ISLE OF MAN - COMPANY NUMBER 6969V
ENGLAND AND WALES - COMPANY NUMBER FC022829

TomCo Energy plc

Annual report and financial statements 2010

Board of Directors and Company Information

Isle of Man
Company number
6969V

England and Wales
FC022829

Country of incorporation
Isle of Man

Board of Directors
Sir Nicholas Bonsor – non executive chairman
Stephen Komlosy – chief executive officer
John May – finance director
Paul Hughes – non executive director

Secretary and Registered Office
John May
2nd Floor
Sixty Circular Road
Douglas
Isle of Man IM1 1SA

Nominated adviser and broker

Westhouse Securities Limited
One Angel Court
London
EC2R 7HJ

Registrars
Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Auditors
BDO LLP
55 Baker Street
London W1U 7EU

Solicitors
Wallace LLP
1 Portland Place
London W1B 1PN

Bankers
Investec Bank
2 Gresham Street
London EC2V 7QP

Barclays Bank plc
Park House
Newbrick Road
Stoke Gifford
Bristol BS3Y 8ZJ

Wachovia Bank NA
1525 West W.T. Harris Boulevard
Charlotte, N.C.
FL 28262
USA

Directors' report

The Directors submit their report and the financial statements of the Company and of the Group for the year ended 30 September 2010.

Principal activity

The principal activity of the Group is that of developing oil shale leases for future production and acquiring participations in producing oil wells and proven drilling prospects.

Risk assessment

The Group's oil and gas activities are subject to a range of financial and operational risks which can significantly impact on its performance.

Liquidity and interest rate risks

Cash forecasts identifying the liquidity requirements of the Group are produced frequently. These are reviewed regularly by management and the Board to ensure that sufficient financial headroom exists for at least a twelve month period. This strategy will continually be reviewed in the light of developments with existing projects and new project opportunities as they arise.

Currency risk

Due to the limited income and expenses denominated in foreign currencies, it was not considered cost effective to manage transactional currency exposure on an active basis. However, as the financial statements are reported in sterling and the Group's production in the year was predominantly in US dollars (£12,138) (2009: US$ (£5,383) and Israeli shekels) movements in the exchange rate of those currencies against sterling may significantly affect the Group's statement of comprehensive income. As a result of the Group having subsidiaries whose accounts are denominated in foreign currencies, movements in the US dollar against the sterling exchange rates can also affect the Group's balance sheet.

Financial instruments

It was not considered an appropriate policy for the Group to enter into any hedging activities or trade in any financial instruments. Further information can be found in Note 23.

Operation risk

Operational risks include equipment failure, well blowouts, pollution, fire and the consequences of bad weather. The Group co-operates with project operators of producing fields and ensures where possible that all relevant legislation is met and appropriate insurance cover is in place.

Results and dividends

The statement of comprehensive income is set out on page 8. The Directors do not propose the payment of a dividend (2009: £Nil).

The Group made no charitable or political donations in the year (2009: £Nil).

Review of the key events during the year and post reporting date

Heletz

On 16th April 2009, TomCo announced it received a notice from Avenue Group Inc. ('Avenue') purporting to terminate the Farmout Agreement entered into on 1st April 2008 between TomCo and its wholly owned Israeli subsidiary, Luton-Kennedy Limited and Avenue and its wholly owned subsidiary, Avenue Energy Israel ('the Agreement') relating to the Heletz-Kokav and the Iris Licence in Southern Israel (Heletz). On 3rd September 2009, TomCo, in accordance with the terms of the Agreement, commenced Arbitration proceedings asserting that the Agreement could not be terminated and that Avenue had failed to comply on numerous occasions with its obligations to TomCo under the Agreement and the related Joint Operating Agreement.

In December 2009 a first addendum to the Agreement ("First Addendum") was entered into under which the following was agreed:

1. Avenue agreed to withdraw its purported termination of the Farmout Agreement. Both parties waived previous breaches of the Farmout Agreement.
2. TomCo agreed that the December 2008 cash call could be reinstated.
3. A number of variations were agreed including a provision that TomCo's financial obligations as expressed in the Farmout Agreement were to be reduced by the $300,000 raised by a preferred stock issue that Avenue made during 2009. The participating interests of TomCo were to be reduced to 45.5% in respect of the Heletz license and 22.75% in respect of the Iris license to reflect the rights accorded to the preferred stock holders.
4. TomCo's financial obligations were subject to the satisfaction of various specified conditions precedent (mainly relating to the provision by Avenue of outstanding information) which it was anticipated would be fulfilled by 15th February 2010.
5. Once the conditions precedent were fulfilled, the parties would 'close' by Avenue formally assigning the license interests and TomCo putting $1.25 million in escrow towards future expenditures.

At the time of the First Addendum, TomCo made an advance towards payment of the reinstated cash call of $200,000. A second addendum was entered into on 12th March 2010 ('Second Addendum') and at that time TomCo advanced a further $200,000.

Following the reporting date, on 16th December 2010, a Compromise Agreement between TomCo and Avenue was signed under which all Previous Agreements were terminated, with neither of the Parties having any claim against the other Party in connection with the Previous Agreements or as a result of such termination. In consideration of TomCo relinquishing its interest in the Licenses, Avenue issued to TomCo credited as fully paid, such number of shares as equals ten per cent (10%) of the enlarged issued share capital of Avenue Energy Israel (111 ordinary shares of NIS 1 each) . Avenue undertakes to TomCo that whilst TomCo holds the shares and until Avenue has effected a reverse takeover with an Israeli listed company, it shall not transfer the Licenses.

Financing

In December 2009, TomCo announced the subscription by Kenglo One Ltd of 200,000,000 ordinary shares in the Company at an average of 0.676p per share to net £1,352,500 for the Company. As part of this transaction, the convertible loan note issued to Trafalgar Capital Specialized Investment Fund in relation to the completion of the acquisition of Heletz (Note 18) was repaid.

In January 2010, TomCo announced the issue of a Convertible Loan of £2m with Kenglo One Ltd with a term of two years and convertible subject to certain conditions at anytime, at 1.5p per share (a total of 133,333,333 shares), with an interest rate of 12% per annum. The terms of this Agreement were subsequently varied in August 2010 whereby the conversion price is now defined as the lower of (i) 3p per share (ii) the IPO price, defined as the price per share offered pursuant to a public offering or (iii) the investment price, being defined as the lowest price per share paid by any party investing any amount into TomCo between the date of signing the agreement and date of admission to AIM. On 31st December 2010, the terms of this Agreement were further varied whereby the repayment date applicable of 29th December 2010 is extended to 31st May 2011. In August 2010, TomCo issued a further Convertible Loan of £500,000 to Kenglo One Ltd on the same terms as those varied for the initial Convertible Loan, repayable on 30th August 2011.

Following the reporting date, on 31st December 2010, TomCo entered into a further loan Agreement with Kenglo One Ltd relating to an advance of £1 million repayable on or before 31st May 2011. The terms of the loan provide for payment of amounts due to Red Leaf Resources Inc by 31st December 2010 and for general working capital purposes. The loan attracts an interest rate of 12% per annum and is secured by a first priority charge over the entire issued share capital and stock of The Oil Mining Company, Inc on the first drawing of the pounds sterling equivalent to $1,050,981 to make payments due under the licence agreement with Red Leaf Resources Inc, this payment having been made on 31st December 2010; and an assignment of the benefit of the Licence Agreement with Red Leaf Resources Inc at the time and date of the drawing of the balance of £319,885.

In April 2011, TomCo announced a Placing and Open Offer by way of an issue of New Ordinary Shares in the capital of the Company. On 30 June 2011, TomCo closed its Placing and Open offer having raised £3.5m before expenses. The net proceeds of the Placing and Open Offer will be used by the Company to provide the Group with additional working capital and will be applied to the Company's proposed admission to AIM and to better define the TomCo proposed production project at Holliday Block in Utah and enable a decision to be made on the commissioning of a full FEED study (Front End Engineering Design) and mining plan for the Company's proposed 9,500 barrels of oil a day production operation.

Oil Shale

In March 2010, TomCo signed a License Agreement with Red Leaf Resources Inc, a Delaware corporation. Red Leaf Resources Inc has developed the Ecoshale In-Capsule ProcessTM, being the processes and techniques for the extraction of hydrocarbons from oil shale by heating such raw materials in a closed surface impoundment or capsule. Under the License Agreement, Red Leaf Resources Inc has agreed to grant to TomCo, an exclusive, site-specific license of certain patent rights and "know how" relating to the Ecoshale In-Capsule ProcessTM. Under the terms of the License, Red Leaf has agreed to provide TomCo with all new patents, techniques, information and new discoveries in relation to the Ecoshale system. TomCo paid a fee of $1,000,000 (£666,667) in March 2010. Following the reporting date, TomCo paid a further $1,000,000 on 31st December 2010 plus interest of $50,981.

