



Leed Petroleum PLC

("Leed" or the "Company")

Final Results

for the year ended 30 June 2009

Leed Petroleum PLC (AIM:LDP) the oil and gas exploration and production company focused on the Gulf of Mexico, is pleased to announce its Final Results for the year ended 30 June 2009.

Highlights

Operational

- Drilling programme completed on Eugene Island.
 - Successful A-7 and A-8 wells drilled in year to June 2009.
- Material increase in net production to 2,022 boepd compared to previous period.
 - 51% oil and balance natural gas and liquids.
- Increase in proven and probable reserves to 21.6 mmboe.
- Two new blocks awarded following MMS Lease Sale in March 2009.

Financial

- Revenue from continuing operations \$33.8 million (Year ended March 2008 \$12.8 million).
- Net loss for period \$3.5 million (Year ended March 2008 \$14.7 million).

Post Balance Sheet Events

- November 2009 £20 million fundraising completed.
 - 400 million ordinary shares (5p) issued to restart exploration and development programme in Gulf of Mexico region.
- November 2009 amended bank credit facility.

Commenting on the progress during the year, Howard Wilson, Chief Executive Officer of Leed said:

"Leed has materially increased its reserves and production during the year, albeit against a backdrop of softening market conditions and commodity prices. With the new capital in the business the Company can recommence its activities giving a renewed momentum to our growth plans, which will include the conversion of more resources to reserves, increased production from a more diversified asset base and stronger cash flows."

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The information set out herewith has been extracted from the Annual Report and Accounts 2009, which is being posted to shareholders today and is available to download from the Company's website at www.leadpetroleum.com.

Chairman's statement

Leed Petroleum is pleased to report another year of progress. Leed's strategy of developing resources and reserves in the shallow offshore waters of the Gulf of Mexico has taken a step forward during the year. The initial drilling programme at the Eugene Island field, which commenced in 2007 and concluded in December 2008, has seen Leed's production profile increase steadily via three new wells. As a result, Leed's proven reserves increased from 8.8 mmbob at 1 April 2008 to 11.3 mmbob at 1 June 2009.

The Board believes that through the expertise of the senior management, who have many years experience of operating in the region, we can replicate this success throughout the portfolio.

The global economic downturn has not left Leed unaffected. The seven year lows seen in the Henry Hub Gas Price has impacted the revenues and income of the business. Gas demand and pricing is now starting to respond to the US economic recovery; the oil price has also risen significantly from its lows earlier this year. Leed has responded rapidly to the poor price environment firstly by suspending its drilling programme having finished the initial stage of drilling at Eugene Island and secondly by focusing on high priority work programmes that incur minimal capital outlays. This has ensured we have maximised production from our existing assets whilst ensuring we are in a position to benefit from the inevitable recovery.

Leed incurred a loss of \$3.5 million for the year ended 30 June 2009 on revenues of \$33.8 million: this resulted principally from the low oil and gas prices experienced in the period. This loss compares to an income of \$2.0 million for the three months ended 30 June 2008 (Leed changed its accounting reference date in 2008). The poor industry background has required the Company to defer its growth plans, resulting, inter alia, in the relinquishment of leases at South Marsh Island 5 and 6 and the suspension of drilling activity, as Leed sorts to manage its cash flows conservatively. However, Leed now plans to resume its drilling activity to take advantage of significantly reduced drilling and development costs.

The picture is brighter on reserve performance. Despite the reduction in drilling activity and as a result of Leed's drilling efforts at Eugene Island, 1P reserves increased by 29% at the year ended 30 June 2009 over those reported in last year's report as at 1 April 2008; 2P reserves increased by 5%; and 3P reserves by 2%. In a year where the Company produced continuously but curtailed drilling activity, these numbers demonstrate the success of the Eugene Island drilling programme. We hope to be able to show further growth, demonstrating what Leed's prospect portfolio and staff can deliver.

To expedite the development of Leed, Leed undertook an equity issue. That effort, which completed on 24 November 2009, resulted in Leed issuing 400 million ordinary shares (5p) at 5p per share to raise net proceeds of £19.14 million. A portion of the proceeds will be used to reduce bank debt by \$6 million from its present amount of \$41 million. The remaining proceeds, together with cash generated from operations, will be used to drill and complete a development well at Ship Shoal 201, refurbish the platform facility expected to be acquired at Ship Shoal 202, hook-up an existing well and sidetrack a second well at the Sorrento field, recomplete the Eugene Island 184 A-8 well, drill and complete a development well at Grand Isle 95, drill and complete two development wells at South Marsh Island 8 and complete pre-drill preparations for the West Cameron 106 field.

During the year, Leed has also made key additions to our management team. In March 2009 we were pleased to announce the appointment of our Chief Financial Officer, Timothy Woods, who joined Leed from Taylor Energy Company LLC following the sale of its Gulf of Mexico business in 2008. Tim's financial experience will be critical to the next growth phase of the Company, and the Board is pleased to have Tim in this key position. We also welcome to our technical staff Irion Bordelon, Jr. as the Company's Exploration Manager. Irion has worked in the Gulf of Mexico and Nigeria for a number of companies including Mobil Oil Company and Flores and Rucks.

In addition to our new technical and financial staff, we welcomed Stephen Fleming to the Board as a Non-executive Director, following his election at Leed's Annual General Meeting in October 2008. Stephen replaces Seiki Takahashi as the Board representative of IB Daiwa Corporation and its creditor, ADM Capital.

Our business strategy remains unchanged since Leed listed in 2007. The year has been a very demanding one, caused principally by the poorer pricing for oil and gas. The achievements made to date position our business to move forward with the further exploitation of our prospect inventory. We anticipate the resumption of drilling will enhance shareholder value and diversify our production base. We thank all of our shareholders and employees for their support in what has been a difficult and challenging period. Despite this, we remain confident of the prospects for Leed.

Robert Adair, Non-executive Chairman
24 November 2009

Chief Executive Officer's statement

Leed Petroleum has made significant progress towards laying the foundation for a strong exploration and production company. Our strategy for moving forward from a development stage has been to build a diversified portfolio in the Gulf of Mexico region by:

- assembling a team of highly skilled professionals who know how to explore for, exploit, and develop oil and natural gas resources;
- acquiring under-exploited assets with "bankable" reserves and acceptable abandonment liability;
- growing through new Minerals Management Service ("MMS") lease purchases in a region with known proved undeveloped reserves and significant upside reserves potential;
- exploring and developing reserves; and
- controlling the quality of projects and the timing of capital expenditures through operatorship.

The Company has been successful in this strategy, albeit with the decrease in activity seen in the second half of the year, as commodity prices softened as a result of the global economic downturn.

