

For Immediate Release

Tuesday 30th September, 2008

Leed Petroleum PLC
(“Leed” or the “Company”)

Final Results

Leed Petroleum PLC, the oil and gas exploration and production company focused on the Gulf of Mexico, is pleased to announce its audited results for the 12 months to 31 March 2008 and for the 3 months to 30 June 2008.

This statement covers the 15 month period from 1 April 2007 to 30 June 2008 following the change of year end from 31 March to 30 June.

HIGHLIGHTS:

Operational

- 43.1% increase in 1P reserves to 8.7 MMBOE from admission to AIM to 1 April 2008
- 30.3% increase in 2P reserves to 20.6 MMBOE from admission to AIM to 1 April 2008
- 202% increase in average net daily production to 1,606 BOEPD for the three months ended 30 June 2008 as compared to the year ended 31 March 2008
- Successful drilling campaign on Eugene Island
 - Drilled, completed and commenced production from the Eugene Island A-6 well
 - Drilled the A-7 well encountering 181 feet of net pay in six sands

Financial

- Significant increase in operating revenue:
 - 68% increase to US\$12.8 million for the year ended 31 March 2008 as compared to the year ended 31 March 2007
 - US\$15.2 million for the three months ended 30 June 2008
- Company moved into profit in the three month period ended 30 June 2008:
 - Operating loss of \$14.1 million for the year ended 31 March 2008
 - Operating income of \$8.0 million for the three months ended 30 June 2008
 - Loss attributable to shareholders of \$14.7 million for the year ended 31 March 2008
 - Income attributable to shareholders of \$2.0 million for the three months ended 30 June 2008

Corporate transactions

- Successfully raised US\$96.9 million and admitted to trading on AIM
- Eight acquisitions substantially increasing asset portfolio

Post balance sheet events

- Completed drilling of the Eugene Island A-7 well
- Sale by Leed of 25% of its interest in Eugene Island assets pursuant to an option exercise yielded US\$16.3 million
- Secondary fundraising in August 2008 raised US\$29.1 million in gross proceeds

Commenting, Howard Wilson, Chief Executive of Leed Petroleum, said:

“The Company has accomplished its objectives of reaching financial stability, building a substantial inventory of high quality drilling projects, implementing strategic acquisitions of producing assets containing high quality development and exploratory opportunities, and achieved significant increases in reserves, production rates and revenue. We are now poised to move ahead and expand our development and exploration programmes to other areas of our inventory. The stage is set for 2009 to be a tremendous year for Leed”

For further information:

Leed Petroleum PLC

Howard Wilson, President and Chief Executive

+1 337 314 0700

James Slatten, Chief Operating Officer

+1 337 314 0700

Matrix Corporate Capital LLP

Alastair Stratton

+44 20 3206 7204

Tim Graham

+44 20 3206 7206

Pelham Public Relations

Philip Dennis

+44 20 7743 6363

Evgeniy Chuikov

+44 20 3008 5506

The information set out herewith has been extracted from the Annual Report and Accounts 2008, which is being posted to shareholders today and is available to download from the Company's website at www.leedpetroleum.com.

Chairman's Statement

It gives me pleasure to confirm your Company's progress during this period of substantial growth and transformation. We have crossed important milestones in finance, acquisitions, drilling, reserve growth and recruitment and these will contribute to the Company's success in the years to follow.

In August 2007 the Company successfully completed its admission to AIM raising US\$96.9 million in gross proceeds, despite challenging market conditions. The admission to AIM enabled the Company to access the capital needed to unlock the economic potential of its high quality lease portfolio and place it on a sound financial footing.

A large number of institutional investors supported the fundraising at the time of admission, many of whom also participated in our secondary placement in August 2008 that raised gross proceeds of US\$29.1 million. Our aim is to maintain the support of our shareholders so that they remain long term investors in the Company.

Importantly, institutional funding has allowed us to commence our drilling programme, which in the last twelve months has yielded successful results, and we are delighted to report that the Company recorded a profit in the three month period ended 30 June 2008.

We are now in a strong financial position with access to adequate cash resources to fund our current drilling programme. In addition to the US\$29.1 million in gross proceeds raised in August 2008, the Company received US\$16.3 million on the exercise of an option over 25% of Leed's interest in Eugene Island in July 2008. The sum available for borrowing under our credit facility as of today is US\$29.3 million. Cash flow is key to any company in this industry and in the near term we will be reinvesting in drilling and operating activities with any excess cash used to reduce borrowings. In the longer term, as production and cash flow increase, the Board will also consider paying a dividend.

During the 15 month period under review, the Company made a total of eight acquisitions, the largest of which was the Eugene Island field in June 2007. This acquisition added substantially to the Company's daily production rates and, consistent with our strategy of buying properties with drilling upside, it has also yielded multiple drilling opportunities. Leed has to date drilled two wells—the A-6 and the A-7—at Eugene Island, both of which were successful and will provide valuable data ahead of our third planned well, the A-8. The success experienced so far at Eugene Island demonstrates the robust nature of Leed's strategy of operating low risk, under-exploited assets in the Gulf of Mexico region.

On the back of the success of the A-6 well and through shrewd asset acquisitions, we have achieved a substantial increase in reserves during the period. As compared to reserves at the time of flotation, at 1 April 2008 our independent reserve auditor confirmed an increase in 1P reserves of 43.1% and 2P reserves of 30.3%. These numbers do not take into account additional reserves the Company acquired with the South Marsh Island 8 acquisition in the March 2008 federal lease sale. The South Marsh Island reserve additions will be reflected in the next independent reserve report, which is expected to be published by 31 March 2009.

On behalf of the Board, I wish to express my congratulations and thanks to the employees and contractors at Leed all of whom contributed so much to our inaugural year on AIM. Whilst we have potentially prolific oil and gas resources, we believe that the Company's most important assets are its people. I believe that we have an exceptional workforce that is capable of unlocking the tremendous value in our asset base over the coming years.

We look forward with great excitement to the coming year, with all the resources in place to substantially increase reserves and production, and provide solid revenue growth. Our operational programme provides us with a great mix of higher and lower risk exploration objectives as well as low risk development plays across multiple fields. We are confident we will deliver results.

Robert Adair
Chairman

Chief Executive and Operational Report

The 15 month period under review saw significant growth in our production base and expansion of our exploration and development portfolio. Leed delivered on its stated objectives of increasing reserves and production and importantly became profitable, recording net income of US\$2 million for the three months to 30 June 2008.

Production

Average net daily production increased 202% during the three months to 30 June 2008 as compared to the year ended 31 March 2008, which had in turn decreased by 6% compared to the year ended 31 March 2007. These results have been driven by the successes at Eugene Island and the decrease in production on the non-operated properties, in particular the East Cameron property. During the three months to 30 June 2008, the Company realised an average net daily production rate of 1,606 BOEPD (963 BOPD and 3.8 MMCFD) as compared to 531 BOEPD (286 BOPD and 1.4 MMCFD) for the twelve months to 31 March 2008 and 567 BOEPD (130 BOPD and 2.6 MMCFD) for the year to 31 March 2007.

Reserves

Audited 2P reserves as at 1 April 2008 were 20.6 MMBOE, a 30.3% increase compared to the 15.8 MMBOE at 1 June 2007, as presented on admission to AIM. The increase in reserves was attributable to:

- The successful drilling results of the Eugene Island A-6 well;
- Technical reserve upgrades associated with the Eugene Island A-7 well;
- Reserves attributable to the Ship Shoal 201 block, which the Company acquired in October 2007 at MMS Lease Sale 205; and
- Reserves associated with the Company's purchase of additional interests in the Main Pass 64 field.

Reserve Category	1 June 2007			1 April 2008			Increase (%)
	Oil & Liquids (MMBLS)	Gas (BCF)	MMBOE	Oil & Liquids (MMBLS)	Gas (BCF)	MMBOE	
1P Reserves	1.1	30.0	6.1	2.1	39.6	8.7	43.1
2P Reserves	4.0	70.8	15.8	5.8	89.4	20.6	30.3
3P Reserves	10.5	257.2	53.4	12.5	301.4	62.7	17.6

The Company's stated reserves depicted above are net of all third party royalty, overriding royalty, option interests and other burdens.