Following the reporting date, TomCo announced the receipt of a Competent Persons Report (CPR) by the independent mining engineers SRK Consulting (UK) Ltd (SRK), which included an updated assessment of the resources present on the Company's Oil Shale Leases in the Uinta Basin, Utah. This is a significant milestone in the Company's evaluation of these assets, in particular the Holliday Block property (Utah State Oil Shale Lease ML 49571), where the Company plans to develop an oil shale production operation.

Directors' report

The resource assessment incorporates data from a total of nine new core-holes totalling 1,698 ft which were drilled on the lease between October and November 2010, at an average spacing of 2,300 ft (700 metres). Drill depths varied from 110 to 305 ft, and in all cases good core recovery was obtained throughout the Mahogany Zone section, which is the principal oil bearing shale in the area. The holes were all successfully logged, and site rehabilitation is complete. Over 700 core samples were evaluated for oil yield using Fischer Assay analysis at a laboratory in Houston, Texas.

Following re-mapping of the area and incorporating all of the new drillhole data, SRK has prepared an updated Mineral Resource Estimate for the Holliday Block area and reported "Indicated Mineral Resource" as defined by the JORC Code of 202 million tons with a mean yield of 22.3 gallons per ton for 123 million barrels of contained oil.

Full details of these and all other post reporting events are disclosed in Note 25.

Registration

On 20 May 2011 the company re-registered as a 'new Manx Vehicle' under the Isle of Man Companies Act 2006.

Directors

Directors who served on the Board during the year to 30th September 2010 were as follows:

N Bonsor
S A Komlosy
H Crosby *
J Ryan *
G M Thompson *
J J May FCA
P M Hughes

* On 14th December 2009 John Ryan, Howard Crosby and Gerard Thompson resigned from the Board and Stephen Komlosy stepped down from the post of chairman and was appointed Chief Executive Officer. On 11th February 2010, Sir Nicholas Bonsor was appointed non executive chairman. There were no other board changes in the year.

Directors' interests in the shares of the Group, including family interests, were as follows:

	30 September 2010		30 September 2009	
	Ordinary 0.5 pence shares	**Share warrants**	Ordinary 0.5 pence shares	Share warrants
J Ryan (resigned 14 December 2009)	46,000,000	9,886,692	46,000,000	9,886,692
H Crosby (resigned 14 December 2009)	41,780,632	9,886,692	41,780,632	9,886,692
G M Thompson* (resigned 14 December 2009)	25,844,059	17,386,692	25,844,059	37,386,692
S A Komlosy **	25,250,000	17,386,692	25,250,000	37,386,692
J J May FCA	25,250,000	17,386,692	25,250,000	37,386,692
N Bonsor (appointed 11 Febriary 2010)	-	-	-	-
P M Hughes	-	-	-	-

*These shareholdings include 594,059 ordinary shares held through HSBC Global Custody Nominee (UK) Limited.

** Held in the name of Barclayshare Nominees Limited.

Details of the share warrants can be found in note 22.

Payments of payables

The Company's policy is to negotiate payment terms with its suppliers in all sectors to ensure that they know the terms on which payment will take place when the business is agreed and to abide by those terms of payment.

The Company's payables payment days as at 30th September 2010 for trade payables was 80 days (2009: 85 days).

Directors' report

Going concern

On 30 June 2011, TomCo closed its placing and open offer having raised £3.5m before expenses. Out of the proceeds, the £1,000,000 loan entered into on 31 December 2010 with Kenglo One Limited will be repaid in full, together with accrued interest to date. TomCo has also entered into an Agreement and Deed of Variation with Kenglo One Limited whereby the terms of the convertible loans issued in 2009 for £2,000,000 and 2010 for £500,000 are varied (Note 25).

Following the successful fund raising and the variation in the terms of the loan noted above, the Directors are confident that the Group has sufficient funds to meet its working capital requirements and commitments for a period of not less than twelve months from the date of signing of these financial statements and as a result the financial statements have been prepared on the going concern basis.

Insurance of key management

The Group maintains Directors' and officers' liability insurance cover for TomCo Energy Plc's Directors in respect of their duties as Directors of the Group.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Isle of Man Companies Act 2006. They are also responsible for steps for the prevention and detection of fraud and other irregularities.

The directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. A fair presentation also requires the directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The directors confirm that they have complied with these requirements, and, having a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

John May

Company Secretary

1 July 2011

Independent auditors' report

to the members of TomCo Energy Plc

We have audited the Group and parent company financial statements (the "financial statements") of TomCo Energy Plc for the year ended 30 September 2010, which comprise the consolidated statement of comprehensive income, the consolidated and company statement of changes in equity, the consolidated and company balance sheet, consolidated and company statement of cashflows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the directors report is not consistence with the financial statements if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and the chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or the opinions we have formed. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the company's affairs as at 30 September 2010 and of its loss for the year ended.

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

4th July 2011

Consolidated statement of comprehensive income

for the financial year ended 30 September 2010

	Note	2010 £'000	2009 £'000
Revenue	2	**12**	**5**
Cost of sales	2	**(4)**	**(21)**
Gross profit/(loss)		**8**	**(16)**
Administrative expenses		**(1,017)**	**(923)**
Operating loss	5	**(1,009)**	**(939)**
Finance income	3	**177**	**41**
Finance costs	4	**(713)**	**(444)**
Loss on ordinary activities before taxation		**(1,545)**	**(1,342)**
Taxation	7	**-**	**-**
Loss from continuing operations		**(1,545)**	**(1,342)**
Loss on discontinued operations, net of tax		**(1,212)**	**(354)**
Loss for the year and total comprehensive income attributable to equity shareholders of the parent		**(2,757)**	**(1,696)**

Loss per share attributable to the equity shareholders of the parent		**2010 Pence per share**	**2009 Pence per share**
Loss per share on continued operations			
Basic & Diluted Loss per share	9	**(0.22)**	**(0.25)**
Loss per share on discontinued operations			
Basic & Diluted Loss per share	9	**(0.17)**	**(0.06)-**
Total loss per share			
Basic & Diluted Loss per share	9	**(0.39)**	**(0.31)**

The Company has elected to take exemption under the Companies Act not to present the parent company's statement of comprehensive income. The loss for the parent company for the year was £2,756,517 (2009: £1,696,646).

Consolidated and Company Balance sheets
as at 30 September 2010

	Note	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Assets					
Non-current assets					
Intangible assets	10	**7,049**	**667**	**6,309**	**-**
Property, plant and equipment	11	**17**	**17**	**910**	**22**
Investment in subsidiaries	12	**-**	**6,382**	**-**	**6,309**
Other receivables	15	**-**	**42**	**-**	**1,014**
		7,066	**7,108**	**7,219**	**7,345**
Current assets					
Inventories	14	**-**	**-**	**139**	**-**
Trade and other receivables	15	**38**	**38**	**71**	**71**
Cash and cash equivalents	16	**612**	**607**	**-**	**-**
		650	**645**	**210**	**71**
TOTAL ASSETS		**7,716**	**7,753**	**7,429**	**7,416**
Liabilities					
Current liabilities					
Trade and other payables	17	**(248)**	**(248)**	**(764)**	**(714)**
Convertible loan	18	**(2,689)**	**(2,689)**	**(809)**	**(809)**
Derivative liability	18	**-**	**-**	**(2)**	**(2)**
		(2,937)	**(2,937)**	**(1,575)**	**(1,525)**
Net current liabilities		**(2,287)**	**(2,292)**	**(1,365)**	**(1,454)**
Non current liabilities					
Other liabilities	17	**-**	**(37)**	**-**	**(37)**
TOTAL LIABILITIES		**(2,937)**	**(2,974)**	**(1,575)**	**(1,562)**
Total net assets		**4,779**	**4,779**	**5,854**	**5,854**
Shareholders' equity					
Share capital	20	**3,798**	**3,798**	**2,798**	**2,798**
Share premium	21	**7,907**	**7,907**	**7,539**	**7,539**
Warrant reserve	22	**928**	**928**	**1,077**	**1,077**
Retained deficit		**(7,854)**	**(7,854)**	**(5,560)**	**(5,560)**
Total equity		**4,779**	**4,779**	**5,854**	**5,854**

The accounts on pages 8 to 31 were approved by the Board of Directors on 1 July 2011.