Leed now has a portfolio of 16 offshore properties and 1 onshore property all of which contain excellent potential to increase proved developed producing reserves and thereby our cash flows for re-investment in the portfolio.

The operational focus for the Group has been to maximise production at the Eugene Island field, with a successful drilling programme being completed in the period. For the year ended 30 June 2009 the Company's total net production averaged 2,022 boepd, (51% oil and natural gas liquids) as compared to 1,606 boepd (60% oil and natural gas liquids) for the three months ended 30 June 2008.

Alongside Leed's material increase in production is the increase in proven and probable reserves; both of these factors differentiate our investment case from many of our UK listed peers. On this basis we look to the future with the confidence that the strategy is sound, that the investment case to shareholders remains secure and that the business can achieve long term returns, as prevailing economic conditions improve.

Reserves

Our Company has an independent oil and natural gas reserves assessment prepared at least annually. In January 2009, Leed was pleased to announce that following the drilling programme on Eugene Island, the Company had increased its proven and probable (2P) reserves by 53% and proved developed reserves by 154% since June 2007, just prior to our listing on AIM. Our technical and operational groups have done a fantastic job in increasing and maintaining these reserves through a difficult year.

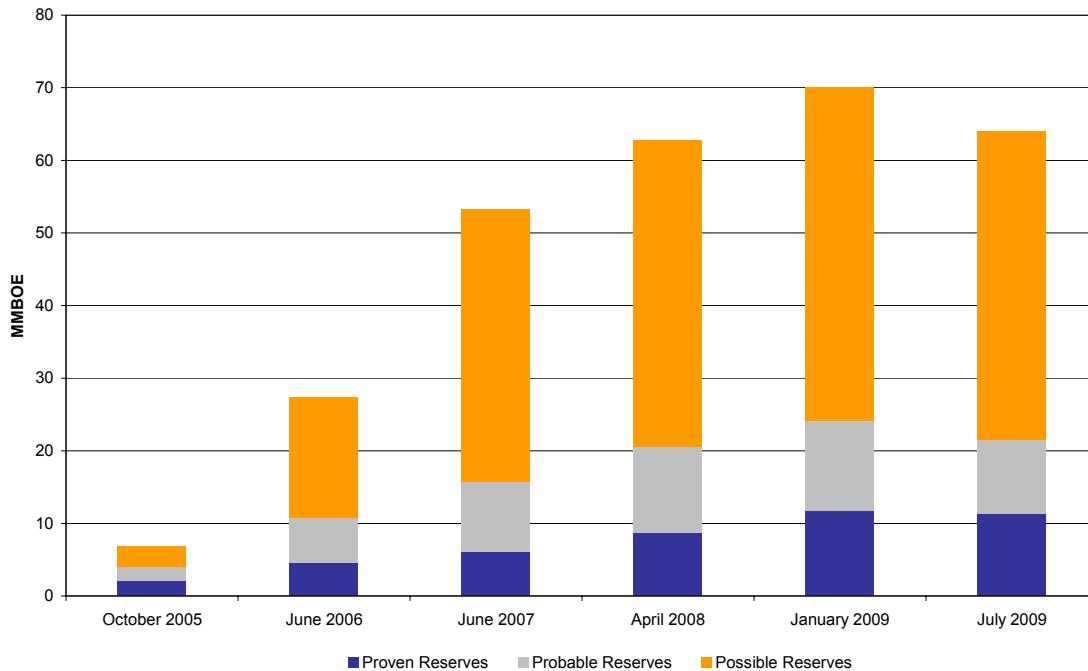
At period end, 2P reserves were adjusted to 21.6 mmmboe due to the relinquishment of the South Marsh Island block 6, production in the period, performance issues in the Main Pass and Eugene Island fields and an extended field shut in of the East Cameron field.

Decisive steps have been taken to rectify the performance issues:

- In the Leed operated Eugene Island field, the company has begun executing plans to recomplete the A-7 and A-8 wells to more prolific producing intervals and a compressor upgrade will restore production from legacy wells and enhance long term field deliverability.
- The non operated Main Pass field has been restored to full production of 800 bopd (gross) by installing a gas lift supply line to an offset operator, and operations to repair the storm damaged gas sales line in the East Cameron field are projected to be finished by year end.

With the completion of these projects and commencement of drilling, the Company expects performance to improve significantly in calendar 2010.

Leed Petroleum Reserves History



Eugene Island

Since listing on AIM in 2007, the Company's primary objective has been to execute a full drilling programme on the 183/184 blocks at Eugene Island.

At the start of the fiscal year, the Company was nearing the end of drilling the A-7 well and preparing to begin completion operations prior to commencement of commercial production. Six pay sands were found during the programme with a total of 181 feet of true vertical thickness encountered. Production from the A-7 well commenced in October 2008 at a rate of 4,012 boepd (gross). The A-7 well was the second of three planned wells at Eugene Island to increase production and the technical results were ahead of the Board's expectations in terms of accessing producible reserves.

In August 2008, the Company commenced preparations for the A-8 well on Eugene Island. The well was targeting a superior take point from the horizon which the A-6 well was producing from. The A-8 well was subsequently spudded in October 2008. The well was drilled to a total depth of 15,470 feet and encountered total net pay of 155 feet across three hydrocarbon bearing sands. In December 2008 production was established at a gross rate of 2,557 boepd.

Following the A-8 well, the Company released its drilling rig and successfully recompleted the producing A-6 well.

During the year, an option was exercised by a third party to acquire a 25% working interest in the Eugene Island field, which generated a cash inflow into the business of \$15.9 million.

The Board has been delighted with the drilling results achieved at Eugene Island as it has confirmed the region's geology and the drilling strategy of the Company, whilst simultaneously boosting cash generation for ongoing investment into the Company's long term growth plans. On this basis, the management team looks forward to future remedial and development work at Eugene Island over the coming months to maintain production levels and increase deliverability over the long term by exploiting additional reserves proved up by the initial phase of the drilling programme.

Gross production at Eugene Island averaged 3,003 boepd (1,936 boepd net adjusted for the Byron Energy Pty. Ltd. ("Byron") transaction) for the fiscal year and this compares favourably to the three

months ended 30 June 2008 in which the field averaged 1,628 (1,050 boepd net adjusted for the Byron transaction). As with normal well performance in the Gulf of Mexico, production on each of the wells decreased from the levels first observed on testing and plateaued shortly thereafter.

Portfolio Development

As part of the strategy outlined above, the Company has participated in MMS lease sales to increase our acreage position in the Gulf of Mexico.

