THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. If you have sold or transferred all your Ordinary Shares in TomCo Energy plc, you should send this document, together with the accompanying form of proxy, to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This document is an admission document, which has been drawn up in accordance with the AIM Rules for Companies and has been issued in connection with the application for Admission. This document does not constitute a prospectus for the purposes of Part VI of the Financial Services and Markets Act and a copy of it has not been, and will not be, delivered to the Registrar of Companies in England and Wales. No offer of transferable securities to the public (for the purposes of section 102B of the Financial Services and Markets Act 2000) is being made.

Application will be made for the share capital to be admitted to trading on AIM. It is expected that Admission will take place on 21 July 2011. It is emphasised that no application has been made, or is being made, for the admission of the securities to the Official List of the UK Listing Authority or to trading on the London Stock Exchange's market for listed securities. The Ordinary Shares are not dealt in on any regulated market and no application has been or is intended to be made for the Ordinary Shares to be admitted to trading on any such market.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The AIM Rules are less demanding than those of the Official List. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule 2 to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

TOMCO ENERGY PLC

(incorporated in the Isle of Man and registered under the Companies Act 2006 with registered number 6969V)

Admission to trading on AIM

Nominated Adviser and Broker

Westhouse Securities Limited

Share capital immediately following Admission

Ordinary Shares of 0.5p each

Issued and fully paid

Amount	*Number*
£6,554,479.77	1,310,895,954

THE WHOLE TEXT OF THIS DOCUMENT SHOULD BE READ AND IN PARTICULAR YOUR ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" SET OUT IN PART II OF THIS DOCUMENT.

Westhouse Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company in connection with the Admission. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document (without limiting the statutory rights of any person to whom this document is issued). Westhouse Securities Limited will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to customers of Westhouse Securities Limited or for providing advice in relation to the contents of this document or any other matter.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, Ordinary Shares to any person in any jurisdiction in which such an offer is unlawful. In particular, this document is not for distribution by any means including electronic transmission in or into the United States or in or to any resident of Canada, Australia, Republic of Ireland, Republic of South Africa or Japan, their possessions or territories or to any of their citizens, or to any corporation, partnership or such entity created or organised under their laws. Any such distribution contrary to the above could result in a violation of the laws of such countries. In addition, the Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (Securities Act), or under any state securities laws and may only be offered or sold in offshore transactions as defined in and in accordance with Regulation S promulgated under the Securities Act. Acquirers of the Ordinary Shares may not offer to sell, pledge or otherwise transfer the Ordinary Shares in the United States, or to any U.S. Person as defined in Regulation S under the Securities Act, including resident corporations, or other entities organised under the laws of the United States, or non U.S. branches or agencies of such corporations unless such offer, sale, pledge or transfer is registered under the Securities Act, or an exemption from registration is available. The Company does not currently plan to register the Ordinary Share under the Securities Act.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription made pursuant to it will, under any circumstances, create any implication that there has been any change in the affairs of the Company since the date of this document or that the information in it is correct at any time subsequent to its date.

This document contains certain forward looking statements that involve risks and uncertainties. All statements other than statements of historical facts contained in this document, including statements regarding the Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward-looking statements in this document use words like "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and similar terms. The Group's actual results could differ materially from those anticipated in the forward looking statements as a result of many factors, including the risks faced by the Group which are described in Part II and elsewhere in this document. Investors are urged to read this entire document carefully before making an investment decision. The forward looking statements in this document are based on the beliefs and assumptions of the Directors and information only as of the date of this document, and the forward looking events discussed in this document might not occur. Therefore, investors should not place any reliance on any forward looking statements. Except as required by law, the Directors undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future earnings, or otherwise.