Future growth

Through the acquisition of producing assets and lease sale acreage, we have built a quality portfolio of development and exploration projects with varying degrees of risk. The successful Eugene Island drilling programme will be followed in 2009 by a concerted effort to expand Leed's asset base across the central Gulf of Mexico. Plans have been finalised for drilling of the South Marsh Island 5/6, Ship Shoal 201 and Sorrento Dome assets. Grand Isle 95 development planning is nearing completion. Evaluation of our portfolio is an ongoing and continual process and projects such as South Marsh Island 8 and West Cameron 106, among others, will be assimilated into the drilling schedule as technical work progresses.

In order to maintain and grow a robust prospect inventory, Leed will consistently review new opportunities to expand our acreage position. Our technical group has demonstrated an ability to generate high quality opportunities both through participation in the MMS lease sales and acquisition of producing assets with significant upside potential. We will continue to employ this successful strategy and expect to continue to achieve very favourable results in the future.

Eugene Island 172, 183 and 184

The Company's assets at Eugene Island consist of three OCS blocks and comprise an area of 60.7 km² in approximately 80 feet of water. The Company purchased its various working interests (31.1% – 75%, following the exercise of an option by a third party in July 2008) in the producing Eugene Island 184 field in June 2007 and during the 15 month period under review conducted maintenance and repair work on the Eugene Island 184-A platform to improve operational efficiencies. In addition, the Company reinstated the previously mothballed high-pressure production train to facilitate production from new wells, two of which were successfully drilled during the 15 month period.

In addition to increasing 2P reserves, the Eugene Island A-6 and A-7 wells have opened up new development, appraisal and exploration plays within the Eugene Island field. The wells targeted deep gas-condensate reservoirs with regional and in-field analogues. Although expensive to drill in comparison to other prospects in Leed's portfolio, their reserve size, high condensate yield and existing production facilities have resulted in a relatively short drilling to production cycle and attractive economic results. A significant increase in production was realised in the field, primarily due to the commencement of production from the shallower of the two exploratory targets intersected by the Eugene Island A-6 well, notwithstanding that this well took longer to drill than planned.

The Eugene Island A-7 well was drilled during the three months ended 30 June 2008 with six sands being observed containing a total of 181 feet of true vertical thickness pay. Completion of the primary target commenced in July 2008; however during testing the Company was not able to produce a consistent flow rate from this zone. In order to achieve our targeted commercial production from the Eugene Island A-7 well, we decided to move up the wellbore and begin producing from another of the primary zones intersected by the well. At the time of writing, the well is very close to producing and we remain confident that our expectations will be confirmed.

Preparations are now underway to begin drilling the Company's next well, the Eugene Island A-8, which will target a superior "take point" from the exploration target discovered by and currently producing through the Eugene Island A-6 well. It is expected that the A-8 well will be spudded during October 2008. Following the completion of this well, the Company intends to recomplete the Eugene Island A-6 well as a long term producer from the well's primary zone.

Grand Isle 95 and 100

The Grand Isle assets consist of two OCS blocks covering 36.74 km² in 200 feet of water, in which the Company has a 100 % working interest (subject to another party's option to acquire up to 25% of Leed's interest). The Company operates the property, which has both redevelopment and exploratory potential; operations on both leases are expected to commence in 2009.

During 2008 Leed acquired additional seismic processing products, which it has been using to better understand the geologic setting and effectively plan its programme. Site surveys were also completed in 2008, and regulatory documents are currently being prepared to allow the Company's programme to commence as planned.

The Grand Isle properties are a major asset of the Company and their development should provide another step change in the Company's cash flow and profitability. The field already has 2P reserves, and the Company hopes to add to these by drilling additional exploration targets similar to those which have historically produced significant reserves within the field. Work on the Grand Isle properties is expected to commence in 2009.

Main Pass 115

The Main Pass 115 block was acquired during 2008 through MMS Lease Sale 205 and is located in 50 feet of water covering 20.21 km². Leed is the operator of the property with a 100% working interest which is subject to the option of another party to acquire up to 25% of the Company's working interest. We have identified two exploratory targets which have regional analogues that have produced prolifically in the area. Whilst not the Company's most substantial prospect, the project economics are particularly attractive due to the low cost of drilling, development and ongoing operating costs.

Sorrento Dome field

The Sorrento Dome field is located onshore Louisiana between Baton Rouge and New Orleans with the Company holding 100% working interests (subject to a third party's right to acquire up to 25%) in leases covering 7.23 km². The Company has development and exploration prospects and plans to commence drilling in 2009. The two development opportunities contain 2P reserves and are characterised by low cost and rapid returns, while the exploration prospect is deeper and has significant potential through numerous pay sands, which are productive in the area and can be tested with a single well.

All necessary regulatory documents and drilling plans have now been prepared, and Leed is currently focused on securing an appropriate drilling rig. Timing of the Sorrento Dome drilling is subject to onshore rig availability which despite being cheaper is currently more competitive than the offshore rig market.

South Marsh Island 5 and 6

Leed has a 100% working interest (subject to the right of a third party to acquire up to a 25% interest) in South Marsh Island blocks 5 and 6, which are located in waters approximately 56 feet in depth.

The South Marsh Island 5 and 6 blocks cover 40.47 km², and we have redevelopment and exploratory prospects in the field which are included in the Company's 2P reserve estimates. South Marsh Island block 6, in particular, is an exciting addition to our inventory. It has a shallow objective that the Company will drill, as well as deep exploration potential. The targets are located in shallow water, close to shore and as a result development and operational costs are expected to be low.

South Marsh Island 8

South Marsh Island block 8 is close to blocks 5 and 6 in 60 feet of water and will allow some operational synergies. The OCS block covers 12.73 km², and the Company's 100% working interest (subject to the right of another party to acquire up to 25%) was acquired during 2008 through MMS Lease Sale 206.

South Marsh Island 8 was a significant acquisition for Leed and has the potential to become a major part of the Company's portfolio. The field has known reserves, an undrilled fault block with numerous stacked objectives and deep potential with producing analogues in nearby blocks. Reserves associated with the South Marsh Island 8 block were not included in our April 2008 independent reserve audit.

Ship Shoal 201

The Ship Shoal 201 block was acquired in 2008 at MMS Lease Sale 205 and covers 20.23 km² of OCS waters, approximately 90 feet deep. We own a 100% working interest, subject to the right of a third party to acquire up to 25% of Leed's interest. The block contains 2P reserves, included in the April 2008 reserves report, and exploratory potential.

During 2008 the Company completed the necessary site surveys and submitted its plan of exploration to the MMS in preparation for drilling. Due to the economic metrics of the project, Leed has fast-tracked the drilling and development of Ship Shoal 201 and plans to commence operations in 2009.

Ship Shoal 205

The Ship Shoal 205 block covers 20.23 km² of OCS waters, approximately 90 feet in depth and nearby to our Ship Shoal 201 block. Leed operates the block with a 100% working interest, of which up to 25% may be acquired by another party through the exercise of an option.

The block contains exploratory potential and limited redevelopment prospects, which are not included in the Company's 2P reserves. Due to Leed's rapidly expanding portfolio and better prospects elsewhere, it is likely that Leed will not drill the block during its primary term and it will therefore likely lapse in May 2009.

West Cameron 106

In addition to the potential for other prospects, Leed's West Cameron 106 block contains one of the last substantial shallow gas prospects in the shallow waters of the Gulf of Mexico. The Company acquired its 100% working interest in the 20.23 km² OCS block during 2008 at what was a very competitive MMS lease sale, and we are currently reviewing its placement in the drilling schedule. The block, which is in 40 feet of water, is subject to a third party's right to acquire up to 25% of Leed's interest.