In March 2009 the Company participated in the MMS Lease Sale 208 with a 25% working interest partner. In May 2009 the Company was awarded two additional blocks--Eugene Island block 133 (adjacent to South Marsh Island block 8) and Ship Shoal block 197 (adjacent to Ship Shoal block 201). The gross consideration for the sale was \$926,023.

Acquisition

In April 2009, following due diligence, the Company announced the acquisition of a further block at Ship Shoal 202 from Mariner Energy, Inc. Leed secured a 75% working interest in the new block for \$112,500. As part of a follow on transaction, the Company entered into agreements to acquire, with its working interest partner, the Ship Shoal 202-A platform, which is expected to be used to develop and process production from Ship Shoal 197, 201 and 202 blocks following re-certification by the US Minerals Management Service. Acquisition of the platform will reduce the initial capital required to develop the field and accelerate commencement of production.

Placing of Shares

In July 2008, following the commencement of drilling at Eugene Island, the Company was pleased to announce the completion of a secondary placing of 25,000,000 new shares with institutional investors to raise £15.0 million before expenses. These funds have been used in the drilling of the A-7 and A-8 wells, both of which remain on production.

Subsequent to the year end, management and the Board have implemented financial plans to strengthen the company's balance sheet and fund the long term growth of the company. The group has completed a further secondary offering to raise £20 million before expenses and has amended its debt facility to provide greater financial flexibility. The proceeds of this fund raising will help the Company to pay down \$6 million of the outstanding debt balance and invest further in developing its reserve base.

Outlook

Leed's second year of being listed on AIM has clearly been defined by operational success met with mechanical challenges and rapidly declining wider market conditions. The Company is aggressively addressing the challenges and is looking forward to stable production performance. Management has been working diligently to prepare a high quality line up of projects to begin the second growth phase of the Company, and the Company is poised to rapidly expand our production base in a period of historically low development and operating costs.

The US gas price has seen a sharp decline to seven year lows from which it is now recovering, while oil has increased significantly from its lows in December 2008. This recovery is testament to the ultimate demands the global economy places on oil and gas, and as Leed is located in the midst of the world's largest consumers of hydrocarbons, the Board and Management of the Company are confident that the Company is well positioned to take advantage of a more favourable market as it unfolds. The Company believes it has been astute in the timing of its additions to its portfolio and prospects inventory and is convinced that execution of the projects in inventory combined with higher realised prices will define a dramatic increase in the financial performance of the Group over the coming year.

Howard Wilson, Chief Executive Officer
24 November 2009

Financial review

The Company's period under review is the year ended 30 June 2009. As the Company's previous period was the three months ended 30 June 2008 (after it changed its accounting reference date to 30 June from 31 March), the full year ended 31 March 2008 is also presented to aid with comparison.

Income statement

The year ended 30 June 2009 saw significantly lower oil (NYMEX/WTI down 50% from 30 June 2008) and natural gas prices (NYMEX/Henry Hub down 71% from 30 June 2008). Pricing was a significant contributing factor leading to a consolidated net loss of \$3.5 million for the Company (three months ended 30 June 2008: \$2.0 million profit; year ended 31 March 2008: \$14.7 million loss). Also contributing to the loss was the shut-in of the legacy non-operated East Cameron 317 field, following a hurricane in September 2008. The field is expected to come back on-line in late 2009, following major repairs to the non-company owned sales pipeline. In July 2009, the Company incurred \$430,000 in expenses for its portion of damages sustained to Company owned pipelines.

Revenues for the year ended 30 June 2009 were \$33.8 million, compared to \$15.2 million and \$12.8 million for the three months ended 30 June 2008 and the year ended 31 March 2008, respectively. These revenues correspond to net production of 738 mboe (year ended 30 June 2009), 146 mboe (three months ended 30 June 2008) and 194 mboe (year ended 31 March 2008). The Company-operated Eugene Island field was the major contributor to the increased production and revenue primarily driven by completion of the Eugene Island A-8 (December 2008) and the A-7 wells (October 2008). The A-6 well, completed in April 2008 accounted for the significant increase in revenue in the three month period ended 30 June 2008.

Production costs per boe for the three periods were \$8.10 (year ended 30 June 2009), \$8.70 (three months ended 30 June 2008) and \$22.30 (year ended 31 March 2008).

Depletion (per boe of proved reserves produced) was \$24.89 for the year ended 30 June 2009 as compared to \$18.78 for the three months ended 30 June 2008 and \$20.58 for the year ended 31 March 2008. The higher drilling costs incurred in calendar year 2008, when the three wells at Eugene Island were completed, account for the higher per unit depletion cost in the current period; this could be expected as exploration costs tend to generally mirror commodity prices.

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

	Year ended 30 June 2009 \$000	Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000
Employee and Director benefits expense (excluding share- based payments)	4,435	1,320	4,849
Share-based payments to employees and Directors	2,627	455	1,191
Impairment of assets	1,684	-	304
Seismic data	10	8	2,331
Insurance, including that related to oil and gas properties	3,657	926	2,504
IPO costs associated with pre- listing shareholders	-	-	1,786

The number of employees and Directors receiving wages or fees averaged 29, 28 and 23 for the periods ended 30 June 2009, 30 June 2008, and 31 March 2008, respectively. Whereas the periods ended 30 June 2008 and 31 March 2008 included the accruals of bonuses to the Executive Directors and employees, there were no bonuses accrued for the year ended 30 June 2009. In addition, the year ended 31 March 2008 included full bonuses for the Executive Directors of \$738,000 for the two calendar years ended December 2007.

Impairment losses for the current year (\$1.7 million) relate primarily to the lapse of leaseholds at South Marsh Island blocks 5 and 6 in June 2009. As commodity prices of natural gas were at a seven year low, the Company decided to conserve its cash to allow pursuit of other projects within its inventory of oil and gas assets.

As the Group follows the successful efforts method of accounting for its oil and gas properties, the evaluation costs associated with geological and geophysical expenditures, 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 2008, and the higher activity level related to the drilling programme at Eugene Island account for the increased insurance expense over the periods presented.

As the Group adjusts the value of its oil and natural gas commodity contracts through other gains and losses, the significant fluctuations in pricing as discussed accounted for an unrealised gain of \$6.5 million for the year ended 30 June 2009, compared to unrealised losses of \$3.2 million (three months ended 30 June 2008) and \$1.5 million (year ended 31 March 2008). Realised income on oil and natural gas commodity contracts that closed in the current year, also included in other gains and losses, was \$1.8 million (three months ended 30 June 2008: losses of \$0.8 million; year ended 31 March 2008: income of \$0.05 million).

As noted in the Report of the Directors to the financial statements, earnings before interest, taxes, depreciation, depletion, amortisation and exploration expenses (EBITDAX) for the year ended 30 June 2009 were \$23.9 million, compared to \$6.8 million for the three month period ended 30 June 2008 and a loss of \$5.6 million for the year ended 31 March 2008.