Stephen Komlosy — Director

John May — Director

Consolidated statement of changes in equity

for the financial year ended 30 September 2010

		Group						Company					
	Note	Share capital	Share premium	Equity loan reserve	Warrant reserve	Retained deficit	Total	Share capital	Share premium	Equity loan reserve	Warrant reserve	Retained deficit	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Restated balance at 1 October 2008		**2,690**	**7,489**	**-**	**1,015**	**(3,973)**	**7,221**	**2,690**	**7,489**	**-**	**1,015**	**(3,973)**	**7,221**
Total comprehensive loss for the year		**-**	**-**	**-**		**(1,696)**	**(1,696)**	**-**	**-**	**-**	**-**	**(1,696)**	**(1,696)**
Issue of share capital		108	50	-	-	-	158	108	50	-	-	-	158
Lapsed warrants in year		-	-	-	(109)	109	-	-	-	-	(109)	109	-
Recognition of share-based payments		-	-	-	171	-	171	-	-	-	171	-	171
Balance at 30 September 2009		**2,798**	**7,539**	**-**	**1,077**	**(5,560)**	**5,854**	**2,798**	**7,539**	**-**	**1,077**	**(5,560)**	**5,854**
Total comprehensive loss for the year		-	-	-	-	(2,757)	(2,757)	-	-	-	-	(2,757)	(2,757)
Convertible loan note – equity component	18	-	-	314	-	-	314	-	-	314	-	-	314
Modification of loan note		-	-	(314)	-	314	-	-	-	(314)	-	314	-
Exercise of warrants		-	-	-	(149)	149	-	-	-	-	(149)	149	-
Issue of share capital	20,21	1,000	368	-	-	-	1,368	1,000	368	-	-	-	1,368
At 30 September 2010		**3,798**	**7,907**	**-**	**928**	**(7,854)**	**4,779**	**3,798**	**7,907**	**-**	**928**	**(7,854)**	**4,779**

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	**Descriptions and purpose**
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Warrant reserve	Amounts resulting from the issue of warrants.
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Consolidated and company statements of cash flows.

for the financial year ended 30 September 2010

	Note	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Cash flows from operating activities					
Loss after tax	2	**(2,757)**	**(2,757)**	**(1,696)**	**(1,696)**
Impairment of Group balances		**-**	**-**	**-**	**694**
Impairment of oil and gas property	11	**1,212**	**1,212**	**-**	**-**
Amortisation	11	**-**	**-**	**64**	**-**
Depreciation	11	**5**	**5**	**6**	**6**
Share-based payments	22	**-**	**-**	**321**	**321**
Finance income	3	**(177)**	**(177)**	**-**	**-**
Finance costs	4	**713**	**713**	**444**	**444**
Decrease/(increase) in inventories	14	**-**	**-**	**(97)**	**-**
Decrease in trade and other receivables	15	**33**	**33**	**140**	**18**
(Decrease)/increase in trade and other payables	17	**(334)**	**(340)**	**675**	**168**
Cash used in operations		**(1,305)**	**(1,311)**	**(143)**	**(45)**
Cash flows from investing activities					
Loans to group companies		**-**	**-**	**-**	**670**
Purchase of technology licence	10	**(667)**	**(667)**	**-**	**-**
Investment in oil & gas assets	10	**(336)**	**(336)**	**(232)**	**-**
Movement in intercompany loans		**-**	**-**		**(694)**
Net cash used in investing activities		**(1,003)**	**(1,003)**	**(232)**	**(25)**
Cash flows from financing activities					
Gross proceeds from issue of share capital	20,21	**1,368**	**1,368**	**-**	**-**
Proceeds from issue of loan note	18	**2,500**	**2,500**	**-**	**-**
Loan repayment	18	**(778)**	**(778)**	**(146)**	**(146)**
Loan interest paid	18	**-**	**-**	**(53)**	**(53)**
Net cash generated from financing activities		**3,090**	**3,090**	**(199)**	**(199)**
Net increase/(decrease) in cash and cash equivalents		**782**	**776**	**(574)**	**(268)**
Exchange loss on cash and cash equivalents		**(1)**	**-**	**-**	**-**
Cash and cash equivalents at beginning of financial period		**(169)**	**(169)**	**405**	**99**
Cash and cash equivalents at end of financial period		**612**	**607**	**(169)**	**(169)**

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations endorsed by the European Union ("EU") and with those parts of the Isle of Man Companies Acts 1931 to 2004 applicable to companies reporting under IFRS. The financial statements have been prepared under the historic cost convention modified by the revaluation of certain financial instruments to fair value including derivatives.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reporting amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Details of the Group's significant accounting judgments and critical accounting estimates are set out in these financial statements and include:

- Commercial reserves estimates; (see Note 10)

- Impairment of intangible assets (Note 11);

- Convertible Loan Note - The carrying value of the derivative financial instrument in the Balance Sheet is derived from a valuation model. Assumptions used in this model are subject to inherent uncertainties and may change significantly if the volatility in the Company's share price changes (see Note 18).

- Share based payments (Note 22);

The Group has consistently applied all applicable accounting standards.

The Directors are confident that the Group has sufficient funds to meet its working capital requirements and commitments for a period of not less than twelve months from the date of signing of these financial statements and as a result the financial statements have been prepared on the going concern basis.

1.2 Future changes in accounting standards

The IFRS financial information has been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period.

The following were amendments to published standards and interpretations to existing standards effective in the year adopted by the Group.

International Accounting Standards (IAS/IFRS)		Effective date (periods beginning on or after)
• IAS 1	Amendment - Presentation of financial statements: a revised presentation	1 Jan 2009
• IAS 23	Amendment - Borrowing costs	1 Jan 2009
• IFRS 2	Amendment - Share-based payment: vesting conditions and cancellations	1 Jan 2009
• IFRS 7	Amendment – Improving Disclosures about Financial Instruments	1 Jan 2009
•	Improvements to IFRSs	1 Jan 2009
• IFRS 8	Operating Segments	1 Jan 2009
• IFRS1 and IAS 27	Amendments – Cost of an Investment in a subsidiary, jointly controlled entity or associate	1 Jan 2009
• IAS 32 and 1	Amendments - Puttable financial instruments and obligations arising on Liquidation	1 Jan 2009
• IFRIC 15	Agreements for the Construction of Real Estate	1 Jan 2009
• IFRS 1	First-time adoption of international accounting standards	1 Jan 2009
• IFRIC9 and IAS 39	Amendments – Embedded derivatives	30 Jun 2009
• IAS 27	Amendment - Consolidated and separate financial statements	1 Jul 2009
• IAS 39	Amendment –Recognition and measurement: Eligible hedged items	1 Jul 2009
• IFRS 3	Revised - Business combinations	1 Jul 2009
• IFRIC 17	Distributions of non-cash assets to owners	1 Jul 2009
• IFRIC 18	Transfers of assets from customers	1 Jul 2009

There were no new standards, interpretations and amendments to published standards effective in the year which were not relevant to the Group.

1.2 Future changes in accounting standards (continued)

Standards, Interpretations and amendments, which are effective for reporting periods beginning after the date of these financial statements:

International Accounting Standards (IAS/IFRS)		Effective date (periods beginning on or after)
• IFRS 1	Additional exemptions for first-time adopters	1 Jan 2010
• IFRS 2	Amendment – Group Cash-settled Share Based payment transactions	1 Jan 2010
• IAS32	Amendment – Classification of Rights Issues	1 Feb 2010
• IFRIC19*	Extinguishing Financial Liabilities with Equity Instruments	1 Apr 2010
•	Improvements to IFRSs (2009)	generally 1 Jan 2010
• IAS24	Revised – Related party disclosures	1 Jan 2011
• IFRIC 14	Amendment to IFRIC 14 – IAS 19 Limit on a defined benefit asset, Minimum funding requirements and their interaction	1 Jan 2011
•	Improvements to IFRSs (2010)*	generally 1 Jan 2011
• IFRS9*	Financial instruments	1 Jan 2013
• IFRS 10*	Consolidated Financial Statements	1 Jan 2013
• IFRS 11*	Joint Arrangements	1 Jan 2013
• IFRS 12*	Disclosure of Interests in Other Entities	1 Jan 2013
• IFRS 13*	Fair Value Measurement	1 Jan 2013

The adoption of IFRS 9 will eventually replace IAS 39 in its entirety and consequently may have a material affect the presentation, classification, measurement and disclosures of the Group's financial instruments.

Items marked * had not yet been endorsed by the European Union at the date that these financial statements were approved and authorised for issue by the Board.