East Cameron 317 and 318

The East Cameron properties are non-operated legacy assets, and the Company's 25% working interest (which is not subject to any third party option rights) covers 40.47 km² in approximately 224 foot waters of the OCS. Both blocks are held by production, but unfortunately the property underperformed during the periods under review.

Main Pass 57, 64 and 65

In March 2008 the Company increased its interest in the producing Main Pass 64 and 65 blocks (now ranging from 16.1% to 25%) and acquired a 2.3% interest in the Main Pass 57 block. The Main Pass 57 block consists of 10.11 km² and lies in waters approximately 37 feet deep adjacent to the Company's Main Pass 64 field. Main Pass blocks 64 and 65 are non-operated legacy assets located in approximately 30 feet of water and covering 28.43 km². The field's production is primarily oil, with some non-associated shallow gas

production, and performance during the 15 month period was consistent with the Company's expectations. The acquisition of these interests during the period increased the Company's production and reserve base as well as adding valuable exploration interests to our portfolio.

Outlook

In summary, the Company has accomplished its objectives of reaching financial stability, building a substantial inventory of high quality drilling projects, implementing strategic acquisitions of producing assets containing high quality development and exploratory opportunities, and achieved significant increases in reserves, production rates and revenue. We are now poised to move ahead and expand our development and exploration programmes to other areas of our inventory. The stage is set for 2009 to be a tremendous year for Leed.

Howard Wilson

Chief Executive

Financial Review

Periods under review

During the periods under review the Company changed its accounting reference date from 31 March to 30 June. To reflect the change, the periods reported on by Leed include an audited three month period to 30 June 2008 and an audited full year period to 31 March 2008.

Income statement

In the three month period ended 30 June 2008, the Company became profitable, with a net income of \$2.0 million (years ended 31 March 2008 and 2007: (\$14.7 million) and (\$4.9 million), respectively).

Revenues for the three month period ended 30 June 2008 were \$15.2 million, an increase from \$12.8 million and \$7.6 million for the full years ended 31 March 2008 and 2007, respectively. Revenues were derived from net production volumes of 146,195 BOE, 194,477 BOE and 206,980 BOE for the three month period ended 30 June 2008 and the years ended 31 March 2008 and 2007, respectively. The Eugene Island assets, acquired in June 2007 were the major contributor to the Group's increased production and revenue. In particular, completion of the Eugene Island A-6 well in mid-April 2008 accounted for the significant increase in revenue in the three month period ended 30 June 2008.

Production costs for the three month period ended 30 June 2008 and the years ended 31 March 2008 and 2007 was \$8.70, \$22.30 and \$10.80 per BOE, respectively. Higher than expected costs on the non-operated properties and initial start-up costs for the Eugene Island field accounted for the higher cost in the year ended 31 March 2008.

A \$3.4 million dry hole cost was incurred during the year ended 31 March 2008, related to drilling an exploratory target at the base of the Eugene Island A-6 well. This well was completed as a commercial producer in one of two commercial sands and contributed substantially to revenue during the three month period ended 30 June 2008.

Depletion, the expensing of the acquisition and development costs of the oil and gas properties over the produced reserves, has remained relatively constant. For the three month period ended 30 June 2008 and the years ended 31 March 2008 and 2007, depletion expense was \$18.54, \$19.38 and \$17.64 per BOE, respectively.

For the three periods presented, Administrative expenses of the Group include:

	Three months ended 30 June 2008	Year ended 31 March 2008	Year ended 31 March 2007
	\$000	\$000	\$000
Employee and director benefits expense	1,775	6,040	2,371
Seismic data	8	2,331	63
Total insurance	926	2,504	790
IPO costs associated with pre-listing shareholders	-	1,786	-

The number of employees and Directors receiving wages or fees averaged 23, 19 and 16 for the periods ended 30 June 2008, 31 March 2008 and 2007, respectively. Included in the employee benefits expense are share based payments of \$456,000, \$1,191,000 and nil for the three periods, respectively. The year ended 31 March 2008 included full bonuses for the Executive Directors of \$738,000 for the two calendar years ended December 2007, in addition to accruals related to the first three months of calendar year 2008.

As the Group follows the successful efforts method of accounting for its oil and gas properties, the evaluation costs associated with geological and geophysical, including the acquisition of seismic data, are expensed as incurred. Due to the acquisitions and participation in two MMS lease sales, the Group incurred higher seismic costs for the year ended 31 March 2008.

Increased costs following the hurricanes in 2005 and the higher activity level related to the drilling programme account for the increased expense in insurance over the periods presented.

Unrealised losses on oil and natural gas commodity contracts was the primary cause of the \$3.9 million other loss for the three month period ended 30 June 2008, the result of significant increases in oil and natural gas prices.

Earnings before interest, taxes, depreciation, depletion, amortisation and exploration expenses (EBITDAX) for the three month period ended 30 June 2008 and the years ended 31 March 2008 and 2007 was \$6.8 million, (\$5.6 million) and \$1.5 million, respectively.

Balance sheet

In the 15 month period ended 30 June 2008, the Group's oil and natural gas assets increased by \$79.2 million to \$149.8 million. This increase included the acquisition of the Eugene Island assets (\$12.9 million) and assets added through the Eugene Island drilling programme (\$64.9 million).

The Group also expended \$7.9 million towards exploration and evaluation assets over the same 15 month period, including South Marsh Island blocks 5 and 6 (\$1.5 million) and the following blocks acquired from the MMS through lease sales: Main Pass 115 (\$237,000), Ship Shoal 201 (\$1.5 million), South Marsh Island 8 (\$2.0 million) and West Cameron 106 (\$1.3 million).

Cash flows and funding

The Company raised \$93.6 million (net) at the time of its flotation on AIM and through the exercise of warrants by certain holders at that same time. Of those funds, \$80 million was used to pay down the borrowings to nil by August 2007. To fund its drilling programme, the Group had incurred additional borrowings of \$53 million as of 30 June 2008.

The Group's borrowings are relative to its \$80 million credit facility. The facility was amended in July 2007, just prior to the Company's admission to AIM, to eliminate the \$20 million mezzanine portion. At 30 June 2008 through the date of this report, the Group's available borrowing base amount in relation to the credit facility was \$57.3 million; at the date of this report, outstanding loans total \$28.0 million. The credit facility allows the borrowing base amount to increase if the Group would incur additional hedging of its expected oil and natural gas production.

Subsequent to 30 June 2008, the Group raised another \$28.1 million (net) from a secondary placing. A portion of these funds were used to pay the borrowings down to \$28.0 million as noted above. Also, in July 2008 the Group received \$16.3 million from the sale of a 25% interest in the Eugene Island assets. This sale resulted from a third party's exercise of its option to acquire this interest.

James Slatten
Chief Operating Officer

Financial Statements for the three months ended 30 June 2008

Consolidated Income Statement for the three months ended 30 June 2008

	Note	Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000
Continuing operations			
Revenue		15,152	12,788
Cost of sales			
Production costs		(1,272)	(4,339)
Unsuccessful exploration costs		-	(3,378)
Depletion costs	4	(2,745)	(4,002)
Gross profit		11,135	1,069
Administrative expenses		(3,150)	(15,186)
Operating income (loss)	2	7,985	(14,117)
Other gains and losses		(3,977)	(1,278)
Finance income		22	256
Finance costs		(804)	(4,818)
Income (loss) before taxation		3,226	(19,957)
Taxation		(1,200)	5,231
Income (loss) for the period from continuing operations and attributable to equity shareholders		2,026	(14,726)
Income (loss) per share (cents)			
Basic	9	0.8	(7.4)
Diluted	9	0.8	(7.4)