Balance sheet

In the year ended 30 June 2009, the Group's oil and natural gas assets increased by a net \$26.1 million to \$175.9 million. The increase was primarily associated with the Eugene Island drilling programme in completing the A-7 and A-8 wells (\$42.2 million). The July 2008 sale of a 25% interest in the Eugene Island property resulted in a reduction of the oil and gas assets of \$20.0 million.

In the current year, the Group also expended \$758,000 towards exploration and evaluation assets, including a 75% interest in Eugene Island block 133 (\$262,000) and a 75% interest in Ship Shoal block 197 (\$432,000). During the year, the cost of the leasehold of South Marsh Island block 8 (\$2.1 million) was transferred to oil and gas assets, as an audit of the reserves indicated this block had proved reserves.

Cash flows and funding

On 20 November 2009, the Company entered into an amended and restated credit facility with its principal lender as more fully described in Note 11. On 24 November 2009, the Company completed an additional equity fund raising pursuant to which it issued 400 million ordinary shares (5p) at 5 pence each to raise net proceeds of £19.14 million (Note 11).

In July 2008, Leed raised \$28.1 million (net) through a secondary fund raising on AIM by issuing 25 million ordinary shares (5p) at 60 pence per share. Also in July 2008 and as described more fully at Note 10, the Group received \$15.9 million from the sale of a 25% interest in its Eugene Island assets. Of the \$44 million available, the Group reduced its bank debt to \$28 million from the \$53 million amount outstanding at 30 June 2008. The remaining \$19 million of funds were used to continue the Eugene Island drilling programme on the A-7 and A-8 wells, with a \$13 million loan in December 2008 leading to the Group's bank borrowings standing at \$41 million at 30 June 2009.

To take advantage of lower interest rates, in the year ended 30 June 2009 the Group purchased a portion of the renewals of its insurance policies (\$4.6 million) under short-term financing arrangements with a financing company. At 30 June 2009, the Group's outstanding debt for this short-term obligation was \$3.3 million.

The Group's bank borrowings relate to its \$80 million credit facility. Pursuant to the credit facility, the bank uses a model to determine an available borrowing base amount ("BBA") based on expected cash flows from the Group's proved reserves. Principal inputs into the model are the bank's estimate of future commodity prices and expected production from the proved reserves, as determined by an independent third party reserves auditor, as well as certain adjusting factors used by the bank to account for perceived risk. At 31 December 2008, the BBA was \$57.3 million based on the 1 April 2008 reserve audit of which \$41.0 million was drawn. The Group's reserve auditor completed a new audit of the Group's reserves as of 1 January 2009, the results of which showed a 33% increase in proved reserves from its 1 April 2008 audit. Offsetting the benefit of higher proved reserves in the BBA calculation, though, were lower commodity prices and much more conservative risk adjustments adopted by the bank. On 13 March 2009 the bank informed the Group that its borrowing base amount would be \$45.2 million. As at 20 November 2009, the Group's borrowings of \$41 million remain unchanged from 5 December 2008.

On 20 November 2009, the Group's bank credit facility was amended. The principal terms of the amended facility (the "Amended HVB Facility") (including a new term facility that is a part of the broader facility (the "Term Facility")) are:

- the maximum facility will be \$54 million on 15 December 2009 and thereafter the maximum facility will be reduced by \$6 million semi-annually from June 2010 until the facility expires on 15 June 2014;
- the available facility will be the lesser of the maximum facility and the Borrowing Base Amount;
- the proposed available facility will be \$30 million until the next Redetermination Date falling on 15 May 2010;
- at each future Redetermination Date during the life of the Term Facility, in recalculating the borrowing base an adjustment will be made to further reduce the otherwise recalculated Borrowing Base Amount. The adjustment will be one third of the amount outstanding under the Term Facility on each Repayment Date; and
- the interest payable will be increased to LIBOR plus a margin, up to a maximum of 4.25 per cent.

It is expected that the remaining principal terms of the Existing HVB facility, including the security held by HVB, will remain substantially unchanged but the security will also secure the new Term Facility.

The principal terms of the Term Facility (which are to be incorporated into the Amended HVB Facility) are:

- the amount available for borrowing will be \$11 million;
- using part of the proceeds of the £20,000,000 fund raising, the Company will reduce the amount owed under the Term Facility to \$5 million by 30 December 2009; and
- the Term Facility will then have the following repayment and interest schedule: aggregate principal repayments of \$1 million during 2010 with interest at LIBOR plus 4.75 per cent.; aggregate principal repayments of \$2 million during 2011 with interest at LIBOR plus 5 per cent.; and aggregate principal repayments of \$2 million during 2012 with interest at LIBOR plus 5.5 per cent.

James Slatten
Chief Operating Officer

Financial Statements for the year ended 30 June 2009

Consolidated income statement for the year ended 30 June 2009

Group	Note	Year ended 30 June 2009 \$000	Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000
Continuing operations				
Revenue		33,823	15,152	12,788
Cost of sales				
Production costs		(5,982)	(1,272)	(4,339)
Unsuccessful exploration costs		—	—	(3,378)
Depletion costs	4	(18,368)	(2,745)	(4,002)
Gross profit		9,473	11,135	1,069
Administrative expenses		(13,836)	(3,150)	(15,186)
Operating (loss) income		(4,363)	7,985	(14,117)
Other gains and losses		8,097	(3,977)	(1,278)
Loss on sale of assets	10	(2,472)	—	—
Finance income		130	22	256
Finance costs		(3,979)	(804)	(4,818)
(Loss) income before taxation		(2,587)	3,226	(19,957)
Taxation		(936)	(1,200)	5,231
(Loss) income for the period from continuing operations and attributable to equity shareholders		(3,523)	2,026	(14,726)
(Loss) income per share (cents)				
Basic	12	(1.3)	0.8	(7.4)
Diluted	12	(1.3)	0.8	(7.4)

