ATI PETROLEUM LIMITED
(Incorporated in British Virgins Islands)

REPORTS & FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

C O N T E N T S

ATI PETROLEUM LIMITED
(Incorporated in British Virgin Islands)

CORPORATE DATA
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

Directors	:	Dr. Huu Duc Dinh
Secretary	:	Dr. Huu Duc Dinh
Registered Office	:	Walkers Chambers, P.O. Box 92, Road Town, Tortola British Virgins Islands
Auditors	:	Cheam H T & Co.
Banker	:	Australia and New Zealand Banking Group Ltd.

ATI PETROLEUM LIMITED
(Incorporated in British Virgins Islands)

REPORT OF THE DIRECTORS

The directors present their report to the members together with the audited financial statements of the company for the financial year ended 31 December 2007.

1. **Directors**

The directors in office at the date of this report are:

Dr. Huu Duc Dinh

2. **Arrangements To Enable Directors To Acquire Shares Or Debentures**

During and as at the end of the financial year, the company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in or debentures of the company or any other body corporate.

3. **Directors' Interest In Shares Or Debentures**

None of the directors who held office at the end of the financial year had any interests in shares or debentures of the company as recorded in the Register of Directors' Shareholdings kept by the company under the Companies Act, except as follows:

	No. of Ordinary Shares of USD 0.001/- each	
	Shares held at January 1, 2007	Shares held at December 31, 2007
DR. HUU DUC DINH	50,000,000	48,300,000

4. **Directors' Contractual Benefits**

Since the end of the previous financial year, no director has received or become entitled to receive benefits (other than as disclosed in the accompanying accounts) under contracts required to be disclosed in accordance of the relevant law and jurisdiction of the country of incorporation,.

5. **Share Options**

The Company granted a one year option to purchase one million shares of common stock to an offshore investor designated by the consultants. The option is exercisable in whole or in part from time to time at a price of USD1.50 per share. The investor is not obligated to purchase any of the option shares.

In March 2007, the holder of the one million common stock option elected to partially exercise its option and purchase a total of 164,240 shares at a price of USD1.50 per share or USD246,360 cash consideration. The stock issuance upon partial warrant exercise was exempt from registration under the U.S. Securities Act because the purchaser is a non-U.S person and the issuance qualified as an offshore transaction.

In June 2007, the company issued LAP (Suisse) SA ("LAP") a five-year warrant to buy 10 million shares of common stock at a price of Euro 4.50 per share. If both parties are not able to negotiate mutually acceptable terms for the planned strategic alliance, LAP will return the warrant for cancellation.

There were 10,687,745 unissued shares of the company under option at the end of the financial year.

6. **Auditors**

The auditors, Messrs Cheam H T & Co., Certified Public Accountants, have indicated their willingness to accept re-appointment.

On Behalf of The Board of Directors

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Dr. Huu Duc Dinh
Director

Singapore :

ATI PETROLEUM LIMITED
(Incorporated in British Virgin Islands)

STATEMENT BY DIRECTORS

We state that, in the opinion of the directors of **ATI Petroleum Limited**

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2007 and of the results of the business, changes in equity and cash flows of the company for the year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On Behalf of The Board of Directors

…………………………………………

Dr Huu Duc Dinh
Director

Singapore:

CHEAM H T & CO (Firm No. 000698)

Certified Public Accountants

詹興定會計公司
特許會計師

ACCOUNTANTS' REPORT

ATI PETROLEUM LIMITED

Report on the Financial Statements

We have audited the accompanying financial statement of **ATI PETROLEUM LIMITED** which comprise the balance sheet as at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and apply appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Acceptable Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

The accounts have been prepared to be used solely for the Company's Management and accordingly, should not be used for any other purposes.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As stated in note 3, we are unable to ascertain the share premium amount for certain shares issued at above par value during the year.

As stated in note 6, we are unable to ascertain the value of the consideration for the 17 million shares issued to two consultants for USD5,644,550. Subsequent to year-end, the company intended to revoke 14,869,865 shares.

As stated in note 7, we have not performed a cash count on the cash in hand balances and therefore we are unable to ascertain the value of this balances.

Except for the above, the financial statements are properly drawn up in accordance with the provisions of the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 December 2007 and of the results, changes in equity and cash flows of the Company for the year ended on that date.

Without qualifying our opinion we draw attention to Note 19 in the financial statements. The company's current liabilities exceeded its current assets by USD26,328,572 and its total liabilities exceeded its total assets by USD19,461,526 . These factors raise substantial doubt that the company will be able to continue as a going concern without the continuing financial support of the directors and shareholders.

