the Synergy litigation settlement, the Gemini facility repayments, the Athena operating costs and general administrative expenses, the Company has secured a conditional draw down debt facility with Henderson Group investors ("Henderson"), the Company's largest shareholder of up to £3 million.

The draw down facility is available for use until 30 September 2013, after which any drawn down amounts, together with rolled up interest and any repayment charge due would become payable. The facility had a 5 per cent commitment fee payable on signing (July 2012). Other than this, and the costs associated with setting up the facility, the Company would only pay for the draw-down facility as it is used. Draw-downs would be in units of approximately £1 million and attract an interest rate of 12 per cent per annum. Repayments of drawn down amounts would attract a repayment charge of an additional 5 per cent.

A repayment fee would be payable in the event the Lochard share price rises during the life of the draw down facility from a base of 7.25 pence. Such repayment fee would be equal to the increase in the share price, up to a maximum increase of 7.25 pence, on the drawn down portion of the facility, less interest charged, the 5 per cent commitment fee, and the 5 per cent repayment fees. As at the date of this report, no funds had been drawn down on the facility.

Segment Results

Significant expenses incurred during the current period include the following:

A$8.718 million settlement of Synergy legal dispute

In June 2012 the board drew a line under the long-standing litigation involving Zeus Petroleum Limited ("Zeus"), a 100 per cent subsidiary of Lochard, and settled the case for an aggregate payment of $9 million, which is to be paid in monthly installments between August 2012 and February 2013.The litigation centered on whether the former management had committed Zeus to hire a rig to drill Blocks 14/11 and 13/12. Zeus's contention was it had not. The High Court in London found Zeus had made such a commitment. Neither of these blocks are still held by Zeus.
Given the forthright opinion of the trial judge it is disappointing, more strenuous attempts were not made to settle the case earlier and at a lower cost to the Company.

A$1.286 million legal costs (prior year A$0.38 million); A$1.22 million consulting costs (prior year A$0.78 million)

In April of 2012 a requisition by the shareholders of the Company "the Requisition" voted to remove the former executive management of the Group. Approximately £250,000 of the Group's money was spent by the former management in an effort to defeat the Requisition. Additional legal and consulting fees were incurred relating to resolving the Synergy dispute.

A$1.9 million personnel expenses (prior year A$2.5 million)

The Group's three employees as at 30 June 2011 were either made redundate or terminated during the current year. Personnel expenses incurred during the current year included a A$1.3million termination payments relating to the former Chief Executive officer.

Significant incomes reported during the current period include the following:

A$5.878 million gain on fair valuation of liabilities

Gemini Oil & Gas Fund II, LP agreed, subject to certain conditions, to provide Zeus Petroleum Limited, a fully owned subsidiary of Lochard, with up to US$14 million of funding for operations relating to the development of the Athena oil field. Loan interest and repayments are to be paid out of Zeus' future share of the Athena gross oil revenues. Zeus holds a 10% interest in North Sea Block 14/18b which contains the Athena discovery.

As at 30 June 2012 the loan facility had been fully utilised and the liability has been recorded at its fair value in accordance with International Accounting Standard 39 - AG8. A gain on fair valuation of the liability at 30 June 2012 of $5.878 million has been recognised.

Performance Trends

NA

Other Factors

NA

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Period A$'000	Previous corresponding period A$'000
Revenue from continuing operations - ***refer 3.1 below***	1811	20
Other income - ***refer 3.2 below***	6017	110
Expenses - ***refer 3.3 below***	-15498	-4310
Finance costs - ***refer 3.6 below***	-90	-198
Share of net profits(losses) of associates and joint venture entities	0	0
Profit(Loss) before income tax	-7760	-4378
Income tax expense	-360	74
Loss for the period from continuing operations	-8120	-4304
Profit(Loss) from discontinued operations	0	11627
(Loss)/Profit for the year	-8120	7323
Other comprehensive income		
Increase in fair value of land and buildings	0	0
Impairment of revalued land and buildings	0	0
Increase in fair value of available-for-sale financial assets	0	0
Net gain/loss on disposal of available-for-sale financial assets transferred to profit or loss	0	0
Change in fair value of cash flow hedge	0	0
Net gain/loss on cash flow hedge transferred to inventories/property, plant and equipment	0	0
Net gain/loss on cash flow hedge transferred to profit or loss	0	0
Foreign currency translation differences	724	-3209
Net gain/loss transferred to profit or loss on disposal of foreign operation	0	0
Income tax on items of other comprehensive income	0	0
Other comprehensive income for the year, net of tax	724	-3209
Total comprehensive income for the year, net of tax	-7396	4114

Profit is attributable to:

Non-controlling interests	0	-8
Owners	-8120	7331
	-8120	7323

Total comprehensive income for the year is attributable:

Non-controlling interests	0	-8
Owners	-7396	4122
	-7396	4114

Basic Earnings Per Share	(2.9) cents	2.9 cents
Diluted Earnings Per Share	(2.9) cents	2.9 cents
Dividends Per Share	Nil	Nil

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3.1 Revenue from continuing operations

	Current Period A$'000	Previous corresponding period A$'000
Revenue from Sales	1811	20
Revenue from Services	0	0
Contract Revenue	0	0
Dividend Revenue	0	0
Royalty Revenue	0	0
Rental Revenue	0	0
Other relevant revenues	0	0
	1811	20

3.2 Other income

	Current Period A$'000	Previous corresponding period A$'000
Net gain on disposal of property, plant and equipment	13	0
Foreign exchange gains		51
Reversal of impairment losses	-	0
Fair value gains on liabilities	5,878	0
Net gain on disposal of business	36	0
Interest Revenue	90	59
	6,017	110

3.3 Expenses

	Current Period A$'000	Previous corresponding period A$'000
If disclosing by "function"		
Cost of sales	1124	36
Distribution expenses	0	0
Marketing expenses	0	0
Occupancy expenses	62	54
Administrative expenses	14312	4220
	0	0
(Other expenses must be <= 10% of total expenses)		
	15498	4310

Note: Included in the above expenses disclosed by function are the following expenses:

- Cost of Operating expenses amounting to $ 1,167,000 for 30 June 2012 and $ 28,000 for 30 June 2011; and

- Depreciation and amortisation expenses amounting to $ 1,013,000 for 30 June 2012 and $ 8,000 for 30 June 2011; and

- Adjustment for cost of inventory amounting to $ 1,069,000 for 30 June 2012 and Nil for 30 June 2011.

3.4 Material Items of Income or Expense

	Current Period A$'000	Previous corresponding period A$'000
Settlement of legal dispute	8718	0
Legal expense	1286	379
Personnel related expenses	1915	2476
Consulting fees	1221	776
	13140	3631

3.5 Amortisation and Impairment Expenses

	Consolidated - Current period			
	Before tax A$'000	Related tax A$'000	Related non-controlling interests A$'000	Amount (after tax) attributable to owners A$'000
Amortisation of intangibles	0	0	0	0
Total amortisation of intangibles	0	0	0	0
Impairment of other assets	0	0	0	0
Total impairment write-downs	0	0	0	0

3.6 Capitalisation of Borrowing Costs

Borrowing costs capitalised that are not included in finance cost expenses disclosed above include:

	Current Period A$'000	Previous corresponding period A$'000
Interest costs capitalised in asset values	3660	5121
Interest costs capitalised in intangibles (unless arising from an acquisition of a business)	0	0
	3660	5121

3.7 Comparison of Half-Year Profits

	Current Period A$'000	Previous corresponding period A$'000
Consolidated profit(loss) after tax attributable to owners reported for the 1st half-year	-14163	-1642
Consolidated profit(loss) after tax attributable to owners for the 2nd half-year	6043	8973

3.8 Income Tax Components of Other Comprehensive Income

	Current Period A$'000	Previous corresponding period A$'000
Increase in fair value of land and buildings	0	0
Impairment of revalued land and buildings	0	0
Increase in fair value of available-for-sale financial assets	0	0
Net gain/loss on disposal of available-for-sale financial assets transferred to profit or loss	0	0
Change in fair value of cash flow hedge	0	0
Net gain/loss on cash flow hedge transferred to inventories/property, plant and equipment	0	0
Net gain/loss on cash flow hedge transferred to profit or loss	0	0
Foreign currency translation differences	0	0
Net gain/loss transferred to profit or loss on disposal of foreign operation	0	0
	0	0

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Current Period A$'000	Previous corresponding period A$'000
Current Assets		
Cash and cash equivalents	9534	12548
Trade and other receivables	1803	14595
Inventories	1086	0
Other - prepayments	21	113
Total Current Assets	**12444**	**27256**
Non-Current Assets		
Property, plant and equipment	17	145
Investment properties		
Development assets	64377	0
Exploration and evaluation assets	0	42693
Intangible assets	0	0
Deferred tax assets	170	218
Other	0	0
Total Non-Current Assets	**64564**	**43056**
TOTAL ASSETS	**77008**	**70312**
Current Liabilities		
Trade and other payables	10773	2208
Interest-bearing liabilities	0	0
Current tax liabilities	3868	1442
Provisions	0	489
Other - financial liabilities	11768	10252
Total Current Liabilities	**26409**	**14391**
Non-Current Liabilities		
Interest-bearing liabilities	0	0
Deferred tax liabilities	820	4152
Provisions	1722	0
Other - financial liabilities	5005	6142
Total Non-Current Liabilities	**7547**	**10294**
TOTAL LIABILITIES	**33956**	**24685**
NET ASSETS	**43052**	**45627**