Balance sheets as at 30 June 2009

	Group			Company			
		30 June 2009	30 June 2008	31 March 2008	30 June 2009	30 June 2008	31 March 2008
	Note	\$000	\$000	\$000	\$000	\$000	\$000
Assets							
Non-current assets							
Investments in subsidiaries		—	—	—	148,802	119,842	119,624
Goodwill		29,005	29,005	29,005	—	—	—
Intangible exploration and evaluation assets	3	2,228	5,284	2,562	—	—	—
Deferred tax		—	377	223	—	377	223
Notes receivable		—	—	—	1,000	1,000	1,000
Derivative financial instruments		529	—	—	—	—	—
Property, plant and equipment	4	147,118	138,563	116,662	—	—	—
		178,880	173,229	148,452	149,802	121,219	120,847
Current assets							
Trade and other receivables (see Note 5 regarding change in presentation)	5	10,718	10,068	5,492	12	170	223
Derivative financial instruments		2,314	—	—	—	—	—
Cash and cash equivalents	9b	4,482	10,317	3,632	269	856	1,025
		17,514	20,385	9,124	281	1,026	1,248
Liabilities							
Current liabilities							
Trade and other payables (see Note 6 regarding change in presentation)	6	4,421	15,263	8,297	419	403	348
Other finance obligations	7	3,264	5	8	—	—	—
Derivative financial instruments		310	2,849	1,325	—	—	—
		7,995	18,117	9,630	419	403	348
Net current assets (liabilities)		9,519	2,268	(506)	(138)	623	900
Non-current liabilities							
Borrowings	7	40,815	52,531	30,445	—	—	—
Derivative financial instruments		904	2,980	1,416	—	—	—
Decommissioning obligation		5,588	6,629	6,563	—	—	—
Deferred tax		7,299	6,740	5,386	—	—	—
		54,606	68,880	43,810	—	—	—
Net assets		133,793	106,617	104,136	149,664	121,842	121,747
Shareholders' equity							
Ordinary Share capital	8	27,178	24,750	24,750	27,178	24,750	24,750
Share premium		122,881	97,237	97,237	122,881	97,237	97,237
Translation reserve		—	—	—	—	23	24
Other reserve		—	—	—	4,798	2,731	2,276
Retained earnings		(16,266)	(15,370)	(17,851)	(5,193)	(2,899)	(2,540)

Total equity attributable to equity holders of the parent	133,793	106,617	104,136	149,664	121,842	121,747
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Cash flow statements for the year ended 30 June 2009

	Note	Group			Company		
		Year ended 30 June 2009 \$000	Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000	Year ended 30 June 2009 \$000	Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000
Net cash from operating activities	9a	17,915	8,692	(9,198)	(563)	(189)	(2,874)
Cash flows from investing activities							
Capital contribution to subsidiary		—	—	—	(28,162)	—	(107,596)
Loans collected		—	—	—	—	—	17,000
Purchase of derivative contracts, net of expired positions		(1,035)	—	—	—	—	—
Proceeds from sale of assets		15,852	—	—	—	—	—
Purchase of intangible assets		(758)	(2,721)	(2,562)	—	—	—
Purchase of property, plant and equipment		(53,699)	(20,373)	(47,008)	—	—	—
Interest received		130	22	256	66	22	861
Net cash used in investing activities		(39,510)	(23,072)	(49,314)	(28,096)	22	(89,735)
Cash flows from financing activities							
Net proceeds from issue of Ordinary Shares		28,072	—	93,634	28,072	—	93,634
Interest and other financing costs paid		(3,570)	(933)	(3,848)	—	(2)	—
Proceeds from other financing obligations		4,657	—	—	—	—	—
Principal payments of other financing obligations		(1,399)	(2)	(8)	—	—	—
Borrowings raised		13,000	22,000	45,600	—	—	—
Borrowings repaid		(25,000)	—	(79,357)	—	—	—
Net cash from financing activities		15,760	21,065	56,021	28,072	(2)	93,634
Net (decrease) increase in cash and cash equivalents		(5,835)	6,685	(2,491)	(587)	(169)	1,025
Cash and cash equivalents at beginning of period		10,317	3,632	6,123	856	1,025	—
Cash and cash equivalents at end of period	9b	4,482	10,317	3,632	269	856	1,025

Notes to the financial statements for the year ended 30 June 2009

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 30 June 2009 which are contained in the Company's Annual Report and Accounts 2009.

A copy of the Company's Annual Report and Accounts for 2009 will be posted to shareholders today and may be downloaded from the Company's website at www.leedpetroleum.com.

The financial information in this preliminary announcement does not constitute the Company's statutory accounts for the periods ended 30 June 2009, 30 June 2008 and 31 March 2008, but is derived from these accounts.

Statutory accounts for the period ended 30 June 2008 and the year ended 31 March 2008 have been delivered to the Registrar of Companies and those for the year ended 30 June 2009 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts: their report was unqualified.

1.1 Basis of preparation

The Group and Parent Company financial statements have been prepared in accordance with EU adopted IFRSs, 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. Accounting policies have been consistently applied to all the periods presented, unless otherwise stated. As the Company is exempt from having to present an income statement, the financial statements presented (for the Company) are the balance sheet, statement of changes in equity and the cash flow statement.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions and for management to exercise its judgment 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 for fiscal years beginning on or after 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 for fiscal years beginning on or after 1 January 2009);
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective for fiscal years beginning on or after 1 July 2009);
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for fiscal years beginning on or after 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 for fiscal years beginning on or after 1 January 2009);

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009);
- Improvements to IFRSs (effective for fiscal years beginning on or after 1 January 2009 other than certain amendments effective for fiscal years beginning on or after 1 July 2009);
- IFRS 3 Business Combinations (Revised 2008) (effective for fiscal years beginning on or after 1 July 2009);
- Amendment to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures About Financial Instruments (effective for fiscal years beginning on or after 1 January 2009);
- IFRS 8 Operating Segments (effective for fiscal years beginning on or after 1 January 2009) (discussed below); and
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for fiscal years beginning on or after 1 October 2008).

As of 1 July 2008, the Group early adopted IAS 23 (revised 2007) Borrowing Costs. The standard requires that borrowing costs directly attributable to the acquisition or construction of a qualifying asset to be capitalised as part of the cost of that asset. The Group's previous accounting policy was 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 has the effect of increasing the cost of the property, plant and equipment, increasing depletion charges and reducing finance costs. (Note 7) The effect on the current year earnings per share is less than one-tenth of a cent.

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 (discussed further below) when the relevant standard comes into effect for periods commencing on or after 1 January 2009.

As the Group has a single operating segment in the Gulf Coast of the United States, there are no additional disclosures required under IAS 14, Segment Reporting. New standards on operating segments (IFRS 8 Operating Segments) will be effective for the Group's accounts for the year commencing 1 July 2009. The Group is still evaluating whether it will continue to have a single operating segment in accordance with IFRS 8.

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 year ended 30 June 2009.

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.

Unless there is an indication of impairment, intra-group balances and transactions are eliminated on consolidation.