1.3 Basis of consolidation

The Group accounts consolidate the accounts of the parent company, TomCo Energy Plc, and all its subsidiary undertakings drawn up to 30 September 2010. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for on the purchase basis. A subsidiary is consolidated where the company has the power, either directly or indirectly, to govern the financial and operating activities of another entity or business, so it is able to obtain benefits from its activities. On acquisition all the subsidiary's assets and liabilities which existed at the date of acquisition are recorded at their fair values reflecting their condition at the time. If, after re-assessment, the Group's interest in the net fair value of the identifiable assets liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of comprehensive income.

1.4 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, and the Finance Director.

Based on an analysis of risks and returns, the Directors consider that the Group has one principle business segment based on geographical location. The Directors consider that no further segmental analysis would be beneficial to the reader of the financial statements. The Group's revenue arises within the US and Israel. The profit /(loss) before taxation arises within the UK, US and Israel. Net assets are in the UK Israel, and the US.

1.5 Revenue

Turnover represents the Group's share of sales of oil during the year, excluding sales tax and royalties. Income arises from the US and is recognised when the oil is received by the customer, and are net of taxes and royalty interests.

1.6 Finance income

Finance income is accounted for on an effective interest basis.

1.7 Non-current assets held for sale

Non-current assets are classified as held for sale when:

• they are available for immediate sale;

• management is committed to a plan to sell;

• it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;

• an active programme to locate a buyer has been initiated;

• the asset is being marketed at a reasonable price in relation to it's fair value; and

• a sale is expected to complete within 12 months from date of classification.

Non-current assets are held for sale are measured at the lower of:

• their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and

• fair value less costs to sell.

Following their classification as held for sale, non-current assets are not depreciated.

The results of operations during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

Discontinued operations are presented in the statement of comprehensive income (including the comparative period) as a single line which comprises the post tax loss of the discontinued operation. Operations are classified as discontinued when the decision is made to dispose of the operation by the directors and the operations are actively marketed.

1.8 Property, plant and equipment

Office fixtures and fittings are stated at cost of purchase. Depreciation of office fixtures and fittings is provided at 33.3% per annum on cost.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Impairments are charged to administrative expenses within the statement of comprehensive income.

Oil & Gas development and production assets are accumulated on a field-by-field basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with any decommissioning asset. They are presented as oil properties in Note 11.

The net book values of producing assets are depreciated on a field-by-field basis using the unit of production method by reference to the ratio of production in the period to the related commercial reserves of the field, taking into account estimated future development expenditures necessary to bring those reserves into production.

1.9 Oil and gas exploration costs

The Company applies the full cost based method of accounting for oil and gas operations. For evaluation properties, all lease and licence acquisition costs, geological and geophysical costs and other direct costs of exploration appraisal and development are capitalised as intangible fixed assets in appropriate cost pools. Costs relating to unevaluated properties are held outside the relevant cost pool, and are not amortised until such time as the related property has been fully appraised. When a pool cost reaches an evaluated and bankable feasibility stage, the assets are transferred from intangible to oil properties within property, plant and equipment.

Proceeds from the disposal of oil and gas assets accounted for in the pool are deducted from capitalised costs with no gain or loss being recognised.

A review is performed each year for any indication that the value of oil and gas properties may be subject to impairment. Where there are such indications, an impairment test is carried out and if necessary additional depletion is charged if the capitalised costs of evaluated properties exceed the estimated value of the related commercial reserves of oil and gas within the pools. The value is based on the higher of anticipated future costs and revenues (discounted) attributable to such reserves.

1.10 Impairment

An impairment test is performed whenever events and circumstances arising during the development or production phase indicate that the carrying value of a development or production asset may exceed its recoverable amount. The aggregate carrying value is compared against the expected recoverable amount of the cash generating unit, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves. The cash generating unit applied for impairment test purposes is generally the field, except that a number of field interests may be grouped as a single cash generating unit where the cash flows of each field are interdependent.

1.11 Asset disposals

Proceeds from the disposal of an asset, or part thereof, are taken to the statement of comprehensive income together with the requisite net book value of the asset, or part thereof, being sold.

1.12 Joint arrangements

The Group participates in Joint Ventures, for the joint exploration, development and production activities under contractual arrangement, that involve the joint control of assets used in the exploration and development activities. The Group accounts for its share of assets, liabilities, income and expenditure of Joint Ventures in which the Group holds an interest, classified in the appropriate Balance Sheet and Statement of comprehensive income headings.

1.13 Taxation

Taxation expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profits for the financial period using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. If deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversals of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.14 Inventories

Inventories are stated at the lower of cost and net realisable value, which is calculated as the expected sales price less cost of sale, being transport fees, delivery and agency fees.

1.15 Foreign currencies

The accounts have been prepared in pounds sterling being the presentational currency of the Group and Company. The functional currency of the holding Company is also pounds sterling. Assets and liabilities held in the overseas subsidiaries in US dollars are translated into pounds sterling at the rate of exchange ruling at the reporting date and statement of comprehensive income items are translated at the average rate for the year. The exchange difference arising on the retranslation of the opening capital and reserves are recognised as a separate component of equity.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity and accumulated in the foreign exchange reserve.

Exchange differences arising from the settlement of monetary items are included in the statement of comprehensive income for that period.

1.16 Operating leases

Rentals payable under operating leases, net of lease incentives, are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

1.17 Available-for-sale financial assets

The Group classifies its investments as available-for-sale financial assets.

They are carried at fair value with changes in fair value recognised directly in equity within the available-for-sale reserve; exchange differences on available-for-sale financial assets denominated in a foreign currency are recognised in profit or loss. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised directly in equity within the available-for-sale reserve, is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve. On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

1.18 Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated balance sheet.

1.19 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at the bank and other short term liquid investments with original maturities of three months or less.

1.20 Trade payables

Trade payables, defined as financial liabilities in accordance with IAS 39, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Any other trade payables are stated at cost.

All of the trade payables are non-interest bearing.

1.21 Convertible bond – hybrid financial instruments

Where a convertible loan meets the definition of a compound financial instrument the component parts are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements. However, where, at inception, the conversion option is such that the option will not be settled by the Company exchanging a fixed number of its own equity instruments for a fixed amount of cash, the convertible loan does not meet the definition of a compound financial instrument. In such cases, the convertible loan (the host contract) is a hybrid financial instrument and the option to convert is an embedded derivative.

Warrants issued in consideration as part of the arrangement fee are valued in accordance with the share based payment policy and considered as part of the overall convertible loan note financing costs. Direct finance costs are charged against the loan and amortised over the life of the loan.

The embedded derivatives are separated from the host contract as their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. At each reporting date, the embedded derivatives are measured at fair value with changes in fair value recognised in the statement of comprehensive income as they arise. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the convertible loan reduced by the fair value of the embedded derivatives and is subsequently carried at each reporting date at amortised cost. The embedded derivatives and host contract are presented under separate headings in the balance sheet.

The fair values of any embedded derivative are calculated using Black Scholes or other simulation models depending on the characteristics of the loan notes.

1.22 Other convertible instruments and modification

Where the convertible loan instrument can be converted in to a fixed number of shares at the discretion of the loan instrument holder the proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible debt option reserve" within shareholders' equity, net of income tax effects.

Convertible loan notes which can be converted into equity, where the fair value of the equity upon conversion equates to the carrying value of the loan are included within borrowings and only treated as a liability. No equity component is recognised because in the event of conversion this would occur at the fair value, therefore there is not considered to be a value to the conversion option.

Subsequent to the initial requisition the liability component is measured at amortised cost using the effective interest method.

Where the terms and conditions of conversion are modified before the instrument matures, the difference, at the date the terms are amended, between the carried value of the instrument and the fair value of the instrument under the revised terms is recognised as a loss in the statement of comprehensive income if greater than an NPV 10% movement. Furthermore the equity reserve is reassessed and where the modified convertible loan instrument no longer meets the fixed for fixed recognition criteria the convertible debt option reserve is transferred to retained earnings.

1.23 Share capital

Ordinary shares are classified as equity.

1.24 Share-based payments

For equity-settled share-based payments, the fair value determined at the date of grant is expensed on a straight-line basis over the vesting period. Fair value is measured by use of the Black-Scholes model. The calculation of this fair value is detailed in Note 22.

1.25 Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less impairment provisions.

1.26 Financial risk management

Financial risk factors

The Groups operations and their geographical location exposes the Group to a variety of financial risks that include the effects of changes in debt market prices, foreign currency exchange rates, credit, equity securities prices, liquidity and interest rates.