Cheam H T & Co

Singapore:

CHEAM H T & CO

114 LAVENDER STREET #03-01 HOCK SENG BUILDING SINGAPORE 338729. TEL : 6292 2093 FAX : 6295 6177 EMAIL : cheamhtco@icpas.com.sg

BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	2007	2006
		USD	USD
ASSETS			
Non-Current Assets			
Property,plant & equipment	4	524,453	656,512
Intangible exploration assets	5	31,438,303	22,517,806
		31,962,756	23,174,318
Current Assets			
Prepayment of consultancy services	6	5,644,550	5,644,550
Cash & cash equivalents	7	1,222,496	1,210,000
		6,867,046	6,854,550
Total Assets		**38,829,802**	**30,028,868**
EQUITY AND LIABILITIES			
Capital And Reserves			
Share capital	3	131,051	117,148
Share premium		10,851,620	5,849,424
Accumulated Loss		(30,444,197)	(29,030,877)
		(19,461,526)	(23,064,305)
Current Liabilities			
Other payables & accruals	8	10,474,552	11,231,466
Due to a director	9	47,816,776	41,861,707
		58,291,328	53,093,173
Total Equity And Liabilities		**38,829,802**	**30,028,868**

The annexed notes form an integral part of and should be read in conjunction with these accounts.

ATI PETROLEUM LIMITED
(Incorporated in British Virgin Islands)

PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	2007	2006
		USD	USD
COST AND EXPENSES			
Staff costs	11	350,004	287,994
Depreciation	4	170,559	136,819
Other operating expenses	10	892,757	4,500
Total Cost And Expenses		**1,413,320**	**429,313**
Loss After Taxation		**1,413,320**	**429,313**

The annexed notes form an integral part of and should be read in conjunction with these accounts.

ATI PETROLEUM LIMITED
(Incorporated in British Virgins Islands)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Share Capital USD	Share Premium USD	Accumulated Loss USD	Total USD
At 31 December 2005	100,000	-	(28,601,564)	(28,501,564)
Issued of Shares	17,148	5,849,424	-	5,866,572
Net Loss for the year	-	-	(429,313)	(429,313)
At 31 December 2006	117,148	5,849,424	(29,030,877)	(23,064,305)
Issued of Shares	13,903	5,002,196	-	5,016,099
Net Loss for the year	-	-	(1,413,320)	(1,413,320)
At 31 December 2007	131,051	10,851,620	(30,444,197)	(19,461,526)

The annexed notes form an integral part of and should be read
in conjunction with these accounts.

ATI PETROLEUM LIMITED
(Incorporated in British Virgins Islands)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007	2006
		USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(1,413,320)**	**(429,313)**
Adjustment for:			
Depreciation of property, plant & equipment	4	170,559	136,819
Operating loss before working capital changes		**(1,242,761)**	**(292,494)**
Changes in Working Capital:-			
Prepayment of consultancy services		-	(5,644,550)
Other payables & accruals		(756,914)	4,431,826
Net cash flows used in operating activities		**(1,999,675)**	**(1,505,218)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible exploration assets		(8,920,497)	(7,865,164)
Purchase of property,plant & equipment		(38,500)	(540,000)
Net cash used in investing activities		**(8,958,997)**	**(8,405,164)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		5,016,099	5,866,572
Advance from a director		5,955,069	3,905,810
Net cash from financing activities		10,971,168	9,772,382
Net increase/(decrease) in Cash and Cash Equivalents		**12,496**	**(138,000)**
Cash and Cash Equivalents at beginning of the year		1,210,000	1,348,000
Cash and Cash Equivalents at end of the year	7	**1,222,496**	**1,210,000**

The annexed notes form an integral part of and should be read
in conjunction with these accounts.

ATI PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2007

These notes form an integral part of and should be read in conjunction with the accompanying accounts.

1) **Corporate Information**

The company is a limited liability company incorporated in The British Virgin Islands on 16 July 2007 with its registered office at Walkers Chambers, P.O. Box 92, Road Town, Tortola, British Virgin Islands.

Effective July 24, 2007, ATI Petroleum Inc. a Nevada corporation ("ATIP US") shall be merged into its wholly owned subsidiary ATI Petroleum Limited, a British Virgin Islands company ("ATIP BVI") in accordance with the requirements of Section 169 through 179 of The BVI Business Companies Act, 2004 and Chapter 92A of the Nevada Revised Statutes. The merger has changed the Company's jurisdiction of incorporation. Shareholders will receive one ordinary share of ATIP BVI for each common share of ATIP US that they own.