The Company and the Directors whose name appear on page 8 of this document, accept responsibility, individually and collectively, for the information contained in this document and compliance with the AIM rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	15 July 2011
Investment Day	18 July 2011
Admission effective and dealings in Ordinary Shares on AIM commence	21 July 2011

ADMISSION STATISTICS

Number of Ordinary Shares in issue following Admission	1,310,895,954
Percentage of the Share Capital held by Kenglo following Admission	29.90%
TIDM Code	TOM
ISIN	GB0031782278

DEFINITIONS

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

"Act" or "Companies Act 2006"	the Isle of Man Companies Act 2006;
"Admission"	the admission of the Share Capital to trading on AIM in accordance with the AIM Rules;
"AIM"	the market known as AIM operated by the London Stock Exchange;
"AIM Rules for Companies" or "AIM Rules"	the rules applicable to companies whose securities are traded on AIM, as published by the London Stock Exchange from time to time;
"Altima"	Altima Partners LLP;
"Articles"	the articles of association of the Company;
"Avenue"	Avenue Group, Inc., a Delaware corporation whose offices are located at 405 Lexington Avenue, 26th Floor, New York, N.Y. 10174;
"Avenue Energy"	Avenue Energy Israel Limited, a wholly-owned subsidiary of Avenue, the operator of the Israeli Assets and a joint venture party to the Israeli Licences;
"BLM"	the Bureau of Land Management, a department of the US Federal Government responsible for the administration of Federal lands;
"Board" or "Directors"	the directors of the Company, whose names are set out on page 8 of this document;
"Capital Elements"	Capital Elements (UK) LLP, a wholly owned subsidiary of Altima;
"Combined Code"	the Combined Code on Corporate Governance issued by the Financial Reporting Council;
"Company" or "TomCo"	TomCo Energy Plc, incorporated and registered in the Isle of Man with number 6969V;
"Competent Person"	a competent person as defined by the AIM Rules;
"Compromise Agreement"	the compromise agreement entered into between the Company, Luton Kennedy Limited, and Avenue and Avenue Energy dated 16 December 2010;
"Conversion"	the full or partial conversion into Ordinary Shares of the Loans made under the Convertible Loan Agreement;
"Convertible Loan Agreements"	the agreements entered into between the Company and Kenglo in respect of the 2009 Convertible Loan and the 2010 Convertible Loan, as further described in section 13 of Part VI of this document;
"CPR"	the competent person's report as defined by the AIM Rules in Part IV of this document;
"CREST"	the electronic, paperless transfer and settlement system (as defined in the CREST Regulations) operated by Euroclear UK and Ireland Limited, which facilitates the transfer of title to shares in uncertificated form;

“CREST Regulations”	the Uncertificated Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
“EcoShale™ In-Capsule Process” or “EcoShale™ Process”	the processes and techniques developed by Red Leaf for extraction of hydrocarbons from oil shale by heating such raw materials in a closed surface impoundment or capsule;
“Expert Opinion”	the technical report on the EcoShale™ In-Capsule Process by GCA;
“FSA”	the Financial Services Authority of the United Kingdom;
“GCA”	Gaffney, Cline & Associates Inc, authors of the Expert Opinion;
“Group”	the Company and any subsidiary of the Company;
“Holliday Block Lease”	Utah State oil shale lease ML49571, which lies largely within the leased area of the Uinta Basin known as the “Holliday Block”;
“Heletz Field”	the oil field of that name in southern Israel;
“Introduction Agreement”	the agreement dated 15 July 2011 between TomCo and Westhouse, as further described in section 13 of Part VI of this document;
“Investment Agreement”	the agreement dated 11 December 2009 between TomCo, Stephen Komlosy, John May and Kenglo, as further described in section 2 of Part I and section 13 of Part VI of this document;
“Investment Date”	18 July 2011, being one business day after the day the Company is in receipt of all the funds raised pursuant to the Placing and Open Offer;
“Israeli Licences”	the Heletz-Kokhav Licence and the Iris Licence being Licences to exploit certain oil fields in Southern Israel;
“JORC Code”	the Code for reporting exploration results, mineral resources and ore reserves, issued by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia;
“Kenglo”	Kenglo One Limited;
“Licence Agreement”	the agreement dated 24 March 2010 between TomCo and Red Leaf as further described in section 13 of Part VI of this document;
“London Stock Exchange”	London Stock Exchange Plc;
“Oil Shale Leases”	leases ML49570 and ML49571, in the Uinta Basin of Utah, currently leased by the Group from SITLA;
“Ordinary Shares”	ordinary shares of 0.5 pence each in the capital of the Company;
“Placing and Open Offer”	the placing and open offer announced by the Company on 27 April 2011;
“Red Leaf”	Red Leaf Resources, Inc., a Delaware corporation whose offices are located at 200 W. Civic Centre Drive, Suite 190, Sandy, Utah 84070;
“SEC”	the Securities Exchange Commission;
“Share Capital”	the issued ordinary share capital of the Company immediately following Admission;