Balance Sheets as at 30 June 2008

	Note	Group		Company	
		30 June 2008 \$000	31 March 2008 \$000	30 June 2008 \$000	31 March 2008 \$000
Assets					
Non-current assets					
Investment in subsidiary		-	-	119,842	119,624
Goodwill		29,005	29,005	-	-
Intangible exploration and evaluation assets	3	5,284	2,562	-	-
Deferred tax		377	223	377	223
Notes receivable		-	-	1,000	1,000
Property, plant and equipment	4	138,563	116,662	-	-
		173,229	148,452	121,219	120,847
Current assets					
Trade and other receivables		8,743	5,269	170	223
Cash and cash equivalents	7	10,317	3,632	856	1,025
		19,060	8,901	1,026	1,248
Liabilities					
Current liabilities					
Trade and other payables		13,938	8,074	403	348
Finance lease obligations	5	5	8	-	-
Derivative financial instruments		2,849	1,325	-	-
		16,792	9,407	403	348
Net current assets (liabilities)		2,268	(506)	623	900
Non-current liabilities					
Borrowings	5	52,531	30,445	-	-
Derivative financial instruments		2,980	1,416	-	-
Decommissioning obligation		6,629	6,563	-	-
Deferred tax		6,740	5,386	-	-
		68,880	43,810	-	-
Net assets		106,617	104,136	121,842	121,747
Shareholders' equity					
Ordinary share capital	6	24,750	24,750	24,750	24,750
Ordinary Class B share capital	6	-	-	-	-
Share premium		97,237	97,237	97,237	97,237
Translation reserve		-	-	23	24
Other reserve		-	-	2,731	2,276
Retained earnings		(15,370)	(17,851)	(2,899)	(2,540)
Total equity attributable to equity holders of the parent		106,617	104,136	121,842	121,747

Cash Flow Statements for the period ended 30 June 2008

	Note	Group		Company	
		Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000	Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000
Net cash from operating activities	7a	8,692	(9,198)	(189)	(2,874)
Cash flows from investing activities					
Capital contribution to subsidiary		-	-	-	(107,596)
Loans collected		-	-	-	17,000
Purchase of intangible assets		(2,721)	(2,562)	-	-
Purchase of property, plant and equipment		(20,373)	(47,008)	-	-
Interest received		22	256	22	861
Net cash used in investing activities		(23,072)	(49,314)	22	(89,735)
Cash flows from financing activities					
Net proceeds from issue of ordinary shares		-	93,634	-	93,634
Interest paid		(933)	(3,848)	(2)	-
Capital element of finance lease repayments		(2)	(8)	-	-
Borrowings raised		22,000	45,600	-	-
Borrowings repaid		-	(79,357)	-	-
Net cash from financing activities		21,065	56,021	(2)	93,634
Net increase (decrease) in cash and cash equivalents		6,685	(2,491)	(169)	1,025
Cash and cash equivalents at beginning of period		3,632	6,123	1,025	-
Cash and cash equivalents at end of period	7b	10,317	3,632	856	1,025

Notes to the Financial Statements for the period ended 30 June 2008

1. Significant accounting policies

The financial information set out in this section has been extracted from the Company's audited financial statements for the three month period ended 30 June 2008 which are contained in the Company's Annual Report and Accounts 2008.

A copy of the Company's Annual Report and Accounts for 2008 will be posted to shareholders today and may be downloaded from the Company's website at www.leadpetroleum.com.

The financial information in this preliminary announcement does not constitute the Company's statutory accounts for the periods ended 30 June 2008, 31 March 2008 or 31 March 2007, but is derived from these accounts.

Statutory accounts for the year ended 31 March 2007 have been delivered to the Registrar of Companies and those for the year ended 31 March 2008 and the period ended 30 June 2008 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

1.1 Basis of preparation

The Group and Parent Company financial statements have been prepared in accordance with EU adopted IFRS, and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. All accounting standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee effective for the periods covered by these financial statements have been applied.

The Group and Parent Company financial statements have been prepared under the historical cost convention with the exception of derivative financial instruments, which are measured at fair value. A summary of the significant Group accounting policies adopted in the preparation of the financial statements is set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions, and for management to exercise its judgement in the process of applying the Group's accounting policies. The following standards and interpretations have been issued, but are not yet effective and have not been adopted early by the Group:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009);
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009);
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009);
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009);
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009);
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Costs of

Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009);

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009);
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009);
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009);
- IFRS 8 Operating Segments (effective 1 January 2009);
- IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008);
- IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009);
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008).

IAS 23 (revised 2007) Borrowing Costs requires that borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. The standard must be applied for accounting periods beginning on or after 1 January 2009. The Group's current accounting policy is to recognise borrowing costs in the income statement as incurred. As the Group's borrowings are primarily related to the acquisition or construction of property, plant and equipment, application of the standard is expected to increase the cost of the property, plant and equipment, increase the depletion charges and significantly reduce finance costs.

The other Standards and Interpretations are not expected to have any significant impact on the Group's financial statements, in their periods of initial application, except for the additional disclosures on operating segments when the relevant standard comes into effect for periods commencing on or after 1 April 2009.

As the Group has a single operating segment in the Gulf Coast of the United States, it has not applied the provisions of IAS 14, Segment Reporting.

1.2 Basis of consolidation

The consolidated financial statements incorporate the results, assets, liabilities and cash flows of the Company and each of its subsidiaries for the three months ended 30 June 2008.

Subsidiaries are entities controlled by Leed Petroleum PLC. Control is deemed to exist when Leed Petroleum PLC has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by Leed Petroleum PLC.

Intra-group balances and transactions are eliminated on consolidation.

2. Income (loss) for the year

The following items have been included in arriving at income (loss) for the periods presented:

	Group	
	Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000
Depletion costs reducing gross profit (Note 4)	2,745	4,002

	Group	
	Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000
	Depreciation & amortisation (Administrative expenses) (Note 4)	35
Employee benefits expense	1,775	6,040
Seismic data (included in administrative expenses)	8	2,331
Insurance (all included in administrative expenses)	926	2,504
IPO costs associated with pre-listing shareholders (included in administrative expenses)	-	1,786
Operating lease rentals payable	46	154
Net losses from fair valuations	3,063	1,807
Net foreign exchange losses	3	217

3. Intangible exploration and evaluation assets

Group	Evaluation properties and pursuit \$000
At 31 March 2007	208
Additions	5,144
Transfers to property, plant and equipment	(2,242)
Unsuccessful acquisition costs	(243)
Impairment	(305)
At 31 March 2008	2,562
Additions	2,722
At 30 June 2008	5,284

Delay rentals for evaluation properties for the three months ended June 2008 were \$184,000 (year ended 31 March 2008: \$307,000). Delay rental expense, unsuccessful acquisition costs and impairment are included with Administrative expenses in the income statement.

At 30 June 2008, it is expected the Group will recover \$100,000 of the \$405,000 cost it has expended on an evaluation asset, the \$305,000 difference being written off as an impairment expense.

4. Property, plant and equipment

Group	Oil and natural gas assets \$000	Leasehold Improvements \$000	Other fixed assets \$000	Total \$000
Cost				
At 31 March 2007	70,586	62	396	71,044
Additions				
– separately acquired	52,907	1	51	52,959
– adjustment to asset retirement obligation	(571)	-	-	(571)
– transfers from evaluation	2,242	-	-	2,242
At 31 March 2008	125,164	63	447	125,674
Additions				
– separately acquired	24,666	-	15	24,681

Group	Oil and natural gas assets \$000	Leasehold Improvements \$000	Other fixed assets \$000	Total \$000
At 30 June 2008	149,830	63	462	150,355
Accumulated depreciation				
At 31 March 2007	4,745	16	121	4,882
Charge for the year	4,002	13	115	4,130
At 31 March 2008	8,747	29	236	9,012
Charge for the year	2,745	3	32	2,780
At 30 June 2008	11,492	32	268	11,792
Net book amount				
At 31 March 2008	116,417	34	211	116,662
at 30 June 2008	138,338	31	194	138,563

The oil and natural gas assets are mortgaged as security for the Group's bank credit facility (Note 5). Included within other fixed assets at 30 June 2008 is equipment acquired under financing leases with a carrying value of \$12,000 (31 March 2008: \$13,000).

5. Borrowings

	Group		Company	
	30 June 2008 \$000	31 March 2008 \$000	30 June 2008 \$000	31 March 2008 \$000
Current				
Finance lease obligations	5	8	-	-
Non-current				
Bank loans	52,531	30,445	-	-
	52,531	30,445	-	-

Bank loans are denominated in US Dollars and bear interest based on LIBOR. They are secured by a mortgage interest in oil and gas properties and a security interest in the proceeds from the sale of hydrocarbons as they are produced.