The size of the Group makes it impractical for the Board of Directors to delegate responsibility for the management of financial risk and the Executive Directors, as a body, keep aware of the issues that affect their financial instruments to enable prompt identification of financial risks so that appropriate actions may be taken. The Directors have not set out procedures to deal with foreign exchange risk, interest rate risk, credit risk, liquidity risk and price risk.

a) Foreign exchange risk

The Group is exposed to foreign exchange risks primarily to the US dollar. The Group holds equity investments that are either US companies or have US operations. The Group also holds cash in US dollar bank accounts.

b) Interest rate risk

The Group has interest bearing assets in cash balances of £612,000 (2009:£169,000 overdrawn). Interest earned on cash balances is not significant. The Group has fixed rate convertible loan notes, described in Note 19, which as the rate is fixed, the risk is not significant. Interest charged against overdrawn balances during the period was charged at a rate of 4.85% per annum.

c) Credit risk

The Group has no significant concentrations of credit risk as a result of its limited operations.

d) Liquidity risk

The Group holds a significant proportion of its available assets in immediate access bank accounts. The Group does not hold any facilities available for draw down with the exception of its cash resources.

e) Price risk

The Group is exposed to equity securities price risk on investments held by the Group. The Group is exposed to commodity price risk on its income from oil production.

Notes to the financial statements
for the financial year ended 30 September 2010

2. Segmental reporting - *Analysis by geographical segment*

The Group's revenue arises within the US and Israel. The loss before taxation arises within the UK, US and Israel. Net assets are in the UK and US. Based on an analysis of risks and returns, the Directors consider that the Group has one principle business segment based on geography. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, and the Finance Director. The Directors therefore consider that no further segmentation is appropriate.

Year ended 30 September	**United States 2010 £'000**	**United Kingdom 2010 £'000**	**Total 2010 £'000**	Israel 2009 £'000	United States 2009 £'000	United Kingdom 2009 £'000	Total 2009 £'000
Continuing activities							
Revenue	**12**	**-**	**12**	-	5	-	5
Cost of sales	**(4)**	**-**	**(4)**	-	(6)	(15)	(21)
Gross profit/(loss)	**8**	**-**	**8**	-	(1)	(15)	(16)
Amortisation	**-**	**-**	**-**	-	(38)	-	(38)
Depreciation	**-**	**(5)**	**(5)**	-	-	(6)	(6)
Share based payments	**-**	**-**	**-**	-	-	(171)	(171)
Administrative expenses	**-**	**(1,012)**	**(1,012)**	-	-	(708)	(708)
Operating (loss)/profit	**8**	**(1,017)**	**(1,009)**	-	(39)	(900)	(939)
Financial income	**-**	**177**	**177**	-	-	41	41
Finance costs	**-**	**(713)**	**(713)**	-	-	(444)	(444)
Profit/(Loss) for the year on continuing operations	**8**	**(1,553)**	**(1,545)**	-	(39)	(1,303)	(1,342)
(Loss) for the year on discontinued operations	**-**	**-**	**(1,212)**	-	-	-	(354)
Total profit/(loss)	**8**	**(1,553)**	**(2,757)**	-	(39)	(1,303)	(1,696)
Current assets:							
– property, plant and equipment	**-**	**17**	**17**	-	-	22	22
– exploration and development licences	**6,382**	**-**	**6,382**	-	6,309	-	6,309
– technology licence	**667**	**-**	**667**	888	-	-	888
Inventories	**-**	**-**	**-**	139	-	-	139
Trade and other receivables	**-**	**38**	**38**	-	-	71	71
Cash and cash equivalents	**5**	**607**	**612**	-	-	-	-
Total assets	**7,054**	**662**	**7,716**	1,027	6,309	93	7,429
Current liabilities:							
Trade and other payables	**-**	**(248)**	**(248)**	(50)	-	(714)	(764)
Convertible loan	**-**	**(2,689)**	**(2,689)**	-	-	(809)	(809)
Derivative liability	**-**	**-**	**-**	-	-	(2)	(2)
	-	**(2,937)**	**(2,937)**	(50)	-	(1,525)	(1,575)
Total liabilities	**-**	**(2,937)**	**(2,937)**	(49)	-	(1,525)	(1,575)

3. Finance income

	2010	2009
	£'000	£'000
Bank interest	**1**	-
Gain on derivative element of loan note (Note 18)	**2**	24
Gain on settlement of loan note (Note 18)	**172**	-
Foreign exchange	**2**	17
	177	41

4. Finance costs

	2010	2009
	£'000	£'000
Interest on loan note	**653**	291
Bank overdraft charges	**-**	20
Credit charges relating to SEDA (note 20)	**53**	-
Foreign exchange	**7**	133
	713	444

5. Operating loss

	2010	2009
The following items have been charged/(credited)in arriving at operating loss:	**£'000**	£'000
Depreciation of property, plant and equipment	**5**	6
Amortisation	**-**	64
Oil lease impairment	**1,212**	-
Directors' fees	**248**	174
Share-based payments charge – statement of comprehensive income	**-**	171
Auditors' remuneration:		
– audit services	**58**	30
- non audit services	**34**	-
Rentals payable in respect of land and buildings	**90**	37

6. Non-current assets held for sale and discontinued operations

Loss on discontinued operations for the period

During the year ended 30 September 2010 the Directors sought to divest of their investment in the Israeli Heletz licence area, consequently the statement of comprehensive income results of this operating segment were reclassified as discontinued operations, a summary of the financial impact of the discontinued operation are detailed below:

	2010	2009
	£'000	£'000
Revenue	**39**	130
Cost of sales	**(39)**	(463)
Impairment	**(1,212)**	-
Gross loss	**(1,212)**	(333)
Administrative expenses	**-**	(21)
Loss on discontinued operations, net of tax	**(1,212)**	(354)

The impact of the discontinued operations on the statement of consolidated cash flows statement can be summarised as follows:

	2010	2009
	£'000	£'000
Cash flows from operating activities	**-**	(354)
Cash flows from investing activities	**(262)**	-
Total impact on cash flows	**(262)**	(354)

See note 11 for further details on the decision to treat the Israeli asset as a discontinued operation.

7. Taxation

There is no tax charge in the year due to the loss for the year.

Factors affecting the tax credit:

	2010	2009
	£'000	£'000
Loss on ordinary activities before tax	**(2,757)**	(1,696)
Loss on ordinary activities at standard rate of corporation tax in the UK of 28% (2009 - 28%)	**(772)**	(475)
Effects of:		
Excess management expenses carried forward	**458**	298
Expenses not deductible for tax purposes	**314**	177
Tax charge for the financial year	**-**	-

The Company has tax losses in respect of excess management expenses of £3,804,973 (2009: £2,574,638) available for offset against future Company income. This gives rise to a potential deferred tax asset at the reporting date of £1,087,332 (2009: £772,391). No deferred tax asset has been recognised in respect of the tax losses carried forward as the recoverability of this benefit is dependent on the future profitability of the Company, the timing of which cannot reasonably be foreseen.

8. Employees and Directors

The Group has no employees other than the directors, whose emoluments comprise fees paid for services. Share-based payments relate to warrants issued in the prior year, further details of which are included in Note 22. The amounts paid for their services are detailed below:

	Fees 2010 £'000	**Wages 2010 £'000**	**Share-based payments 2010 £'000**	**Total 2010 £'000**	Fees 2009 £'000	Wages 2009 £'000	Share-based payments 2009 £'000	Total 2009 £'000
N Bonsor	**-**	**38**	**-**	**38**	-	-	-	-
S A Komlosy	**83**	**9**	**-**	**92**	45	5	60	110
G M Thompson	**9**	**1**	**-**	**10**	45	5	60	110
J J May	**75**	**9**	**-**	**84**	45	5	60	110
P Hughes	**24**	**-**	**-**	**24**	24	-	-	24
Total employment costs	**191**	**57**	**-**	**248**	159	15	180	354

9. Loss per share

Basic loss per share is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Reconciliations of the losses and weighted average number of shares used in the calculations are set out below.

Financial year ended 30 September 2010	**Losses £'000**	**Weighted average Number of shares '000**	**Per share Amount Pence**
Basic and Diluted EPS			
Losses attributable to ordinary shareholders on continuing operations	**(1,545)**	**717,791**	**(0.22)**
Losses attributable to ordinary shareholders on discontinued operations	(1,212)	717,791	(0.17)
Total losses attributable to ordinary shareholders on	(2,757)	717,791	(0.39)
Financial year ended 30 September 2009	£'000	'000	Pence
Basic and Diluted EPS			
Losses attributable to ordinary shareholders on continuing operations	(1,342)	541,505	(0.25)
Losses attributable to ordinary shareholders on discontinued operations	(354)	541,505	(0.06)
Total losses attributable to ordinary shareholders	(1,,696)	541,505	(0.31)

The warrants which were in issue at the year end (Note 22) are considered anti-dilutive. The convertible loan note (Note 18) is also potentially anti-dilutive. As the options and warrants would be anti-dilutive a separate diluted loss per share is not presented.