"Share Dealing Code"	the code on dealings in the Company's securities adopted by the Company;
"Shareholders"	shareholders in the Company;
"SITLA"	the Schools and Institutional Trust Lands Administration, a department of the State of Utah;
"SRK Consulting" or "SRK"	SRK Consulting (UK) Limited, the authors of the CPR;
"subsidiary"	has the meanings given to it by the Companies Act 2006;
"Takeover Code"	the City Code on Takeovers and Mergers;
"Takeover Panel"	the Panel on Takeovers and Mergers;
"The Oil Mining Company"	The Oil Mining Company Inc., a wholly owned subsidiary of the Company registered in the state of Utah, USA, being the holder of the Oil Shale Leases;
"uncertificated" or "in uncertificated form"	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
"United Kingdom Listing Authority"	the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 as amended;
"USGS"	United States Geological Survey;
"US person"	a citizen or permanent resident of the United States, as defined in Regulation S promulgated under the Securities Act 1933;
"Warrantholder"	holder of warrants over Ordinary Shares from time to time;
"Westhouse"	Westhouse Securities Limited, the Company's nominated adviser and broker;
"2009 Convertible Loan"	the convertible loan of £2,000,000 by Kenglo to the Company dated 29 December 2009, which is described in section 13 of Part VI;
"2010 Convertible Loan"	the convertible loan of £500,000 by Kenglo to the Company dated 5 August 2010, which is described in section 13 of Part VI.