The weighted average effective interest rates on the Group's borrowings were as follows:

	Group		Company	
	30 June 2008 %	31 March 2008 %	30 June 2008 %	31 March 2008 %
Bank borrowings – floating rates	5.5	7.4	-	-
Finance leases – fixed rates	9.3	9.3	-	-

Considering a movement of 161 basis points to the ending balances to the bank at 30 June 2008 would increase or decrease post-tax net income by \$546,000 for the year.

Considering a movement of 161 basis points to the ending balances to the bank at 31 March 2008 would increase or decrease post-tax net income by \$319,000 for the year.

The maturity profile of the Group's non-current bank loans was as follows:

	Group		Company	
	30 June 2008 \$000	31 March 2008 \$000	30 June 2008 \$000	31 March 2008 \$000
Between one and two years	-	-	-	-
Between two and five years	36,531	6,445	-	-
More than five years	16,000	24,000	-	-
	52,531	30,445	-	-

As the Group's bank borrowings bear interest at floating rates, which represent prevailing market rates, the Directors consider the carrying amount of these borrowings approximates their fair value.

At 31 July 2007 the Group amended its credit facilities to, inter alia, cancel the mezzanine facility and provide for a short-term bridge loan of \$20 million for repayment of the mezzanine loans. The 31 July 2007 amended credit facility is an \$80 million facility that expires in \$8 million increments semi-annually commencing December 2009 through December 2013. As a part of the credit facility, the bank uses a financial model to determine the borrowing base amount. Principal inputs in the model are expected cash flows from the production of the Group's proved reserves. Following the Company's public listing in 2007, the Group repaid all of its outstanding loans to this credit facility. Following repayment of its loans, the Group wrote off \$1.3 million of its \$1.5 million unamortised arrangement fees. The Group incurred a \$400,000 arrangement fee relative to the 31 July 2007 amendment. At 30 June 2008, there are \$469,000 of unamortised arrangement fees netted to drawn amounts and being amortised with interest expense over the expected life of the loans (31 March 2008: \$555,000). Of the \$80 million, at 30 June 2008 the amount that could be borrowed was \$57.3 million based on the bank's model; at 30 June 2008 the Group had borrowings of \$53 million on this credit facility (31 March 2008: \$31 million).

The Group's committed floating rate borrowing facilities:

	Group		Company	
	30 June 2008 \$000	31 March 2008 \$000	30 June 2008 \$000	31 March 2008 \$000
Expiring within one year	-	-	-	-
Expiring between one and two years	16,000	8,000	-	-
Expiring between two and five years	48,000	48,000	-	-
After five years	16,000	24,000	-	-
	80,000	80,000	-	-

The minimum lease payments under finance leases fall due as follows:

	Group		Company	
	30 June 2008 \$000	31 March 2008 \$000	30 June 2008 \$000	31 March 2008 \$000
Group and Company				
Within one year	5	8	-	-
Future finance charges on finance leases	-	-	-	-
Present value of finance lease liabilities	5	8	-	-

6. Issued capital

	30 June 2008 \$000	31 March 2008 \$000
Authorised		
301,000,000 ordinary shares of 5p each (1,500,000,000 ordinary A shares of 1p each 2007)	29,550	29,550
Issued and fully paid		
Ordinary 251,020,767 shares (Ordinary A 604,024,909 shares 2007)	24,750	24,750

A recap of movement in issued shares follows:

	Ordinary / Ordinary A shares in is- sue	Ordinary B Shares in issue
At 31 March 2007 (1p)	604,024,909	4,195
Additional shares issued (1p)	61,576,307	805
Conversion of B shares (1p) to A shares (1p)	5,000	(5,000)
Subtotal of 1 p shares prior to conversion to 5p	665,606,216	-
3 August 2007 conversion of Ordinary A 1p into Ordinary shares 5p	133,121,243	-
Additional shares issued (5p)	117,899,524	-
At 31 March 2008 Ordinary shares (5p)	251,020,767	-
Additional shares issued (5p)	-	-
At 30 June 2008 Ordinary shares (5p)	251,020,767	-

In August 2008, 25 million new shares have been issued, as discussed at Note 8.

Options

There were no options granted during the three months ended 30 June 2008.

As a part of the credit facility with Bayerische Hypo- Und Vereinsbank AG ("HVB"), HVB received a call option agreement to purchase 5,997,150 ordinary shares for \$2.32 million. In August 2007 HVB exercised a part of their option and acquired 2,998,575 ordinary shares. At 30 June 2008 HVB still has the option to another 2,998,575 shares.

As a part of its agreement with its nominated adviser Matrix Corporate Capital LLP ("Matrix") for services rendered relative to the August 2007 public listing, Matrix received an option to acquire 1,147,288 ordinary shares at 47p. An independent appraiser valued the option at \$387,000, with assumptions that the Directors consider as reasonable. This share-based payment is included in the \$6,105,000 of share issue cost at the statement of changes in equity and is a share-based credit to retained earnings at the Group and a credit to the other reserve at the Company.

A recap of movement in options to the ordinary shares of 5p follows:

	Weighted average exer- cise price for the three months ended 30 June 2008	Number of options for the three months ended 30 June 2008	Weighted average exer- cise price for the year ended 31 March 2008	Number of options for the year ended 31 March 2008
Outstanding at beginning of the period	27.0 pence	4,145,863	19.4 pence	5,997,150
Exercised during the period	-	-	19.4 pence	(2,998,575)
Granted during the period	-	-	47.0 pence	1,147,288
Outstanding at end of the period	27.0 pence	4,145,863	27.0 pence	4,145,863
Exercisable at the end of the period	27.0 pence	4,145,863	27.0 pence	4,145,863

The exercised options as shown above were exercised before the Company was publicly traded and, hence, the weighted average price of the stock at the date of the exercise is not available.

The options outstanding at 30 June 2008 have an exercise price in the range of 19.4p to 47.0p and a weighted average contractual life of 222 days.

7. Cash flows from operating activities

a. Cash generated from operations

	Group		Company	
	Three months ended 30 June 2008	Year ended 31 March 2008	Three months ended 30 June 2008	Year ended 31 March 2008
	\$000	\$000	\$000	\$000
Continuing operations				
Profit (loss) before taxation	3,226	(19,957)	(513)	(2,728)
Adjustments for:				
Depreciation and amortisation	2,780	4,130	-	-
Finance income	(22)	(256)	(23)	(837)
Finance expense	804	4,818	2	-
Shared-based payment	455	1,191	238	622
Fair value changes in derivative contracts	3,088	1,791	-	-
Changes in working capital				
Decrease/(increase) in trade and other receivables	(3,473)	(2,371)	52	(222)
(Decrease)/increase in payables	1,834	1,495	55	330
Cash generated from continuing operations	8,692	(9,159)	(189)	(2,835)
Corporate taxation paid	-	(39)	-	(39)
Net cash from continuing operations	8,692	(9,198)	(189)	(2,874)

b. Cash and cash equivalents for the cash flow statement

	Group		Company	
	30 June 2008	31 March 2008	30 June 2008	31 March 2008
	\$000	\$000	\$000	\$000
Cash and cash equivalents	10,317	3,632	856	1,025

8. Post balance sheet events

On 18 July 2008 Byron Energy Pty Ltd. ("Byron") acquired a 25% interest in one of the Group's fields, the Eugene Island field, for \$16.3 million.

In August 2008, the Company had a second capital fund raising resulting in issuance of 25 million ordinary shares of 5p at 60p per share; in early August, the Company collected \$28.1 million (£14.5 million) net of expenses.