10. Intangible assets

	Oil & Gas Exploration and development licence £'000	Oil & Gas Technology licence £'000	Oil & Gas Total £'000
Cost and net book value			
Brought forward at 1 October 2008 and 2009	**6,309**	**-**	**6,309**
Additions	**73**	**667**	**740**
At 30 September 2010	**6,382**	**667**	**7,049**
At 30 September 2008 and 2009	**6,309**	**-**	**6,309**

The exploration and development licences comprise two State of Utah oil shale leases covering approximately 2,918 acres and estimated to contain inferred mineral resource levels of 230 million barrels of oil in the Green River shale formation. The claim areas and the Group's interest in them is:

Asset	Per cent Interest	Licence Status	Expiry Date	Licence Area (Acres)
ML 49570	100	Prospect	31/12/2024	1,638.84
ML 49571	100	Prospect	31/12/2024	1,280.00

In performing an assessment of the carrying value of the licences at the reporting date, the Directors concluded that, although no exploration activity has been undertaken during the year ended 30 September 2010, it was not appropriate to book an impairment. The Directors have formed this opinion based upon their calculation of estimated fair value less cost to sell. This is considered to be in excess of the carrying value of the asset and has been internally valued based on the estimated reserves in place, a probability of recovery and an estimate of the oil price and costs of extraction.

Following the reporting date, the Company announced the receipt of a Competent Persons Report (CPR) by the independent mining engineers SRK Consulting (UK) Ltd (SRK), which includes an updated assessment of the resources present on the Company's Oil Shale Leases in the Uinta Basin, Utah.

The resource assessment incorporates data from a total of nine new core-holes totalling 1,698 ft which were drilled on the lease between October and November 2010, at an average spacing of 2,300 ft (700 metres). Drill depths varied from 110 to 305 ft, and in all cases good core recovery was obtained throughout the Mahogany Zone section, which is the principal oil bearing shale in the area. The holes were all successfully logged, and site rehabilitation is complete. Over 700 core samples were evaluated for oil yield using Fischer Assay analysis at a laboratory in Houston, Texas.

Following re-mapping of the area and incorporating all of the new drillhole data, SRK has prepared an updated Mineral Resource Estimate for the Holliday Block area and, for the first time, reported "Indicated Mineral Resource" as defined by the JORC Code of 202 million tons with a mean yield of 22.3 gallons per ton for 123 million barrels of contained oil.

In March 2010, TomCo signed a License Agreement with Red Leaf Resources Inc, a Delaware corporation which has developed the Ecoshale In-Capsule ProcessTM, being the processes and techniques for the extraction of hydrocarbons from oil shale by heating such raw materials in a closed surface impoundment or capsule. Under the License Agreement, Red Leaf Resources Inc has agreed to grant to TomCo, an exclusive, site-specific license of certain patent rights and "know how" relating to the Ecoshale In-Capsule ProcessTM. Under the terms of the License, Red Leaf has agreed to provide TomCo with all new patents, techniques, information and new discoveries in relation to the Ecoshale system. TomCo paid a fee of $1,000,000 (£666,667) in March 2010. Following the reporting date, TomCo made a further payment of $1,000,000 on 31 December 2010 plus interest of $50,981.

11. Property, plant and equipment

Group	Oil properties	Fixtures, fittings and equipment	Total
Cost	**£'000**	**£'000**	**£'000**
At 30 September 2008	988	32	1,020
Exchange difference	2	-	2
At 30 September 2009	990	32	1,022
Additions	324	-	324
Impairment	(1,212)	-	(1,212)
At 30 September 2010	102	32	134
Depreciation			
At 30 September 2008	(38)	(4)	(42)
Charge in year	(64)	(6)	(70)
At 30 September 2009	(102)	(10)	(112)
Charge in year	-	(5)	(5)
At 30 September 2010	**(102)**	**(15)**	**(117)**
Net book value			
At 30 September 2010	**-**	**17**	**17**
At 30 September 2009	888	22	910
At 30 September 2008	950	28	978

During the period, the Company advanced $400,000 to Avenue Energy Israel. This respresented the final amount advanced to the Israeli operator of the licence as the Group sought to recover its investment in Israel either through litigation, sale, or other divestment of its interest. At this point in time the asset was impaired in full and the Israeli Oil & Gas operating segment was transferred to non-current assets held for sale as a discontinued operation and the statement of comprehensive was restated accordingly.

The asset was impaired in full due to the uncertainty that exists at the reporting date surrounding the potential value to be recovered from this process, therefore the Directors have chosen to impair the carrying value of the investment in its interests in Israel in full amounting to £1,212,417. Subsequent to the year end, on 16 December 2010, a Compromise Agreement between TomCo and Avenue was signed under which all Previous Agreements were terminated, with neither of the Parties having any claim against the other Party in connection with the Previous Agreements or as a result of such termination. Further details are disclosed in Note 25.

Company	Fixtures, fittings and equipment	Total
Cost or valuation	**£'000**	**£'000**
At 1 October 2008, 2009 and 2010	**32**	**32**
At 1 October 2008	4	4
Depreciation	6	6
At 1 October 2009	10	10
Depreciation	5	5
At 30 September 2010	**15**	**15**
Net book value		
At 30 September 2010	**17**	**17**
At 30 September 2009	22	22
At 30 September 2008	28	28

12. Company investment in subsidiaries

Shares in Group undertakings

	Total
	£'000
Cost	**6,309**
Additions	**73**
At 30 September 2010	**6,382**
At 30 September 2008, 2009	**6,309**

TomCo Energy PLC holds interests in the following subsidiaries:

Subsidiary Undertaking	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
LKH Limited	Isle of Man, UK	100%	Dormant
Bury Street Services Limited	UK	100%	Dormant
Luton-Kennedy Ltd	Israel	100%	Participation in oil production in Israel
The Oil Mining Company Inc	Utah, USA	100%	Holding of oil shale leases
TomCo I LLC	Delaware, USA	100%	Holding company of TomCo II incorporated in Delaware, USA. TomCo II is engaged in the exploration and extraction of oil and gas through joint investment in oil leases.

13. Available-for-sale financial assets

	Unlisted investments
Cost or valuation	**£'000**
At 30 September 2008, 2009 and 2010	180
	180
Provisions	
At 30 September 2008, 2009 and 2010	180
	180
Fair value	
At 30 September 2008, 2009 and 2010	**-**

Details of unlisted investments

Name	Share holding number	Percentage holding %	Average cost per share pence	Cost £'000
Equity securities US (1)	9,751	0.78	31	30
Equity securities UK	471,070	3.47	20	94
Equity securities US (2)	1,000,000	8.12	5	56

The Directors provided in full for the investment in equity securities in the US (1) in 2007 due to the uncertain future of the Company. The Equity securities, US (2) and UK, classed as investing activities, were also provided in full in 2008 due to uncertainties about the future of those Companies.

14. Inventories

	Group 2010 £'000	**Company 2010 £'000**	Group 2009 £'000	Company 2009 £'000
Inventories	-	-	139	-
	-	-	139	-

Inventory is carried at net realisable value because the cost of production exceeds its recoverable amount, furthermore inventories charged to the statement of comprehensive income in 2010 totalled £39,000 (2009: credit £96,000). The remaining inventory was not sold to the benefit of the Group, rather was treated as partial payment for capital services provided in Israel and therefore did not meet the definition of inventory. Therefore the asset carrying value was charged to the cost of the Heletz asset within tangible oil and gas properties, within property, plant and equipment. This asset has therefore subsequently been impaired in full alongside the other Heletz carrying value (see note 11).

15. Trade and other receivables

	Group 2010 £'000	**Company 2010 £'000**	Group 2009 £'000	Company 2009 £'000
Trade receivables	**-**	**-**	10	10
Other receivables	**25**	**25**	7	7
Prepayments and accrued income	**13**	**13**	54	54
	38	**38**	71	71
Non-Current Receivables				
Amounts owed by Group undertakings	**-**	**42**	-	1,014
Total Receivables	**38**	**80**	71	1,085

As at 30 September 2010 there were no receivables considered past due (2009: £Nil). Having considered the carrying value of amounts owing from Group undertakings against net realisable value, the Board has made a general provision against these amounts in the year of £76,622 (2009: £644,720). The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable including cash and cash equivalents as disclosed in Note 23.

All current receivable amounts are due within 6 months.