GLOSSARY OF TECHNICAL TERMS

"bbl"	barrels of oil;
"bopd"	barrels of oil per day;
"diagenetic"	relating to the chemical, physical and biological changes undergone by a sediment during burial;
"Eocene"	a geological series in the Tertiary Era, dating from 34 to 55 million years before present;
"FEED"	Front End Engineering and Design;
"Green River Formation"	a stratigraphic unit of Eocene age, widely developed across parts of Colorado, Wyoming and Utah, thought to represent the deposits of an ancient lake;
"Indicated Resource"	that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed;
"Inferred Resource"	that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability;
"kerogen"	a complex mixture of organic chemical compounds, present in sedimentary rocks, and which is insoluble in organic solvents;
"kerogen oil"	a synthetic oil derived from the heating of kerogen;
"Mahogany Zone"	a stratigraphic unit contained in the Parachute Creek Member of the Green River Formation, notable for its rich oil shale content and associated weathering colour. It comprises the Upper Mahogany Zone, the Mahogany Bed and the Lower Mahogany Zone, and includes a number of distinctive marker beds;
"MMbbl"	million barrels of oil;
"MM t"	million tons;
"oil shale"	a fine grained sedimentary rock that contains high levels of kerogen, from which petroleum can be derived;
"pyrolysis"	the thermochemical decomposition of organic material at elevated temperatures in the absence of oxygen;
"working interest"	a percentage of ownership in an oil and gas lease granting its owner the right to explore, drill and produce oil and gas from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating a well or unit. After royalties are paid, the working interest also entitles its owner to share in production revenues with other working interest owners, based on the percentage of working interest owned.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Sir Nicholas Bonsor Bt DL (*Non-Executive Chairman*) Stephen Anton Komlosy (*Chief Executive Officer*) Miikka Haromo (*Finance Director*)
Company secretary	Stuart J. Adam MA (Hons), CPFA, Chartered MCSI
Registered agent	Abacus Trust Company Ltd Sixty Circular Road Douglas Isle of Man IM1 1SA
Registered office	2nd Floor Sixty Circular Road Douglas Isle of Man IM1 1SA
Nominated Adviser and Broker to the Company	Westhouse Securities Limited One Angel Court London EC2R 7HJ
Competent Person	SRK Consulting (UK) Limited 5th Floor, Churchill House 17 Churchill Way Cardiff CF10 2HH
Providers of the Expert Opinion	Gaffney, Cline & Associates Four Oaks Place, 1300 Post Oak Boulevard Suite 1000, Houston Texas 77056, USA P.O. Box 460047
Solicitors to the Company in the UK	Wallace LLP One Portland Place London W1B 1PN
Advocates to the Company in the Isle of Man	Appleby (Isle of Man) LLC 33-37 Athol Street Douglas Isle of Man IM1 1LB
Solicitors to the Company in Utah, USA	Jones Waldo Holbrook & McDonough 170 S. Main Street, Suite 1500 Salt Lake City UT 84101, United States
Solicitors to the Company in New York, USA	Moses & Singer LLP The Chrysler Building, 405 Lexington Avenue NY, NY 10174-1299, United States
Solicitors to the Nominated Adviser and Broker	Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP
Auditors and Reporting Accountant	BDO LLP 55 Baker Street London W1U 7EU
Registrars	Computershare Investor Services Plc The Pavilions Bridgwater Road Bristol BS13 8AE

PART I

INFORMATION ON THE COMPANY

TOMCO ENERGY PLC

(incorporated in the Isle of Man with registered number 6969V)

1. Introduction

TomCo is the parent company of a group focused on the development and future production at the Company's oil shale project in the state of Utah, USA. The Group intends to use the EcoShale™ In-Capsule Process, an innovative technology developed by Red Leaf to extract oil from the Oil Shale Leases, which comprise of approximately 2,919 acres within the Uinta Basin, Utah, where oil shale resources are widely distributed within sedimentary rocks of the Green River Formation.

SRK Consulting, the Competent Person whose full report is set out in Part IV of this document, estimates that the Oil Shale Leases, located on the Holliday Block, contain an Indicated Mineral Resource as defined by the JORC Code, of approximately 123 million bbl, which have the potential to be exploited using the EcoShale™ In-Capsule Process.

The Admission concludes the refinancing undertaken by the Company since the cancellation of its admission to AIM in August 2009 comprising the investments totalling £4.85 million by Kenglo between December 2009 and December 2010, by way of equity, convertible debt and secured debt, as further detailed in section 2 below; and the Placing and Open Offer announced on 27 April 2011, which raised a further £3.5 million.

Following completion of the £3.5 million fundraising, on the Investment Day Kenglo has agreed to convert £1,920,000 of its outstanding debt and interest into 192,000,000 Ordinary Shares so that its equity in the enlarged share capital at Admission is 29.9 per cent. of the Ordinary Shares. On this basis, Kenglo will retain £1,009,205 of outstanding convertible loans as at Admission, which will be converted into Ordinary Shares either when granted a Rule 9 waiver by the Takeover Panel (subject to approved by independent shareholders of the Company) or in circumstances where it will not hold more than 29.9 per cent. of the issued share capital of the Company.

At Admission, the Group's current funding is sufficient for the work described in section 6.5 of Part I. In due course, the Company will need to raise additional funds in the form of equity, debt or in other forms to cover the costs to exploit its investment in the Oil Shale Leases.