2. (Loss) income for the period

Selected items deducted (added) to arrive at the net (loss) income for the periods include:

	Group		
	Year ended 30 June 2009 \$000	Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000
Included in Cost of sales:			
Depletion costs reducing gross profit (Note 4)	18,368	2,745	4,002
Included in Administrative expenses:			
Depreciation and amortisation of other fixed assets (Note 4)	128	35	128
Employee benefits expense	7,062	1,775	6,040
Impairment of assets (Note 3)	1,684	—	305
Delay rentals for evaluation assets	339	184	307
Seismic data	10	8	2,331
Insurance, including that related to oil and gas properties	3,657	926	2,504
IPO costs associated with pre-listing shareholders	—	—	1,786
Operating lease rentals payable	238	46	154
Included in Other gains and losses:			
Net (income) losses from fair valuations	(6,424)	3,088	1,791

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
Additions	758
Transfers to property, plant and equipment	(2,114)
Unsuccessful acquisition costs	(16)
Impairment	(1,684)
At 30 June 2009	2,228

Impairment relates to the abandonment of undeveloped properties. Delay rentals for evaluation properties for the year ended 30 June 2009 were \$339,000 (three months ended 2008: \$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.

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 and adjustments				
– 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
At 30 June 2008	149,830	63	462	150,355
Additions and adjustments				
– separately acquired	45,815	61	54	45,930
– adjustment to asset retirement obligation	(1,797)	—	—	(1,797)
– transfers from evaluation	2,114	—	—	2,114
Disposals				
– cost of assets sold	(20,019)	—	—	(20,019)
At 30 June 2009	175,943	124	516	176,583
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
Charge for the year	18,368	37	91	18,496
Disposals	(823)	—	—	(823)
At 30 June 2009	29,037	69	359	29,465
Net book amount				
At 31 March 2008	116,417	34	211	116,662
At 30 June 2008	138,338	31	194	138,563
At 30 June 2009	146,906	55	157	147,118

The charge for oil and natural gas assets is disclosed separately on the face of the income statement as depletion.

The oil and natural gas assets are mortgaged as security for the Group's bank credit facility (Note 7). Included within other fixed assets at 30 June 2009 is equipment acquired under financing leases with a carrying value of \$6,000 (30 June 2008: \$12,000; 31 March 2008: \$13,000).

5. Trade and other receivables

	Group			Company		
	30 June 2009	30 June 2008	31 March 2008	30 June 2009	30 June 2008	31 March 2008
	\$000	\$000	\$000	\$000	\$000	\$000
Trade receivables	4,721	7,328	2,028	—	—	—
Joint interest billings receivable	142	—	45	—	—	—
Notes receivable from subsidiary undertakings	—	—	—	1,000	1,000	1,000
Other receivables	171	342	336	7	159	190
Prepayments	5,684	2,398	3,083	5	11	33
	10,718	10,068	5,492	1,012	1,170	1,223
Short-term trade and other receivables	10,718	10,068	5,492	12	170	223
Long-term notes receivable	—	—	—	1,000	1,000	1,000

Trade receivables, other receivables, prepayments and cash at bank best represent the primary exposure to credit risk. Credit risk is concentrated particularly to four customers. For the year ended 30 June 2009, the presentation of trade receivables is changed from previous periods to include amounts to be collected by Leed and remitted to other working interest and royalty owners (which offsetting amount is included in trade payables). Consistent with that presentation, the 30 June 2008 and 31 March 2008 trade receivables presentation has been changed to include \$1.3 million and \$200,000 respectively, which the Group collected and subsequently remitted to royalty owners (Note 6). As is the industry practice, the sale of oil and gas is remitted by purchasers on a monthly basis; at each balance sheet date presented, there are no amounts that are past due.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

During the year ended 31 March 2007, the Company advanced \$18 million to the US operating subsidiary. The advance was made relative to a floating rate note, which is due in 2015. During the year ended 31 March 2008, \$17 million of the advance was repaid and the \$1 million balance was recast as a long-term note receivable, which amount is outstanding at 30 June 2009 (unchanged from 30 June 2008 and 31 March 2008). As it bears interest at floating rates, which represent prevailing market rates, the Directors consider the carrying amount of the note approximates its fair value at each balance sheet date.

6. Trade and other payables

	Group			Company		
	30 June 2009	30 June 2008	31 March 2008	30 June 2009	30 June 2008	31 March 2008
	\$000	\$000	\$000	\$000	\$000	\$000
Trade payables	4,351	15,135	7,892	141	206	149
Amounts owed to Group undertakings	—	—	—	278	197	199
Accruals and deferred income	70	128	405	—	—	—
	4,421	15,263	8,297	419	403	348

For the year ended 30 June 2009, the presentation of trade payables has been changed to include oil and natural gas sales due to other working interest and royalty owners (which offsetting amount is included in trade receivables). Consistent with that presentation, the 30 June 2008 and 31 March 2008 trade payables as shown above have changed to include \$1.3 million and \$200,000 respectively that the Group collected and subsequently remitted to royalty owners (Note 5). Other amounts payable comprise amounts due to trade creditors for industry trade purchases and ongoing costs.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

7. Borrowings

The Group's early adoption of IAS 23 Borrowing Costs (revised 2007) as of 1 July 2008 resulted in the capitalisation of \$119,000 of interest expense in the year ended 30 June 2009 relative to its drilling programme.

The adoption of IAS 23 is mandatory for fiscal years beginning on or after 1 January 2009.

	Group			Company		
	30 June 2009 \$000	30 June 2008 \$000	31 March 2008 \$000	30 June 2009 \$000	30 June 2008 \$000	31 March 2008 \$000
Current						
Other finance obligations	3,264	5	8	—	—	—
Non-current						
Bank loans	40,815	52,531	30,445	—	—	—

During the year ended 30 June 2009, the Group financed renewals of its insurance policies with a finance company ("other finance obligations"). In total \$4.6 million was financed, after a 30% down payment, in three contracts. The balance for each was due in nine monthly, fixed instalments. The interest rates for the three contracts ranged from 3.8% to 5.5%.

Bank loans are denominated in US Dollars and bear interest based on LIBOR. The credit facility is secured by a mortgage on the Group's oil and gas properties; a security interest in the proceeds from the sale of hydrocarbons as they are produced, a guaranty by the Company and by a security interest in the shareholding of the Company's subsidiaries, Leed Petroleum Inc and Leed Petroleum LLC (the Group's operating subsidiary).

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

	Group			Company		
	30 June 2009 %	30 June 2008 %	31 March 2008 \$000	30 June 2009 %	30 June 2008 %	31 March 2008 \$000
Bank borrowings – floating rates	5.6	5.5	7.4	—	—	—
Finance leases – fixed rates	3.8-5.5	9.3	9.3	—	—	—

For the year ended 30 June 2009, the median bank floating rate was 2.75% and ranged from 1.10% to 4.40%. Assuming a movement of 165 basis points to the ending balances to the bank at 30 June 2009 would increase or decrease post-tax net income by \$433,000 for the year.