ATIP US began the process of listing the company shares on the Marche Libre, a micro -cap market operated by NYSE-Euronext Paris in February 2007 and first trade took place on July 6, 2007. After the first trade was completed, the company became aware of a conflict between the requirements of U.S. securities laws and the policies and procedures of Euroclear Bank. To resolve that conflict, ATIP US was merged into ATIP BVI effective July 24, 2007 and the company shares reopened for trading on July 27, 2007.

The financial statements of the company for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the directors on the date on which the accompanying Statement by Directors was signed.

The principal activities of the company consist of energy exploration that was organised to hold, explore, develop, operate and manage petroleum, coal and uranium properties.

2) **Significant Accounting Policies**

a) Statement of Compliance

The financial statements of the company, expressed in United States dollars, are prepared under the historical cost convention and are prepared in accordance with the International Financial Reporting Standards (IFRS) and disclosures requirement of the Companies Act.

Significant accounting estimates and judgements
The preparation of the financial statements in conformity with IFRS requires the use of judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects both current and future periods.

b) Property, Plant & Equipment

Property, plant & equipment are stated at cost less accumulated depreciation and any impairment in value. All items of property, plant & equipment are initially recorded at cost.

The initial cost of property, plant & equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, any trade discounts and rebates are deducted in arriving at the purchase price. Expenditure incurred after the property, plant & equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant & equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant & equipment.

Depreciation is calculated on the straight-line method so as to write off the cost of the fixed assets over their estimated useful lives as follows:-

	Years
Plant and equipment	5 to 6
Office equipment	5
Computers	5
Motor vehicles	5 to 6

Fully depreciated assets are retained in the accounts until they are no longer in use. Any gain or loss on disposal of fixed assets is taken to revenue.

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

c) Exploration Assets

Expenditure directly associated with exploratory and evaluation activities are capitalised at cost as intangible exploration assets. Such expenditure includes seismic acquisition and studies, drilling of exploration wells and other associated costs. If hydrocarbons are found in the exploration structure which will be subject to further appraisal activities, which may include the drilling of further wells, all such costs associated with the exploration structure continue to be carried as an asset in this category. All such carried costs are subject to technical, commercial and management assessment/review annually, or as economic events dictate, for potential impairment and to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs associated with the exploration structure are written off. When development plans are approved, the relevant expenditure are transferred to property, plant & equipment.

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, short-term deposits and bank overdrafts.

e) Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Payables include trade and non-trade balances with third parties and related parties.

f) Foreign Currency Transactions

Transactions arising in foreign currencies have been converted using the exchange rates in effect at the transaction dates. At each balance sheet date, recorded monetary balances that are denominated in foreign currencies are adjusted to reflect the rates of exchange approximating those ruling at that date. All exchange adjustments are taken to the profit and loss account.

g) Taxation

Income tax is determined on the basis of tax effect accounting, using the liability method and is applied to all temporary differences at the balance sheet date between the carrying amounts of assets and liabilities and the amounts used for tax purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilized.

h) Related Parties

Related parties are entities in which the directors of the company have an interest and/or are able to exercise significant influence in the financial or operating policy decisions.

i) Production Sharing Contracts

The Company has participative interests in Production Sharing Contract ("PSC") which are operated by third parties. It relies on these operators' monthly reports on revenue and costs to arrive at the appropriate accounting estimates used to report the Exploration and Production segment performance.

j) Revenue Recognition

Sale of interest in Production Sharing Contract ("PSC")

Revenue derived from sale of interest in PSC is recognized in the profit and loss account based on farm-in agreement signed during the year. Revenue excludes value added or other sales taxes.

k) Financial Instruments

Financial instruments carried on the balance sheets include cash and cash equivalents, trade debtors and creditors, other debtors and creditors, advances and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

It is the company's policy not to trade in derivative financial instruments. Details of the company's financial risk management are set out in Note 14.

l) Impairment and Uncollectibility of Financial Assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognised for the difference between the recoverable amount and the carrying amount.

m) Employee Benefits

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

3) **Share Capital**

	2007		2006	
Ordinary Shares of USD 0.001 each	Number of Share ('000)	USD	Number of Share ('000)	USD
Authorised	250,000	250,000	150,000	150,000
Issued and fully paid	131,051	131,051	117,148	117,148

The Company's Articles of Incorporation authorize the issuance of 50,000,000 shares of USD 0.001 par value preference shares. At the balance sheet date, none of the preference shares was issued.

During the financial year, certain shares were issued at above par value. However, we are unable to ascertain the share premium amount due to unavailable information.

The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restriction.