2. Background and history

The Company, which is incorporated and registered in the Isle of Man, undertook a reverse acquisition of The Oil Mining Company in January 2007. The Oil Mining Company was formed to hold the Oil Shale Leases comprising approximately 2,919 acres and historically estimated to contain 230 million barrels of potential kerogen oil within the Green River Formation. TomCo thereby acquired the right under the Oil Shale Leases to prospect, mine, drill and remove oil shale from the land subject to the Oil Shale Leases. Further information on the Oil Shale Leases and oil shale is set out below in section 7 of this Part I and Part IV.

Following the reverse acquisition of The Oil Mining Company, TomCo's strategy was to acquire and develop a portfolio of conventional energy resource assets in the USA, principally focusing on non-operating interests in shallow producing oil wells, to provide an early cash flow to the Group. As a result, a number of US oil assets were acquired during the early part of 2007. These assets are no longer operating, save for one which is financially immaterial.

With the increase in oil prices during the course of 2007, the Company began to look outside the USA to expand its operational base. In January 2008, TomCo signed a letter of intent with Avenue, a New York based oil and gas company. The Company subsequently announced, in April 2008, the acquisition of working interests in two contiguous onshore petroleum licences in Israel from Avenue, covering the Heletz Field in southern Israel.

On 11 February 2009, the Company's Ordinary Shares were suspended from trading on AIM pending clarification of the Company's financial position. This was a result of contractual difficulties in relation to the Israeli Licenses and resulted in an immediate funding requirement to enable the Company to service its debts and obligations under the agreement with Avenue and to enable it to continue operating.

Although the Company had secured a £5,000,000 equity line of credit with GEM Global Yield Fund Limited, as announced on 15 January 2009, the Company was unable to draw down sufficient monies from this facility as a consequence of the suspension of trading in the Ordinary Shares. As a result of the continued uncertainty relating to the Company's financial position, the Company's Ordinary Shares were cancelled from trading on AIM on 11 August 2009 in accordance with the AIM Rules.

In order to allow the Company to focus on the development of the Oil Shale Leases, TomCo signed a Compromise Agreement with Avenue on 22 December 2010. Under the Compromise Agreement, the Company has rescinded its interests in the Heletz Field asset in return for an indemnity from any liability in the future arising out of the Heletz Field asset, and the issue to TomCo of shares equal to ten per cent. of the issued share capital of Avenue Energy, as at the date of issue. Further details of the Compromise Agreement are set out in section 13 of Part VI.

On 14 December 2009, the Company announced a £1,350,000 equity investment by Kenglo pursuant to the Investment Agreement. Kenglo also agreed to provide additional funding to the Company via the provision of the 2009 Convertible Loan of £2,000,000 entered into on 29 December 2009, the 2010 Convertible Loan of £500,000 entered into on 5 August 2010 and a secured loan of £1,000,000 entered into on 31 December 2010.

The £1,000,000 loan advanced on 31 December 2010 was used in part to satisfy the Company's obligation to make a final payment of US$1,000,000 to Red Leaf pursuant to the Red Leaf Licence with the remainder being used as working capital. The loan and accrued interest will be repaid in full on the Investment Day. On the Investment Day, the repayment dates for the remaining amounts of the convertible loans will be extended to 31 December 2014 and interest shall not accrue for a period of 3 months from the Investment Date, thereafter interest shall accrue at a rate of 6 per cent. per annum. On the Investment Day (see below), Kenglo has agreed to convert £1,920,000 of its outstanding convertible loans, together with interest, into Ordinary Shares so that its shareholding in the Company as at Admission will be 29.9 per cent. On Admission, Kenglo will have £1,009,205 of convertible loans outstanding which will be convertible at a price of 1 pence per Ordinary Share. Further details on the Convertible Loan Agreements are set out in section 13 of Part VI of this document.

On 27 April 2011, the Company announced the Placing and Open Offer to raise a minimum of £3.5 million by the issue of new Ordinary Shares at 3p per share, which was subsequently amended to an issue of new Ordinary Shares at 1p per share. The Placing and Open Offer closed on 30 June 2011 and the Company raised £3,538,268. The Company is in receipt of the full amounts due under the Placing and Open Offer. In order to effect the Placing and Open Offer, the Company engaged Campbell O'Connor as its broker and receiving agent and Optiva Securities Limited as placing agent. Further details of the engagement letters with Campbell O'Connor and Optiva Securities Limited are set out in section 13 of Part VI.