In the twelve month period ended 30 June 2008, the median bank floating rate was 3.98% and ranged from 2.37% to 5.59%. Assuming a movement of 161 basis points to the ending balances to the bank at 30 June 2008 and 31 March 2008 would increase or decrease post-tax net income by \$546,000 and \$319,000.

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

	Group			Company		
	30 June 2009 \$000	30 June 2008 \$000	31 March 2008 \$000	30 June 2009 \$000	30 June 2008 \$000	31 March 2008 \$000
Between one and two years	—	—	—	—	—	—
Between two and	40,815	36,531	6,445	—	—	—

five years						
More than five years	—	16,000	24,000	—	—	—
	40,815	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.

As discussed more fully at Note 11, after the financial year end, the Group concluded that its principal lender would seek an \$11 million reduction in the \$41 million outstanding balance under its credit facility at the next borrowing base review as a result of lower production volumes affected by various well performance issues and the shut-in of the Eugene Island field for a prolonged period during September and October 2009. In light of this, on 20 November 2009, the Group entered into a Fourth Amendment and Restatement Agreement to its facility agreement (the "Amended Facility") with HVB, its principal lender, substantially altering the credit relationship.

At 30 June 2009, the Group's bank credit facility was comprised of 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 of the model are: expected cash inflows from production of the Group's proved reserves and expected cash outflows. At 30 June 2009, there are \$185,000 of unamortised arrangement fees netted to drawn amounts which are being amortised and reported with interest expense over the expected life of the loans, as estimated at August 2007 (three months ended 30 June 2008: \$469,000; year ended 31 March 2008: \$555,000). In the year ended 30 June 2009, the Group repaid \$25 million of the outstanding loans in August 2008; in December 2008, the Group borrowed another \$13 million in respect of completing its drilling programme at Eugene Island. In March 2009, the Group incurred a one-time special fee of \$500,000 by the bank related to a redetermination of the borrowing base amount. Of the \$80 million facility, at 30 June 2009 the amount that could be borrowed was \$45.2 million based on the bank's model; at 30 June 2009 the Group had borrowings of \$41 million on this credit facility (three months ended 30 June 2008: \$53 million; year ended 31 March 2008: \$31 million).

The Group's committed floating rate borrowing facilities:

	Group			Company		
	30 June 2009	30 June 2008	31 March 2008	30 June 2009	30 June 2008	31 March 2008
	\$000	\$000	\$000	\$000	\$000	\$000
Expiring within one year	16,000	—	—	—	—	—
Expiring between one and two years	16,000	16,000	8,000	—	—	—
Expiring between two and five years	48,000	48,000	48,000	—	—	—
After five years	—	16,000	24,000	—	—	—
	80,000	80,000	80,000	—	—	—

The minimum payments under other finance obligations fall due as follows:

	Group			Company		
	30 June 2009	30 June 2008	31 March 2008	30 June 2009	30 June 2008	31 March 2008
Group and Company	\$000	\$000	\$000	\$000	\$000	\$000
Within one year	3,264	5	8	—	—	—
Future finance charges on finance leases	47	—	—	—	—	—
Present value of finance lease liabilities	3,264	5	8	—	—	—

8. Issued capital

	30 June 2009	30 June 2008	31 March 2008
Authorised	£000	£000	£000
301,000,000 Ordinary Shares of 5p each	15,050	15,050	15,050
Issued and fully paid	\$000	\$000	\$000
Ordinary 276,020,767 shares (30 June 2008 and 31 March 2008: ordinary 251,020,767 shares) (amounts per actual conversion)	27,178	24,750	24,750

A recap of movement in issued shares follows:

	Ordinary / Ordinary A shares in issue	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 1p 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	—
Additional shares issued (5p)	25,000,000	—
At 30 June 2009 Ordinary Shares (5p)	276,020,767	—

As discussed at Note 11, subsequent to 30 June 2009, the Company issued 400,000,000 Ordinary Shares (5p) at 5p per share increasing the total number of Ordinary Shares to 676,020,767.

Options

There were no options granted during the year ended 30 June 2009.

As a part of the mezzanine tranche of the credit facility of the Group's operating subsidiary with Bayerische Hypo- Und Vereinsbank AG ("HVB") (see Note 7), HVB received a call option agreement to purchase 5,997,150 Ordinary Shares of the Company for \$2.32 million. As consideration for the options, the Group paid a lower interest rate on loans made under the mezzanine tranche. The mezzanine tranche was paid off and cancelled in August 2007. To that date, the Group had recognised \$1,121,000 in additional interest expense related to the lower rate (including \$292,000 for the year ended 31 March 2008), with the offset credited to retained earnings at the Group. In August 2007 HVB exercised a one-half of their option and acquired 2,998,575 Ordinary Shares. In addition to the \$1,160,000 proceeds from the exercise of the option, one-half of the additional interest that had been recognised (\$561,000) was credited to share premium, with the offset being retained earnings at the Group. At 30 November 2008 the remaining options expired.

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 in 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. The option expires in August 2009.

A summary of movement in options to the Ordinary Shares of 5p follows:

	Weighted average exercise price for the year ended 30 June 2009	Number of options for the year ended 30 June 2009	Weighted average exercise price for the three months ended 30 June 2008	Number of options for the three months ended 30 June 2008	Weighted average exercise 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	4,415,863	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
Expired during the period	25.2 pence*	(2,998,575)	—	—	—	—
Outstanding at end of the period	47.0 pence	1,147,288	27.0 pence	4,145,863	27.0 pence	4,145,863
Exercisable at the end of the period	47.0 pence	1,147,288	27.0 pence	4,145,863	27.0 pence	4,145,863

* Conversion rate at expiration of options at 30 November 2009 was \$.65073 per Pound Sterling.

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 calculable.

The options outstanding at 30 June 2009 have an exercise price of 47.0p (three months ended 30 June 2008: 19.4p to 47.0p; year ended 31 March 2008: 19.4p to 47.0p) and a weighted average contractual life of 46 days (three months ended 30 June 2008: 222 days; year ended 31 March 2008: 313 days).