4) **Property, Plant & Equipment**

Cost	Office Equipment USD	Computers USD	Motor Vehicles USD	Total S$
At 01.01.2007	51,073	177,227	596,200	824,500
Additions	38,500	-	-	38,500
Disposal	-	-	-	-
At 31.12.2007	89,573	177,227	596,200	863,000
Accumulated Depreciation				
At 01.01.2007	10,498	45,782	111,708	167,988
Depreciation for the year	16,631	35,445	118,483	170,559
Disposals	-	-	-	-
At 31.12.2007	27,129	81,227	230,191	338,547
Depreciation for 2006	5,794	29,488	101,537	136,819
Net Book Value				
At 31.12.2007	62,444	96,000	366,009	524,453
At 31.12.2006	40,575	131,445	484,492	656,512

The motor vehicles with net book value of USD366,009 (2006: USD484,492) are registered in the name of the director and related individual, who held in trust for the company.

5) **Intangible Exploration Assets**

At Cost	2006 USD	2006 USD
At beginning of year	22,517,806	14,652,642
Additions	8,920,497	7,865,164
At end of year	31,438,303	22,517,806

6) **Prepayment of Consultancy Services**

In the previous year, the company issued 17 million shares of common stock at approximately USD 0.332 per share or USD5,644,550 other than cash consideration to two consultants as partial consideration for services rendered and to be rendered in connection with the company's pending application for production sharing contracts in Tunisia, Ghana, Mauritania and Niger. Subsequent to year-end, the company intended to revoke 14,869,865 shares. We are unable to ascertain the value of the consideration will be affected by the reduction of shares after the balance sheet date.

7) **Cash and Cash Equivalents**

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:-

	2007	2006
	USD	USD
Cash on hand*	382,496	450,000
Cash at bank	840,000	760,000
	1,222,496	1,210,000

* Cash on hand was confirmed by the director and a cash count was not conducted.

8) **Other Payables & Accruals**

	2007	2006
	USD	USD
PSC supervising services payable*	1,018,800	1,018,800
Exploration expenditure payable	8,968,896	10,203,666
Cash call interest payable	482,356	-
Accrued operating expenses	4,500	9,000
	10,474,552	11,231,466

*This amount due to other payable for both years is unsecured, interest-free and without fixed term of repayments.

9) **Due to a Director**

The amount due to a director for both years is unsecured, interest-free, non-trade and without fixed term of repayments.

10) **Other Operating Expenses**

Other operating expenses include the followings:-

	2007	2006
	USD	USD
Auditors' remuneration	4,500	4,500

11) **Staff Costs**

	2007	2006
	USD	USD
Director's remuneration	80,770	80,770
Staff salaries, allowances & bonus	269,234	207,224
	350,004	287,994

12) **Taxation**

No income tax is payable for the year as the company has not commenced production of oil & gas.

As at balance sheet date, the company capital allowances are deferred and available for setting off against its future tax income subject to compliance with the relevant Section of the Income Tax Act and to the agreement of the tax authorities.

13) **Significant Related Party Transactions**

Other than those, if any, disclosed else where in the accounts, the significant related party transactions during the year are as follows:-

	2007 USD	2006 USD
Related Parties		
Purchase of intangible exploration assets	-	960,000

14) **Financial Risk Management**

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The policies for managing each of these risks are summarized below.

i) Liquidity Risk

The company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

ii) Credit Risk

The carrying amount of cash and cash equivalents, trade and other debtors represent the company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

As at 31 December 2007, there is no significant concentration of credit risk.

iii) Foreign currency risk

The company does not enter into derivative foreign exchange contracts to hedge its foreign currency risk. It is the company's policy not to trade in derivative contracts.

The company is primarily exposed to fluctuations in Vietnam Dong exchange rates arising from cash flows from anticipated transactions. The company reviews periodically foreign currencies monetary assets and liabilities held in currencies other than the U.S dollars to ensure that net exposure is kept at an acceptable level.

iv) Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respectively fair values.

15) **Production Sharing Contract ("PSC")**

Since year 2000, the company has entered into a PSC which gives the company an exclusive right to conduct oil and gas exploration, development and production activities on Blocks 102 and 106, Vietnam. The PSC provides for a total term of 25 years with respect to crude oil and 30 years with respect to natural gas.