16. Cash and cash equivalents

	Group 2010 £'000	**Company 2010 £'000**	Group 2009 £'000	Company 2009 £'000
Cash at bank and in hand	**612**	**607**	-	-

The Group earns 0.05% (2009: nil) interest on their cash deposits, consequently the Group's exposure to interest rate volatility is not considered material.

17. Trade and other payables

Current	**Group 2010 £'000**	**Company 2010 £'000**	Group 2009 £'000	Company 2009 £'000
Trade payables	**182**	**182**	332	332
Other payables	**19**	**19**	84	34
Accruals	**47**	**47**	179	179
Bank overdraft	**-**	**-**	169	169
	248	**248**	764	714
Non-Current Payables				
Amounts owed to Group undertakings	**-**	**37**	-	37
Total Payables	**248**	**285**	764	751

All current amounts are payable within 6 months and the Board of Directors considers that the carrying values adequately represent the fair value of all payables. In the opinion of the directors the carrying value of the financial liabilities approximates to their fair value.

18. Financial liabilities

In January 2010, TomCo issued a Convertible Loan of £2m to Kenglo One Ltd with a term of two years and convertible subject to certain conditions at anytime, at 1.5p per share (a total of 133,333,333 shares), with an interest rate of 12% per annum. The terms of this Agreement were varied in August 2010 whereby the conversion price is now defined as the lower of (i) 3p per share (ii) the IPO price, defined as the price per share offered pursuant to a public offering or (iii) the investment price, being defined as the lowest price per share paid by any party investing any amount into TomCo between the date of signing the agreement and date of admission to AIM. Following the reporting date, on 31 December 2010, the terms of this Agreement were further varied whereby the repayment date applicable of 29 December 2010 is extended to 31 May 2011.

In August 2010, TomCo issued a further Convertible Loan of £500,000 to Kenglo One Ltd on the same terms as those varied for the initial Convertible Loan. As the terms of the convertible loans were modified the accounting was re-assessed which resulted in a premium being charged to the consolidated statement of comprehensive income of £110,591, representing the difference between the carried and fair value of the loan note. The equity reserve was credited (£313,765) to retain losses under the accounting principles of the modified instrument.

The convertible bond recognised in the balance sheet is calculated as follows:

	Group and Company
	2010
	£'000
Fair value of consideration received	**2,500**
Equity component	**(314)**
Liability component on initial recognition	**2,186**
Interest expense	**371**
Premium on modification	**111**
Interest expense post modification	**21**
Liability at 30 September	**2,689**

At completion of the acquisition of Heletz on 2 April 2008, the Company issued a 24 months 8% Convertible Loan Note to Trafalgar Capital Specialized Investment Fund (Trafalgar) for €1,000,000 (£771,605) with a minimum convertibility at 2p per share and repayments commencing in October 2008 at €50,000 (£45,555) per month. In December 2009, TomCo announced the subscription by Kenglo One Ltd of 200,000,000 ordinary shares in the Company at an average of 0.676p per share to net £1,352,500 for the Company before expenses. As part of this transaction, the convertible loan note issued to Trafalgar Capital Specialized Investment Fund in relation to the completion of the acquisition of Heletz was repaid.

	Group and Company	Group and Company
	2010	2009
Convertible loan debt portion – amortised cost	**£'000**	£'000
Brought forward	**809**	591
Interest charged	**134**	258
Foreign exchange movement	**7**	132
Repayments	**(778)**	(172)
Gain on settlement	**(172)**	-
Carried forward	**-**	809
Derivative financial instruments – conversion option		
Brought forward/ at inception	**2**	26
Fair value movement – gain	**(2)**	(24)
Carried forward	**-**	2

18. Financial liabilities (continued)

The fair value of the derivative financial instruments disclosed in the financial statements was determined using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument. The fair value of the derivative financial instrument was calculated using a Black Scholes model for the conversion option. The inputs used were as follows:

	2009
Option term	0.5 years
Share price	0.92p
Exercise price	2.0p
Risk free rate	5%
Expected volatility	55%
Exchange rate	£1: €1.09975

19. Deferred tax

Unrecognised losses

The Company has not provided deferred tax for excess management expenses. These remain un-provided as it is not anticipated that the Company will make qualifying profits against which these may be offset in the foreseeable future but they are available indefinitely for offset against future taxable income.

	2010	2009
	£'000	£'000
Losses carried forward	**3,805**	2,575

20. Share capital

		2010	**2009**
	Number of shares	**£**	**£**
Authorised			
1,500,000,000 (2009: 1,000,000,000) ordinary shares of £0.005 each		**7,500,000**	5,000,000
		7,500,000	5,000,000
Issued and fully paid			
At 1 October		**2,797,746**	2,690,246
Allotted during year:			
March 2009 at £0.005 per share	1,500,000	**-**	7,500
August 2009 at £0.005 per share	20,000,000	-	100,000
December 2009 at £0.0068 per share	200,000,000	**1,000,000**	-
		1,000,000	107,500
759,549,151 (2009: 559,549,151) ordinary shares of £0.005 each		**3,797,746**	2,797,746

The authorised share capital was increased in November 2009 by 500,000,000 shares (£2,500,000) following an EGM resolution (2009: nil).

20. Share capital (continued)

Standby Equity Distribution Agreement (SEDA)

On 14 January 2009, the Company entered into a £5.0m SEDA with GEM Global Yield Fund Limited ("GEM"). The SEDA enables the Company to make draw downs at times of its choosing by issuing new ordinary shares of 0.5p each in the Company in return for cash. The equity line is available for a period of three years. At 30 September 2010, £4,992,500 (2009: £4,992,500) of the facility remained undrawn as it can only be utilised when the Company's shares are actively trading. The Company's shares were suspended in February 2009 and have not yet recommenced trading.

21. Share premium

	2010	2009
	£'000	£'000
At 1 October	**7,539**	7,489
Premium on shares issued in the year (Note 20)	**368**	50
At 30 September	**7,907**	7,539

22. Share-based payments

At 30 September 2010, the following share warrants granted for services and shares are outstanding in respect of the ordinary shares:

	2010	**2010**	2009	2009
		Weighted average		Weighted average
		exercise price		exercise price
	number	**pence**	number	pence
Outstanding at 1 October	**245,177,802**	**1.9**	147,481,135	2.5
Granted during the year	**4,000,000**	**2.5**	138,096,667	1.31
Lapsed during the year	**-**	**-**	(40,400,000)	-
Exercised during the year	**(103,000,000)**	**0.62**	-	-
Outstanding at 30 September	**146,177,802**	**2.5**	245,177,802	1.3
Exercisable at 30 September	**146,177,802**	**1.6**	245,177,802	1.9

Each warrant is governed by the provisions of warrant instruments representing the warrants which have been adopted by the Company. The rights conferred by the warrants are transferable in whole or in part subject to and in accordance with the transfer provisions set out in the Articles. The holders of warrants have no voting right, pre-emptive right or other right attaching to Ordinary Shares. All warrants issued vest in full.

The warrants outstanding at 30 September 2010 had a weighted average exercise price of 2.5 pence (2009: 1.31 pence) and a weighted average remaining contractual life of 1.73 years (2009: 3.75 years). Following year end, of the 146,177,802 warrants outstanding, 51,320,152 have lapsed.

The inputs into the Black-Scholes model for calculating estimated fair value were:

	2010	2009
Weighted average share price (pence)	**-**	0.38
Weighted average exercise price (pence)	**-**	1.31
Expected volatility	**-**	55%
Risk-free rate	**-**	5%
Weighted average remaining contractual life (years)	**-**	3.75

22. Share-based payments (continued)

Expected volatility was determined by calculating the historical volatility of the Company's share or the volatility of a basket of similar listed companies where the historic volatility was no longer appropriate. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

23. Financial instruments

The Group and Company's financial instruments, other than its investments, comprise cash and items arising directly from its operation such as trade receivables, convertible loan note – debt element and derivative element and trade payables.

Management review the Group and Company's exposure to currency risk, interest rate risk, liquidity risk and credit risk on a regular basis and consider that through this review they manage the exposure of the Group and Company. No formal policies have been put in place in order to hedge the Group and Company's activities to the exposure to currency risk or interest risk, however, this is constantly under review.

There is no material difference between the book value and fair value of the Group and Company's cash and other financial instruments. Further information on the loan notes issued during the year is disclosed in Note 18.

Currency risk

The Group has three overseas subsidiaries; two of which operate in the United States and one in Israel and whose expenses are mainly denominated in US$. Foreign exchange risk is inherent in the Group and Company's activities and is accepted as such. The majority of Company expenses are denominated in pounds sterling. The effect of a 10% strengthening or weakening of the US dollar against sterling at the reporting date on the sterling denominated balances would, all other variables held constant, not result in a significant exchange gain or loss in the period.