9. Cash flows from operating activities

a. Cash generated from operations

	Group			Company		
	Year ended 30 June 2009 \$000	Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000	Year ended 30 June 2009 \$000	Three months ended 30 June 2008 \$000	Year ended 31 March 2008 \$000
Continuing operations						
(Loss) profit before taxation	(2,587)	3,226	(19,957)	(1,917)	(513)	(2,728)
Adjustments for:						
Loss on sale or impairment of assets	4,172	—	—	—	—	—
Depreciation and amortisation	18,498	2,780	4,130	—	—	—
Finance income	(130)	(22)	(256)	(66)	(23)	(837)
Finance expense	3,979	804	4,818	—	2	—
Shared-based payment	2,627	455	1,191	1,267	238	622
Recognised translation reserve	—	—	—	(23)	—	—
Fair value changes in derivative contracts	(6,424)	3,088	1,791	—	—	—
Changes in working capital						
(Increase)/decrease in trade and other receivables (see Note 5 for change in presentation)	(650)	(4,575)	(2,594)	160	52	(222)
(Decrease)/increase in payables (See Note 6 for change in presentation)	(1,570)	2,936	1,718	16	55	330
Cash generated from continuing operations	17,915	8,692	(9,159)	(563)	(189)	(2,835)
Corporate taxation paid	—	—	(39)	—	—	(39)
Net cash from continuing operations	17,915	8,692	(9,198)	(563)	(189)	(2,874)

b. Cash and cash equivalents for the cash flow statement

	Group			Company		
	30 June 2009 \$000	30 June 2008 \$000	31 March 2008 \$000	30 June 2009 \$000	30 June 2008 \$000	31 March 2008 \$000
Cash and cash equivalents	4,482	10,317	3,632	269	856	1,025

10. Sale of interest in Eugene Island assets

Consistent with its obligations under the Byron Scouting Agreement, on 18 July 2008 the Group transferred 25% of its working interest in its Eugene Island area assets to an operating subsidiary of Byron for a US \$15.9 million adjusted purchase price. The purchase consideration was calculated in accordance with the Scouting Agreement as equivalent to 25% of the Group's (i) original capital costs for the Eugene Island property; (ii) capital expenditures incurred in connection with the property; and (iii) operating costs incurred in connection with the property; less (iv) income received from the property. This transfer resulted in the \$2.5 million loss on sale of assets shown in the Consolidated Income Statement. The loss arises from an adjustment to revenues and expenses based on items (iii) and (iv) of the purchase consideration calculation.

11. Post balance sheet events

Fundraising and Amendments to Debt Facility

On 5 November 2009, the Group entered into a commitment letter with HVB to amend the existing HVB credit facility as further described below.

On 6 November 2009, the Company announced that it had conditionally placed and had received subscription applications for 400 million new Ordinary Shares at 5 pence per ordinary share, to raise £20 million (before expenses) (“the “Fundraising”). The new ordinary shares rank *pari passu* with the existing ordinary shares. Application was made to the London Stock Exchange for the Placing Shares and the Subscription Shares to be admitted to trading on AIM. The Admission became effective and dealings in the Placing Shares and the Subscription Shares commenced at 8.00 a.m. on 24 November 2009. The net proceeds of the Fundraising will be used to progress the development of the Group’s oil and gas assets and to pay down part of its outstanding debt owing to HVB.

On 12 November 2009, the Group received a notice of redetermination from HVB pursuant to the terms of the existing credit facility, that the borrowing base had been lowered to \$30 million, resulting in a borrowing base deficiency of \$11 million.

On 20 November 2009, the Group entered into a Fourth Amendment and Restatement Agreement to its facility agreement (the “Amended Facility”) with HVB, its principal lender, substantially altering the credit relationship described at Note 7.

The Amended Facility and the Fundraising were inter-conditional. The Fundraising was conditional, inter alia, on: (i) the passing of the Resolutions at the General Meeting on 23 November 2009; (ii) the execution of binding legal documentation (to the satisfaction of the Brokers) in respect of the Amended HVB Facility and the Amended HVB Facility becoming unconditional in all respects other than as to completion of the Fundraising; and (iii) Admission, all of which were completed by 24 November 2009.

The principal terms of the Amended Facility are:

- addition of a term facility (the “Term Facility”) further described below;
- the maximum facility will be \$54 million on 15 December 2009 and thereafter the maximum facility will be reduced by \$6 million semi-annually from June 2010 until the facility expires on 15 June 2014;
- the available facility will be the lesser of the maximum facility and the borrowing base amount;
- the proposed available facility will be \$30 million until the next redetermination date falling on 15 May 2010;
- at each future Redetermination Date during the life of the Term Facility, in recalculating the borrowing base an adjustment will be made to further reduce the otherwise recalculated Borrowing Base Amount. The adjustment will be one third of the amount outstanding under the Term Facility on each Repayment Date; and
- the interest payable will be increased to LIBOR plus a margin, up to a maximum of 4.25 per cent.

The principal terms of the Term Facility (which are incorporated into the Amended Facility) are:

- the amount available for borrowing will be \$11 million;
- using part of the proceeds of the Fundraising, the Group will reduce the amount owed under the Term Facility to \$5 million by 30 December 2009; and
- the Term Facility will then have the following repayment and interest schedule: aggregate principal repayments of \$1 million during 2010 with interest at LIBOR plus 4.75 per cent.; aggregate principal

repayments of \$2 million during 2011 with interest at LIBOR plus 5 per cent.; and aggregate principal repayments of \$2 million during 2012 with interest at LIBOR plus 5.5 per cent.

It is expected that the remaining principal terms of the Existing HVB facility, including the security held by HVB, will remain substantially unchanged, but the security will also secure the new Term Facility. The existing security includes a mortgage on the Group's oil and natural gas properties, a pledge of the proceeds from the sale of oil and natural gas from the Group's properties, a pledge of the Group's bank account funds and a pledge of the Group's subsidiary stock and guarantees from its affiliate companies.

The Group paid the bank a fee of \$500,000.

Other

In October 2009, the Group entered into an operating lease for a piece of equipment at the Eugene Island 184 facility. The gross obligation is for \$1.9 million over a 5 year lease term; Leed's net working interest in the Eugene Island 184 field is 75%.

12. (Loss) income per Ordinary Share

	Year ended 30 June 2009	Three months ended 30 June 2008	Year ended 31 March 2008
(Loss) income attributable to Ordinary Shareholders	(\$3,523,000)	\$2,026,000	(\$14,726,000)
Weighted average number of shares at end of the period	273,623,507	251,020,767	199,959,376
Effect of share options in issue	2,023,249	4,145,863	—
Weighted average number of shares at end of the period for diluted (loss) income per share	275,646,756	255,166,630	199,959,376

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.

“mboe”

thousand barrels oil equivalent, determined using the ratio of one bbl of crude oil, condensate or natural gas liquids to six mcf of natural gas.

“mcf”

thousand cubic feet.

“mmcf”

million cubic feet.

“mmbbl”

million barrels of oil.

“mmbbl”

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.

“mmcf/d”

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.

“spudded”

A well is “spudded” when a drill bit is first turned and the earth’s surface is broken.

“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.