In conjunction with the Placing, the Company has entered into a project finance and management agreement with Capital Elements, a subsidiary of Altima, as further described in paragraph 13 of Part VI of this document, under which it has the right to appoint a director to the Board. Two partners of Altima, Dominic Redfern and Mark Donegan, have become substantial shareholders in the Company as part of the Placing, as shown in the table in paragraph 10.1 of Part VI.

3. Strategy

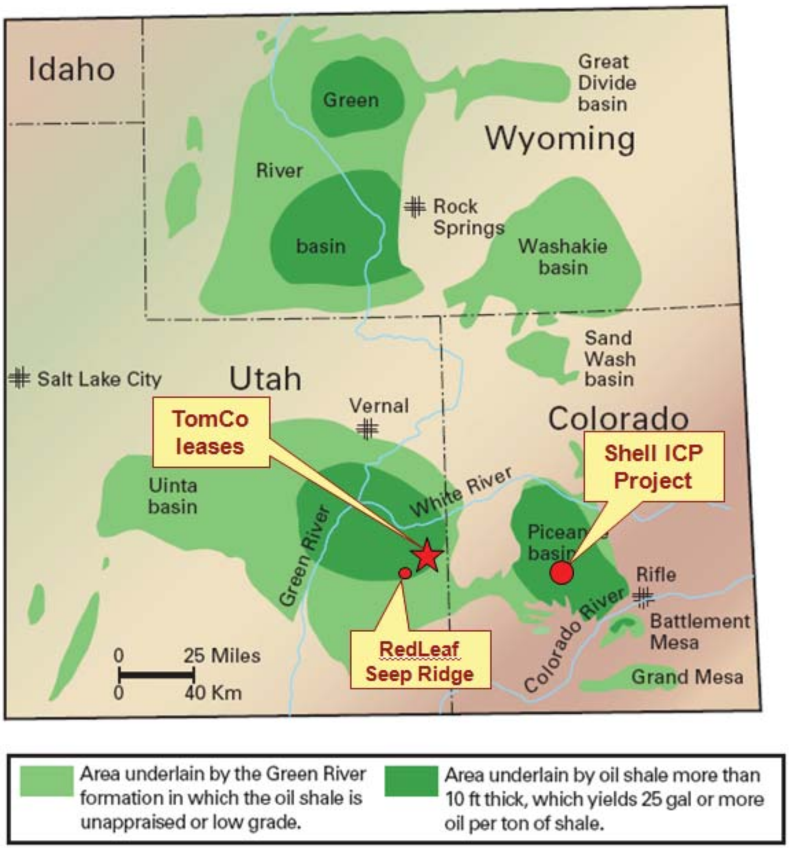
The Directors' primary objective is the commercialisation of the Oil Shale Leases in Utah. The Directors believe that advancements in technologies and processes for the extraction of kerogen oil from oil shale in recent years have again raised the profile of the oil shale resources within the USA and elsewhere, and have created near-term opportunities for the Company to commercialise the Oil Shale Leases. TomCo has licensed the EcoShale™ In-Capsule Process, from Red Leaf. A pilot field test of this technology and process was conducted by Red Leaf at its Seep Ridge site in Utah in late 2008 and early 2009. During the course of 2009, the Directors identified the EcoShale™ In-Capsule Process as being particularly suitable for the commercialisation of the Oil Shale Leases and in particular the Holliday Block, which lies approximately 13 miles north-east of the Seep Ridge site where the geology and overburden are similar (see Figure 1 below). The Directors continued to monitor Red Leaf's developments closely and on 24 March 2010 the Company and Red Leaf entered into the Licence Agreement which enables the Company to employ the EcoShale™ Process to develop the Holliday Block and provides the Company with access to Red Leaf's licensed technology and know-how. Further information on the Licence Agreement is set out in section 6 of Part I and section 13 of Part VI of this document.