Interest rate risk

The Group and Company manage the interest rate risk associated with the Group cash assets by ensuring that interest rates are as favourable as possible, whether this is through investment in floating or fixed interest rate deposits, whilst managing the access the Group requires to the funds for working capital purposes. The Group has no interest rate exposure on its convertible loan which is issued at a fixed rate.

The Company's cash and cash equivalents are subject to interest rate exposure due to changes in interest rates. Short-term receivables and payables are not exposed to interest rate risk.

A 1% increase or decrease in the floating rate attributable to the cash balances held at the year end would not result in a significant difference on interest receivable. The Company's main debt is the Convertible Loan notes issued (Note 18), which is at a fixed rate of 12% therefore there is no interest rate sensitivity. Failure to pay any amount payable on the due date will incur accrued interest on any unpaid amount until the date of payment at a rate of 2% above the interest rate.

Liquidity risk

At the year end the group had cash balances comprising of the following:

	Group	**Company**	Group	Company
	2010	**2010**	2009	2009
Current	**£'000**	**£'000**	£'000	£'000
British Pounds	**605**	**605**	(10)	(10)
US Dollars	**7**	**2**	(159)	(159)
Total	**612**	**607**	(169)	(169)

Liquidity risk arises from the group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The convertible loan notes (Note 18) are due for repayment within 1 year.

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days. The group seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on any long term borrowings.

23. Financial instruments (continued)

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk from its relationship with its partners and is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts in accordance with best local business practices, and seek external credit ratings where applicable and when available. Credit risk of existing customers is assessed when deemed necessary.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with an acceptable rating are utilised.

Capital management policies

In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues or debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

24. Related party disclosures

The Directors are considered to be Key Management and information in respect of key management is given in note 7.

Transactions between the Company and its subsidiaries and related parties during the year are summarised below:

Funding provided to Luton Kennedy Limited	£262,599	(2009: £231,703)
Inter-group receivable outstanding at year end	£41,555	(2009: £1,013,935)
Inter-group payable outstanding at year end	£36,515	(2009: £36,515)
Expenses paid by the parent company on behalf of subsidiaries	£ -	(2009: £27,043)
Shareholder loans	£2,688,713	(2009: £ nil)

25. Post reporting events

Heletz

On 16 December 2010, a Compromise Agreement between TomCo and Avenue was signed under which all Previous Agreements were terminated, with neither of the Parties having any claim against the other Party in connection with the Previous Agreements or as a result of such termination. In consideration of TomCo relinquishing its interest in the Licenses, Avenue agrees to issue to TomCo credited as fully paid, such number of shares as equals ten per cent (10%) of the enlarged issued share capital of Avenue Energy Israel (111 ordinary shares of NIS 1 each) or such other subsidiary or company associated with or affiliated with Avenue that hold the Licences. Avenue undertakes to TomCo that whilst TomCo holds the shares and until Avenue has effected a reverse takeover with an Israeli listed company, it shall not transfer the Licenses.

Financing

In January 2010, TomCo announced the issue of a Convertible Loan of £2m with Kenglo One Ltd with a term of two years and convertible subject to certain conditions at anytime, at 1.5p per share (a total of 133,333,333 shares), with an interest rate of 12% per annum. The terms of this Agreement were subsequently varied in August 2010 whereby the conversion price is now defined as the lower of (i) 3p per share (ii) the IPO price, defined as the price per share offered pursuant to a public offering or (iii) the investment price, being defined as the lowest price per share paid by any party investing any amount into TomCo between the date of signing the agreement and date of admission to AIM. On 31 December 2010, the terms of this Agreement were further varied whereby the repayment date applicable of 29 December 2010 is extended to 31 May 2011.

On 31 December 2010, TomCo entered into a further Loan Agreement with Kenglo One Ltd relating to an advance of £1 million repayable on or before 31 May 2011. The terms of the loan provide for payment of amounts due to Red Leaf Resources Inc by 31 December 2010 and for general working capital purposes. The loan attracts an interest rate of 12% per annum and is secured by a first priority charge over the entire issued share capital and stock of The Oil Mining Company, Inc on the first drawing of the pounds sterling equivalent to $1,050,981 to make payments due under the licence agreement with Red Leaf Resources Inc, this payment having been made on 31 December 2010; and an assignment of the benefit of the Licence Agreement with Red Leaf Resources Inc at the time and date of the drawing of the balance of £319,885.

25. Post reporting events (continued)

In April 2011, TomCo announced a Placing and Open Offer by way of an issue of New Ordinary Shares in the capital of the Company. On 30 June 2011, TomCo closed its Placing and Open offer having raised £3.5m before expenses. The net proceeds of the Placing and Open Offer will be used by the Company to provide the Group with additional working capital and will be applied to the Company's proposed admission to AIM and to better define the TomCo proposed production project at Holliday Block in Utah and enable a decision to be made on the commissioning of a full FEED study (Front End Engineering Design) and mining plan for the Company's proposed 9,500 barrels of oil a day production operation.

Out of the proceeds, the £1,000,000 loan entered into on 31 December 2010 with Kenglo One Limited (‘Kenglo’) will be repaid in full together with accrued interest to date.

TomCo and Kenglo have also agreed to enter into an Agreement and Deed of Variation whereby with effect from the second business day following receipt by TomCo of the £3.5m (“Investment Date”) the terms of the convertible loans issued in 2009 for £2,000,000 and 2010 for £500,000 are varied to the extent that:

a) the repayment dates are extended to 31 December 2014;

b) interest shall not accrue for a period of 3 months from the Investment Date. Thereafter interest shall accrue at a rate of six per cent (6%) per annum and all accrued interest to date shall be capitalised on the principal amount of the loans; and

c) TomCo can require Kenglo to convert such amount of the outstanding convertible loans together with interest into ordinary shares in the capital of TomCo prior to a waiver of the obligation to make a mandatory offer pursuant to Rule 9 of the Takeover Code being granted by the Panel on Takeovers and Mergers and being approved by independent shareholders of TomCo, provided that such request shall not result in Kenglo holding in excess of 29.99% of the issued share capital of TomCo; and following such grant and approval of such Rule 9 waiver, requiring it to convert all outstanding loans and accrued interest thereon.

Kenglo also agreed that on the Investment Date it shall convert such amount of the convertible loans outstanding together with interest accrued thereon into ordinary shares in the capital of TomCo as is possible without triggering an obligation of Kenglo to make a mandatory offer for the entire issued share capital of TomCo pursuant to Rule 9

Oil Shale

In March 2010, TomCo signed a License Agreement with Red Leaf Resources Inc, a Delaware corporation. Red Leaf Resources Inc has developed the Ecoshale In-Capsule ProcessTM, being the processes and techniques for the extraction of hydrocarbons from oil shale by heating such raw materials in a closed surface impoundment or capsule. Under the License Agreement, Red Leaf Resources Inc has agreed to grant to TomCo, an exclusive, site-specific license of certain patent rights and “know how” relating to the Ecoshale In-Capsule ProcessTM. Under the terms of the License, Red Leaf has agreed to provide TomCo with all new patents, techniques, information and new discoveries in relation to the Ecoshale system. TomCo paid a fee of $1,000,000 (£666,667) in March 2010, with a further $1,000,000 payment on 31 December 2010 plus interest of $50,981.

In April 2011, TomCo announced the receipt of a Competent Persons Report (CPR) by the independent mining engineers SRK Consulting (UK) Ltd (SRK), which includes an updated assessment of the resources present on the Company's Oil Shale Leases in the Uinta Basin, Utah. This is a significant milestone in the Company's evaluation of these assets, in particular the Holliday Block property (Utah State Oil Shale Lease ML 49571), where the Company plans to develop an oil shale production operation.

The resource assessment incorporates data from a total of nine new core-holes totalling 1,698 ft which were drilled on the lease between October and November 2010, at an average spacing of 2,300 ft (700 metres). Drill depths varied from 110 to 305 ft, and in all cases good core recovery was obtained throughout the Mahogany Zone section, which is the principal oil bearing shale in the area. The holes were all successfully logged, and site rehabilitation is complete. Over 700 core samples were evaluated for oil yield using Fischer Assay analysis at a laboratory in Houston, Texas.

Following re-mapping of the area and incorporating all of the new drillhole data, SRK has prepared an updated Mineral Resource Estimate for the Holliday Block area and, for the first time, reported "Indicated Mineral Resource" as defined by the JORC Code. Specifically SRK has reported an Indicated Mineral Resource of 202 million tons with a mean yield of 22.3 gallons per ton for 123 million barrels of contained oil.