9. Income (loss) per ordinary share

	Three months ended 30 June 2008	Year ended 31 March 2008
Income (loss) attributable to ordinary shareholders	\$2,026,000	(\$14,726,000)
Weighted average number of shares at end of period	251,020,767	199,959,376
Effect of share options in issue	4,145,863	-
Weighted average number of shares at end of period for diluted income (loss) per share	255,166,630	199,959,376

Financial Statements for the year ended 31 March 2008

Consolidated Income Statement for the year ended 31 March 2008

	Note	2008 \$000	2007 \$000
Continuing operations			
Revenue		12,788	7,631
Cost of sales			
Production costs		(4,339)	(2,201)
Unsuccessful exploration costs		(3,378)	-
Depletion costs	4	(4,002)	(3,736)
Gross profit		1,069	1,694
Administrative expenses		(15,186)	(5,130)
Operating (loss)	2	(14,117)	(3,436)
Other gains and losses		(1,278)	982
Finance income		256	538
Finance costs		(4,818)	(5,358)
Loss before taxation		(19,957)	(7,274)
Taxation		5,231	2,416
Loss for the year from continuing operations and attributable to equity shareholders		(14,726)	(4,858)
Loss per share (cents)			
Basic	9	(7.4)	(4.0)
Diluted	9	(7.4)	(4.0)

Balance Sheets as at 31 March 2008

	Note	Group		Company	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Assets					
Non-current assets					
Investment in subsidiary		-	-	119,624	11,030
Goodwill		29,005	29,005	-	-
Intangible exploration and evaluation assets	3	2,562	208	-	-
Deferred tax		223	-	223	-
Notes receivable		-	-	1,000	-
Derivative financial instruments		-	65	-	-
Property, plant and equipment	4	116,662	66,162	-	-
		148,452	95,440	120,847	11,030
Current assets					
Trade and other receivables		5,269	2,898	223	18,000
Cash and cash equivalents	7	3,632	6,123	1,025	-
Derivative financial instruments		-	97	-	-
		8,901	9,118	1,248	18,000
Liabilities					
Current liabilities					
Trade and other payables		8,074	3,230	348	18
Finance lease obligations	5	8	8	-	-
Derivative financial instruments		1,325	155	-	-
		9,407	3,393	348	18
Net current assets (liabilities)		(506)	5,725	900	17,982
Non-current liabilities					
Borrowings	5	30,445	62,835	-	-
Derivative financial instruments		1,416	957	-	-
Decommissioning obligation		6,563	3,225	-	-
Deferred tax		5,386	10,433	-	-
		43,810	77,450	-	-
Net assets		104,136	23,715	121,747	29,012
Shareholders' equity					
Ordinary share capital (2007: Ordinary Class A share capital)	6	24,750	11,778	24,750	11,778
Ordinary Class B share capital	6	-	-	-	-
Share premium		97,237	16,400	97,237	16,400
Translation reserve		-	(29)	24	-
Other reserve		-	-	2,276	830
Retained earnings		17,851	(4,434)	(2,540)	4
Total equity attributable to equity holders of the parent		104,136	23,715	121,747	29,012

Cash Flow Statements for the year ended 31 March 2008

	Note	Group		Company	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Net cash from operating activities	7a	(9,198)	3,781	(2,874)	(162)
Cash flows from investing activities					
Capital contribution to subsidiary		-	-	(107,596)	-
Loans made		-	-	-	(18,000)
Loans collected		-	-	17,000	-
Purchase of intangible assets		(2,562)	(1,990)	-	-
Purchase of property, plant and equipment		(47,008)	(16,169)	-	-
Interest received		256	105	861	184
Net cash used in investing activities		(49,314)	(18,054)	(89,735)	(17,816)
Cash flows from financing activities					
Net proceeds from issue of ordinary shares		93,634	17,978	93,634	17,978
Interest paid		(3,848)	(4,455)	-	-
Capital element of finance lease repayments		(8)	(6)	-	-
Borrowings raised		45,600	23,407	-	-
Borrowings repaid		(79,357)	(16,717)	-	-
Net cash used in financing activities		56,021	20,207	93,634	17,978
Net (decrease) increase in cash and cash equivalents		(2,491)	5,934	1,025	-
Cash and cash equivalents at 1 April		6,123	189	-	-
Cash and cash equivalents at 31 March	7b	3,632	6,123	1,025	-

1. Significant accounting policies

The financial information set out in this section has been extracted from the Company's audited financial statements for the year ended 31 March 2008 which are contained in the Company's Annual Report and Accounts 2008.

A copy of the Company's Annual Report and Accounts for 2008 will be posted to shareholders today and may be downloaded from the Company's website at www.leadpetroleum.com.

The financial information in this preliminary announcement does not constitute the Company's statutory accounts for the periods ended 31 June 2008, 31 March 2008 or 31 March 2007, but is derived from these accounts.

Statutory accounts for the year ended 31 March 2007 have been delivered to the Registrar of Companies and those for the year ended 31 March 2008 and the period ended 30 June 2008 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

1.1 Basis of preparation

The Group and Parent Company financial statements have been prepared in accordance with EU adopted International Financial Reporting Standards (IFRS), and International Financial Reporting Interpretations Committee (IFRIC) interpretations. All accounting standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee effective for the periods covered by the financial statements have been applied.

The Group and Parent Company financial statements have been prepared under the historical cost convention with the exception of derivative financial instruments, which are measured at fair value. A summary of the significant Group accounting policies adopted in the preparation of the financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions, and for management to exercise its judgement in the process of applying the Group's accounting policies.

The following standards and interpretations have been issued, but are not yet effective and have not been adopted early by the Group:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009);
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009);
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009);
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009);
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009);
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Costs of

Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009);

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009);
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009);
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009);
- IFRS 8 Operating Segments (effective 1 January 2009);
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008);
- IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008);
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008);
- IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009);
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008).

IAS 23 (revised 2007) Borrowing Costs requires that borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. The standard must be applied for accounting periods beginning on or after 1 January 2009. The Group's current accounting policy is to recognise borrowing costs in the income statement as incurred. As the Group's borrowings are primarily related to the acquisition or construction of property, plant and equipment, application of the standard is expected to increase the cost of the property, plant and equipment, increase depletion charges and significantly reduce finance costs.

The other Standards and Interpretations are not expected to have any significant impact on the Group's financial statements, in their periods of initial application, except for the additional disclosures on operating segments when the relevant standard comes into effect for periods commencing on or after 1 April 2009.

As the Group has a single operating segment in the Gulf Coast of the United States, it has not applied the provisions of IAS 14, Segment Reporting.

1.2 Basis of consolidation

The consolidated financial statements incorporate the results, assets, liabilities and cash flows of the Company and each of its subsidiaries for the financial year ended 31 March 2008.

Subsidiaries are entities controlled by Leed Petroleum PLC. Control is deemed to exist when Leed Petroleum PLC has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by Leed Petroleum PLC.

Intra-group balances and transactions are eliminated on consolidation.

2. Loss for the year

The following items have been included in arriving at loss for the year:

	Group	
	2008	2007
	\$000	\$000
Depletion costs reducing gross profit (Note 4)	4,002	3,736
Depreciation & amortisation (Administrative expenses) (Note 4)	128	101
Employee benefits expense	6,040	2,371
Seismic data (included in administrative expenses)	2,331	63
Insurance (all included in administrative expenses)	2,504	790
IPO costs associated with pre-listing shareholders (included in administrative expenses)	1,786	-
Operating lease rentals payable	154	150
Net losses from fair valuations	1,807	1,126
Net foreign exchange losses (gains)	217	(433)

3. Intangible exploration and evaluation assets

Group	Evaluation properties and pursuit \$000
Cost	
At 31 March 2006	397
Additions	1,990
Transfers to property, plant and equipment	(2,179)
At 31 March 2007	208
Additions	5,144
Transfers to property, plant and equipment	(2,242)
Unsuccessful acquisition costs	(243)
Impairment	(305)
At 31 March 2008	2,562

Delay rentals for evaluation properties were \$307,000 for the current year (2007: nil). Delay rental expense, unsuccessful acquisition costs and impairment are included with Administrative expenses in the income statement.

At 31 March 2008, it is expected the Group will recover \$100,000 of the \$405,000 cost it has expended on an evaluation asset, the \$305,000 difference being written off as an impairment expense.