Equity		
Contributed Equity	65799	61143
Other reserves	-3724	-4613
Retained Earnings	-19023	-10903
Capital and reserves attributable to owners	**43052**	**45627**
Non-controlling interests	0	0
Total Equity	**43052**	**45627**

Preference Capital included as part of Capital/Contributed Equity above	0	0

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period A$'000	Previous corresponding period A$'000
Profit / (Loss) for the year	-8120	7323
Depreciation and amortisation of plant and equipment	15	676
Amortisation of development and abandonment costs	998	0
Accretion expense	13	0
Net unrealised foreign exchange losses/(gains)	87	147
Gain on sale of oil & gas assets	-13	0
Employee share option costs		53
Gain on settlement of debt	-36	0
Income tax Expense / (credit)	584	-73
Gain on sale of business, net of tax	0	-11873
Settlement of legal dispute	8718	0
Net finance income	-5968	-59
	-3722	**-3806**
Change in assets and liabilities		
Decrease/(increase) in receivables	-1801	-399
(Increase)/decrease in inventory	-1069	1508
(Increase)/decrease in current tax assets	0	0
Decrease in prepayments	91	97
(Decrease)/increase in payables	-707	-2960
Increase in provisions	-376	141
Other	0	0
	-3862	-1613
Interest paid	0	0
Income tax paid	-1302	0
Net operating cash flows	**-8886**	**-5419**
Cash flows related to investing activities		
Interest received	90	59
Payments for purchases of property, plant and equipment	0	-28
Proceeds from sale of property, plant and equipment	0	0
Development expenditure	-15744	-14490
Proceeds from the disposal of development expenditure	330	0
Proceeds from disposal of discontinued operations	**14657**	**23998**
Net investing cash flows	**-667**	**9539**

Cash flows related to financing activities		
Proceeds from issues of securities (shares, options etc)	4655	0
Proceeds from borrowings	1969	11291
Repayment of borrowings	0	-8270
Payment of finance lease liabilities	0	-292
Net financing cash flows	**6624**	**2729**
Net increase (decrease) in cash held	**-2929**	**6849**
Cash at beginning of period - ***refer 5.1 below***	12548	5800
Exchange rate adjustments to cash at beginning of period	-85	-101
Cash at end of period - *refer 5.1 below*	**9534**	**12548**

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

5.1 Reconciliation of Cash

	Current Period A$'000	**Previous corresponding period A$'000**
Cash on hand and at bank	9534	12548
Deposits at call	0	0
Bank overdraft	0	0
Total cash at end of period	**9534**	**12548**

5.2 Non-Cash Financing and Investing Activities

None

6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity	Retained earnings	Revaluation Surplus	AFS Reserve	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	Share-based Payment Reserve	Total	Non-controlling Interests	TOTAL EQUITY
As at 1 July 2010	61143	-18234	-2047	0	0	-576	833	41119	314	41433
Effects of changes in accounting policies								0		0
Restated balance at 1 July 2009	61143	-18234	-2047	0	0	-576	833	41119	314	41433
Total comprehensive income for the year										
Profit for the year		7331						7331	-8	7323
Other comprehensive income										
Foreign currency translation differences						-2876		-2876		-2876
Total comprehensive income for the year		7331	0	0	0	-2876	0	4455	-8	4447
Transactions with owners in their capacity as owners										
Disposal of minority interest								0	-306	-306
Share-based payments expense							53	53		53
	0	0	0	0	0	0	53	53	-306	-253
At 1 July 2011	61143	-10903	-2047	0	0	-3452	886	45627	0	45627
Total comprehensive income for the year										
Profit for the year		-8120						-8120		-8120
Other comprehensive income										
Foreign currency translation differences						889		889		889
Total comprehensive income for the year		-8120	0	0	0	889	0	-7231	0	-7231
Transactions with owners in their capacity as owners										
Contributions of equity, net of transaction costs	4656							4656		4656
	4656	0	0	0	0	0	0	4656	0	4656
At 30 June 2012	65799	-19023	-2047	0	0	-2563	886	43052	0	43052

OTHER NOTES TO THE FINANCIAL STATEMENTS

	Current Period	Previous corresponding period
7. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)	0.14	0.18

8. ACCOUNTING STANDARDS

IFRS has been used in compiling the information contained in this Appendix 4E.

9. OTHER INFORMATION REGARDING THE FINANCIAL STATEMENTS

9.1 The information contained in this Appendix 4E is based on financial statements which (choose one):

- have been audited
- are in the process of being audited
- have not yet been audited

9.2 Audit Disputes or Qualifications

The financial statements are in the process of being audited and are unlikely to be subject to dispute or qualification.

10. OTHER SIGNIFICANT INFORMATION

None