Currently, the company holds a 10% participating interest in Blocks 102 and 106, which include 14,000 sq km or 3.5 million acres located in the Song Hong Basin offshore Vietnam in the Gulf of Tonkin. Under the PSC, Vietnam Oil and Gas Corporation ("Petrovietnam) holds a 20% participating interest in the total rights and obligations of the contractor. Between the effective date of the PSC and a "trigger date" that is generally defined as the time when the contractor first declares a "commercial discovery". The company is required to bear Petrovietnam's share of all exploration expenditure until the trigger date. Thereafter, Petrovietnam will be required to pay its proportional share of future expenditure on a current basis. If Petrovietnam does not affirmatively elect to share the cost of all future operations as a fully participating interest owner, its 20% interest will revert to the company.

The first exploration well, Yentu-1X, drilled in Block 106 in late 2004 made an oil and gas discovery. The PSC entered into the phase 2 exploration period in February 2007, following approval by Petrovietnam and is effective February 2007. All work commitments under phase 1 exploration period have been fulfilled.

During the year 2006, the HaLong-1X exploration well, located in water depth of 29 metres, was drilled. It was intended to test the hydrocarbon potential of the Miocene sands and fractured Basement play. Though oil and gas shows were encountered while drilling, the drill stem test did not discover any hydrocarbon.

Thai Binh Gas Discovery

The Thai Binh-1X well, which is located about 50 kilometres South of Hai Phong City and in water depth of 28 metres, successfully tested natural gas and condensate over the upper and lower sand intervals.

On a combined basis, the well flowed at a total maximum rate of approximately 47.4million scf per day of natural gas through a 128/64" choke at an average wellhead pressure of 524psi. Condensate was produced at an average rate of two barrels per million scf of gas.

This is the first discovery in Block 102. The company and its partners will continue to evaluate this discovery in 2008.

The following table summarises the ownership interests of the various participating parties in the PSC Contract Area and the cash consideration paid to the company in respect of farm-in agreement entered into:-

	Acquired Date	**Participating Interest**	**Cash Consideration**
Petronas	08.01.2003	50%	USD2,000,000
Singapore Petroleum Co. Ltd ("SPC")	09.01.2004	10%	USD3,500,000
Singapore Petroleum Co. Ltd ("SPC")	17.05.2005	10%	USD1,000,000
Petrovietnam*	22.01.2000	20%	-

* In the event that Petrovietnam does not elect to retain its full participating interest within 180 days after the occurrence of a trigger date, that undivided 20% participating interest will revert to the company.

16) **Contingent Liabilities**

The company owns an undivided 10% interest in the PSC Contract Area. Petronas

Carigali Overseas Sdn Bhd ("Petronas) operates the contract under a joint operating agreement whereby the company is responsible for paying both its share of exploration expenditure incurred in the contract area and exploration expenditure attributable to the carried interest (20%) of Vietnam Oil and Gas Corporation ("Petrovietnam).

Accordingly, until a commercial discovery well is drilled in the contract area, the company will pay 30% of the exploration expenditure, but only be entitled to receive its proportional share of the cost recovery oil plus 10% of the profit oil. The company is disputing whether certain prior operations by Petronas were conducted with due regard for the standard of care applicable to operators of offshore properties in exploratory provinces. This dispute, if amicably resolved may increase the company's interest in the PSC or give rise to additional credits against future exploration costs.

The company is unable to assess the likelihood, timing or possible amount of the potential recovery.

17) **Significant Events**

In June 2007, Niger's Energy Minister approved the company application for a uranium exploration and development licence for Niger Uranium Blokcs Tassedet-I through IV, which encompasses a total of 1,973.4 sq km or 487,638 acres in Niger's Tim Mersosf basin. In October 2007, the company will begin exploration in its Tassedet blocks. The company is in negotiations with a major producer as partner.

In September 2007, the company is awarded the right to explore for and produce oil and gas in block C1 in the Republic of Congo Central Basin.

The company has also signed an offshore exploration agreement with Ivory Coast for Block CI202 and onshore oil and gas exploration Block Le Kef in Tunisia.

18) **Subsequent Events**

In March 2008, the company has signed a joint-venture agreement with a third party company organized under the laws of Tunisia. For the next three years, the third party company shall do its best effort to obtain additional oil and gas concessions in and/or outside Tunisia and in obtaining funding to fulfil the obligations of Tunisia oil block work program. Both parties agree that the obligations shall be borne 50/50 by each party.

The company has also reached an agreement in principle with the Cambodian National Petroleum Authority relating to the company offer to enter into a PSC for Block 10 and another for Block 15.

The company is negotiating contracts for additional oil and gas properties in Ghana and Guinea Bissau.

19) **Going Concern**

The accounts are prepared on a going concern basis. The validity of this assumption will depend upon the continued financial support given by the directors and shareholders and upon its ability to obtain necessary funds to meet its obligations on a timely basis and/or ultimately to attain successful profitable operations which will generate the necessary cash flow.