4. Property, plant and equipment

Group	Oil and natural gas assets \$000	Leasehold improvements \$000	Other fixed assets \$000	Total \$000
Cost				
At 31 March 2006	53,946	62	360	54,368
Additions				
– separately acquired	14,461	-	36	14,497
– transfers from evaluation	2,179	-	-	2,179
At 31 March 2007	70,586	62	396	71,044
Additions				
– separately acquired	52,907	1	51	52,959
– adjustments to asset retirement obligation	(571)	-	-	(571)
– transfers from evaluation	2,242	-	-	2,242
At 31 March 2008	125,164	63	447	125,674
Accumulated depreciation				
At 31 March 2006	1,009	4	32	1,045
Charge for the year	3,736	12	89	3,837
At 31 March 2007	4,745	16	121	4,882
Charge for the year	4,002	13	115	4,130
At 31 March 2008	8,747	29	236	9,012

Net book amount at 31 March 2007	65,841	46	275	66,162
at 31 March 2008	116,417	34	211	166,662

The oil and natural gas assets are mortgaged as security for the Group's bank credit facility (Note 4). Included within other fixed assets at 31 March 2008 is equipment acquired under financing leases with a carrying value of \$13,000 (2007: \$16,000).

5. Borrowings

	Group		Company	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Current				
Finance lease obligations	8	8	-	-
Non-current				
Bank loans	30,445	56,541	-	-
Loans from former Ultimate Parent	-	6,286	-	-
Finance lease obligations	-	8	-	-
	30,445	62,835	-	-

Bank loans are denominated in US Dollars and bear interest based on LIBOR. They are secured by a mortgage interest in oil and gas properties and a security interest in the proceeds from the sale of hydrocarbons as they are produced.

The weighted average effective interest rates on the Group's borrowings were as follows:

	Group		Company	
	2008	2007	2008	2007
	%	%	%	%
Bank borrowings – floating rates	7.4	7.6	-	-
Loans from former Ultimate Parent – fixed rates	-	2.5	-	-
Finance leases – fixed rates	9.3	9.3	-	-

Considering a movement of 161 basis points to the ending balances to the bank at 31 March 2008 would increase or decrease post-tax net income by \$319,000 for the year.

Considering a movement of 25 basis points to the ending balances to the bank at 31 March 2007 would increase or decrease post-tax net income by \$93,000 for the year.

The maturity profile of the Group's non-current bank-loans was as follows:

	Group		Company	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Between one and two years	-	4	-	-
Between two and five years	6,445	22,104	-	-
More than five years	24,000	40,727	-	-
	30,445	62,835	-	-

The fair value of the Company's lease obligations and loans from shareholders approximates their carrying amounts.

As the Group's bank borrowings bear interest at floating rates, which represent prevailing market rates, the Directors consider the carrying amount of these borrowings approximates their fair value.

The Directors estimated the fair value of the Company's loan from its former ultimate parent at 31 March 2007 was approximately \$4,600,000. This fair value was determined by discounting the future cash flows at the market rate. The loan was repaid following the Company's public listing in August, 2007.

At 31 July 2007 the Group amended its credit facilities to, inter alia, cancel the mezzanine facility and provide for a short-term bridge loan of \$20 million for repayment of the mezzanine loans. As above, following the Company's public listing in 2007, the Group repaid all of its outstanding loans to this credit facility. The 31 July 2007 amended credit facility is an \$80 million facility that expires in \$8 million increments semi-annually commencing December 2009 through December 2013. As a part of the credit facility, the bank uses a financial model to determine the borrowing base amount. Principal inputs in the model are expected cash flows from the production of the Group's proved reserves. Of the \$80 million, at 31 March 2008 the amount that could be borrowed was \$53.4 million; at 31 March 2008 the Group's borrowings were \$31 million.

Following repayment of its loans, the Group wrote off \$1.3 million of its \$1.5 million unamortised arrangement fees. The Group incurred a \$400,000 arrangement fee relative to the 31 July 2007 amendment. At 31 March 2008, there are \$555,000 of unamortised arrangement fees netted to drawn amounts and being amortised over the expected life of the loans.

The Group's committed floating rate borrowing facilities:

	Group		Company	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Expiring within one year	-	-	-	-
Expiring between one and two years	8,000	8,000	-	-
Expiring between two and five years	48,000	64,000	-	-
After five years	24,000	28,000	-	-
	80,000	100,000	-	-

The minimum lease payments under finance leases fall due as follows:

	Group		Company	
	2008	2007	2008	2007
Group and Company	\$000	\$000	\$000	\$000
Within one year	8	8	-	-
In years two to five	-	9	-	-
After five years	-	-	-	-
Future finance charges on finance leases	-	(1)	-	-
Present value of finance lease liabilities	8	16	-	-

6. Issued capital

	2008	2007
	\$000	\$000
Authorised		
301,000,000 ordinary shares of 5p each (2007: 1,500,000,000 ordinary A shares of 1p each)	29,550	29,550
5,000 ordinary B shares of 1p each	-	-
Issued and fully paid		
Ordinary 251,020,767 shares (2007: Ordinary A 604,024,909 shares)	24,750	11,778
Ordinary B: (2008: none; 2007: 4,195 shares)	-	-

Allotments during the year

On 31 July 2007, 16,576,307 Ordinary A shares of 1 pence each ("Ordinary A shares") were issued to Coniston International Capital Limited pursuant to the exercise of options and 45,000,000 Ordinary A shares were issued to Global Structured Finance, Inc. pursuant to the exercise of warrants.

On 3 August 2007, as part of the management incentive arrangements entered into by the Company prior to its admission to AIM (the "Management Incentive Arrangements") a total of 805 Ordinary B shares of 1 pence each ("Ordinary B shares") were issued to employees of the Company bringing the total Ordinary B shares in issue and outstanding pursuant to the Management Incentive Arrangements to 5,000. The rights attached to these Ordinary B shares provided that in the event that the stock of any company in the Group became publicly traded the Ordinary B shares were convertible into approximately 7–10% of the outstanding Ordinary A shares. On 3 August 2007, a resolution of the Board of Directors was passed to convert the 5,000 Ordinary B shares to 54,056,810 Ordinary A shares. The Company has been advised that the conversion of the 5,000 Ordinary B shares into Ordinary A shares with a greater total nominal value pursuant to these rights was ineffective. Accordingly, the 5,000 Ordinary B shares actually converted into 5,000 Ordinary A shares.

Subsequently on 3 August 2007, pursuant to ordinary and special resolutions of the shareholders, the Company altered its share capital by the consolidation of the issued, and

authorised but unissued, Ordinary A shares into ordinary shares of 5 pence each (“ordinary shares”).

On 6 August 2007, Bayerische Hypo- Und Vereinsbank AG exercised a portion of its call option agreement with the Company and was issued 2,998,575 ordinary shares.

On 15 August 2007, the Company was admitted to the AIM market of the London Stock Exchange (the “Admission”) and an additional 104,090,588 ordinary shares were issued as part of the placing connected with Admission.

At the Company’s first Annual General Meeting on 4 December 2007, the shareholders approved a resolution allocating a portion of the share premium account to cover the 5 pence nominal value of 10,810,362 ordinary shares and further approved the distribution of these shares to the former holders of the 5,000 Ordinary B shares, as discussed above. The 10,810,362 shares were subsequently distributed bringing the total number of outstanding shares of the Company up to the 251,020,767 ordinary shares disclosed in the Admission Document relating to Admission.

A recap of movement in issued shares follows:

	Ordinary / Ordinary A shares in is- sue	Ordinary B Shares in issue
At 1 April 2006 (1p)	523,076,924	-
Additional shares issued (1p)	-	-
At 30 September 2006 (1p)	523,076,924	-
Additional shares issued (1p)	80,947,985	4,195
At 31 March 2007 (1p)	604,024,909	4,195
Additional shares issued (1p)	61,576,307	805
Conversion of B shares (1p) to A shares (1p)	5,000	(5,000)
Subtotal of 1 p shares prior to conversion to 5p	665,606,216	-
3 Aug 2007 conversion of Ordinary A 1p into Ordinary shares 5p	133,121,243	-
Additional shares issued (5p)	117,899,524	-
At 31 March 2008 Ordinary shares (5p)	251,020,767	-

Since the end of the financial year 25 million new shares have been issued, as discussed at Note 8.

Options

As a part of the credit facility with Bayerische Hypo- Und Vereinsbank AG (“HVB”), HVB received a call option agreement to purchase 5,997,150 ordinary shares for \$2.32 million. Expense for the current year related to this equity instrument is \$292,000 (2007: \$558,000). As noted above, in August 2007 HVB exercised a part of their option and acquired 2,998,575 ordinary shares. At 31 March 2008 HVB still has the option to another 2,998,575 shares.

As a part of its agreement with its nominated adviser Matrix Corporate Capital LLP (“Matrix”) for services rendered relative to the August 2007 public listing, Matrix received an option to acquire 1,147,288 ordinary shares at 47p. An independent appraiser valued the option at \$387,000, with assumptions that the Directors consider as reasonable. This share-based payment is included in the \$6,105,000 of share issue cost at the statement of changes in equity and is a share-based credit to retained earnings at the Group and a credit to the other reserve at the Company.

A recap of the movement in options to ordinary shares of 5p follows:

	Weighted Average Exercise price 2008	Number of Options 2008	Weighted Average Exercise price 2007	Number of Options 2007
Outstanding at the beginning of the year	19.4 pence	5,997,150	19.4 pence	5,997,150
Exercised during the year	19.4 pence	(2,998,575)	-	-
Granted during the year	47.0 pence	1,147,288	-	-
Outstanding at the end of the year	27.0 pence	4,145,863	19.4 pence	5,997,150
Exercisable at the end of the year	27.0 pence	4,145,863	-	-

The exercised options as shown above were exercised before the Company was publicly traded and, hence, the weighted average price of the stock at the date of the exercise is not available.

The options outstanding at 31 March 2008 have an exercise price in the range of 19.4p to 47.0p and a weighted average contractual life of 313 days.

7. Cash flows from operating activities

a. Cash generated from operations

	Group		Company	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Continuing operations				
Profit (loss) before taxation	(19,957)	(7,274)	(2,728)	4
Adjustments for:				
Depreciation and amortisation	4,130	3,837	-	-
Loss on disposal of property, plant and equipment	-	-	-	-
Finance income	(256)	(538)	(837)	(184)
Finance expense	4,818	5,358	-	-
Shared-based payment	1,191	-	622	-
Fair value changes on derivative contracts	1,791	1,076	-	-
Changes in working capital				
Decrease/(increase) in trade and other receivables	(2,371)	940	(222)	-
Increase in payables	1,495	382	330	18
Cash generated from continuing operations	(9,159)	3,781	(2,835)	(162)
Corporate taxation paid	(39)	-	(39)	-
Net cash from continuing operations	(9,198)	3,781	(2,874)	(162)

b. Cash and cash equivalents for the cash flow statement

	Group		Company	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Cash and cash equivalents	3,632	6,123	1,025	-

8. Post balance sheet events

At the MMS Lease Sale 206 held on 19 March 2008, the Group was confirmed as the high bidder on West Cameron block 106 and South Marsh Island block 8 with bids of

\$1.3 million and \$2.1 million, respectively. In June, the Group was awarded both mineral leases; Byron has a right to acquire up to 25% of the Group's interest in the leases.

On 18 July 2008 Byron acquired 25% interest in one of the Group's fields, the Eugene Island field, for \$16.3 million.

In June 2008, the Group amended its operating lease relative to its administrative offices. The additional commitment will total of \$172,000 from June 2008 through September 2010.

In August 2008, the Company had a second capital fund raising resulting in issuance of 25 million ordinary shares of 5p at 60p per share; in early August 2008, the Company collected \$28.1 million (£14.5 million) net of expenses.

9. Loss per ordinary share

	2008	2007
Loss attributable to ordinary shareholders	(\$13,601,000)	(\$4,858,000)
Weighted average number of shares at end of year	199,959,376	106,655,718
Effect of share options in issue	-	-
Weighted average number of shares at end of year for diluted loss per share	199,959,376	106,655,718

Considering the options in issue would reduce the loss per share for each of the presented periods; as this is not dilutive, the options in issue are not considered in the calculation of the loss per ordinary share.

Review by a qualified person

The information contained in this announcement has been reviewed and approved by Chris Thompson, Manager of Business Development at the Company, BSC GradDip, who is a reservoir engineer (SPE) with over 15 years experience within the sector.

Glossary

The following technical terms apply throughout this document, unless the context requires otherwise:

“1P”	Proved reserves
“2P”	the combined total of Proved and Probable reserves.
“bbl”	barrel(s).
“BCF”	billion cubic feet of gas.
“BCFE”	billion cubic feet equivalent, determined using the ratio of six mcf of natural gas to one bbl of crude oil, condensate or natural gas liquids.
“BOE”	barrels oil equivalent, determined using the ratio of one bbl of crude oil, condensate or natural gas liquids to six mcf of natural gas.
“BOEPD”	barrels oil equivalent produced per day.
“BOPD”	barrels of oil produced per day.
“held by production”	when an acquirer holds the lease indefinitely, as long as production is maintained in paying quantities. The leaseholder will have a set period in which to start producing (called the “primary term,” which is generally five years for OCS leases in the shallow shelf water and one or more years for onshore leases), however, the lease generally expires after the primary term once production, and operations to obtain or restore production, have ceased for 180 days for OCS leases and a shorter period, generally 90 days, for onshore leases. In the event of a lapsing lease, the leaseholder will generally be required to decommission existing equipment and return the leased area to a state agreed with the lessor.
“Hydrocarbons”	crude oil, natural gas and liquid natural gas in the form first produced from below the surface of the earth.
“mcf”	thousand cubic feet.
“MMBO”	million barrels of oil.
“MMBOE”	million barrels oil equivalent, determined using the ratio of one bbl of crude oil, condensate or natural gas liquids to six mcf of natural gas.
“MMBTU”	million British thermal units.

“MMCFD”	million cubic feet of gas produced per day.
“MMS”	the Minerals Management Service is a bureau in the US Department of the Interior and the Federal agency that manages the USA’s natural gas, oil and other mineral resources on the outer continental shelf and conducts federal lease sales.
“OCS”	outer continental shelf.
“operator”	the entity with the right and obligation to operate the lease or leases; when there is only one working interest owner, these rights and obligations arise by virtue of being the sole working interest owner; when there are multiple working interest owners, these rights and obligations arise under a contract called an operating agreement executed by the working interest owners of the lease or leases.
“platform”	a structure attached to the seabed and rising above sea level onto which facilities and equipment necessary to produce hydrocarbons in an offshore environment are located.
“Proved (or Proven) reserves”	estimated volumes of crude oil, condensate, natural gas and natural gas liquids which, based upon geologic and engineering data are reasonably certain to be commercially recovered from known reservoirs under existing economic, and political/regulatory conditions and using conventional or existing equipment and operating methods.
“Probable reserves”	are those reserves which geologic and engineering data demonstrate with a degree of certainty sufficient to indicate they are more likely to be recovered than not.
“shut-in”	a well that is closed down temporarily for repair, building up of reservoir pressure, lack of market, lack of an available pipeline outlet, or for some other reason.
“sidetrack”	to abandon a lower portion of a wellbore hole and divert the drill path in a new direction using the upper portion of the bore hole; this may be done to save drilling costs (the costs of drilling the upper portion of the bore hole) when targeting a new bottom hole location or to bypass mechanical impairments or equipment obstacles in the original bore hole.

“ST”

abbreviation of sidetrack relating to a well number.

“working interest” or “WI”

the lease interest which gives the owner the right to drill, produce and conduct operations (subject to contractual rights with other joint working interest owners pursuant to operating agreements) on a property and share in production.