The Directors understand that Red Leaf is planning to undertake future development work for a 9,000 – 10,000 bopd commercial production facility at its Seep Ridge site. Following achievement of commercial production, it is the Company's intention to bring the Holliday Block into production thereafter, subject to funding. Further information on the EcoShale™ In-Capsule Process, the Holliday Block and Red Leaf's development of its Seep Ridge site is set out below in section 5 of Part I and in the CPR and Expert Opinion in Part IV and Part V respectively of this document. Further detail on the future development of the Oil Shale Leases is set out at section 6 of Part I of this document.

4. The oil shale industry in the United States

It is generally accepted that the USA hosts a large proportion of the world's potentially exploitable oil shale. The USGS estimates there to be over 2.8 trillion (2.8 x 10^{12}) barrels of potential kerogen oil around the world, some 2 trillion of which are in the USA. The bulk of this oil shale is concentrated in the Green River Formation in Colorado, Wyoming and in Utah, where TomCo's assets are located (See Figure 1 below).

Figure 1 Green River Formation distribution in the US Mountain States



Although there is currently no large scale oil shale commercial production in the USA, over the years both the oil industry and the US Government have undertaken and supported many trials and initiatives to investigate the best way this resource can be exploited. Most notably there was a flurry of activity in the 1970s and 1980s in response to the then prevailing fuel crisis, but these investigations were gradually stopped as oil prices stabilised at relatively low levels.

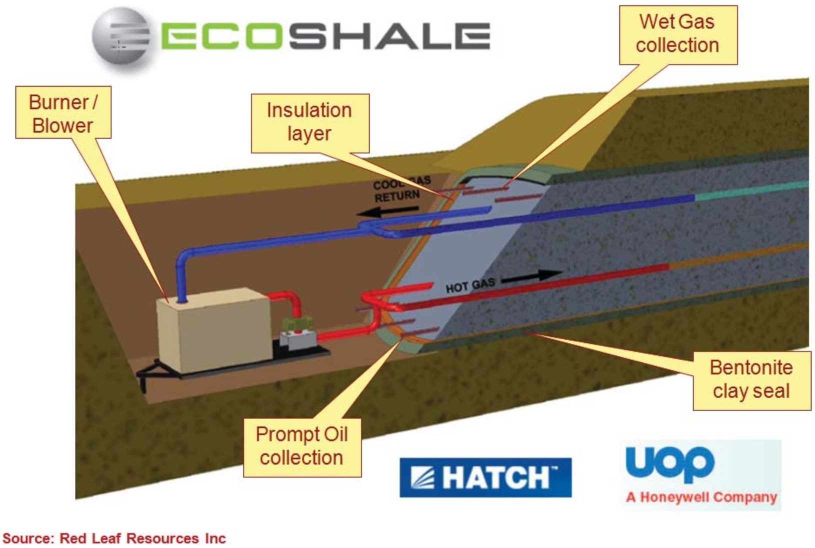
Notwithstanding this, a number of major oil companies have continued to regard oil shale as a relevant component of a future energy mix and have continued to fund research projects focussed mainly on the Green River Formation. For example, Shell has reported that it considers that its *in-situ* technology (ICP or In-situ Conversion Process) may be able to produce oil. In January 2006, the Bureau of Land Management announced that it had accepted eight proposals from six companies, including Shell, to develop oil shale technologies, five of which are focussed on *in-situ* extraction. Each of these projects have been allocated parcels of land on which to conduct their research and given preferential rights to convert just over 5,000 acres to a commercial lease should the work prove successful.

5. The EcoShale™ In-Capsule Process

The EcoShale™ In-Capsule Process has been designed and developed by Red Leaf for application initially to the oil shales of the Green River Formation. TomCo has monitored the development of this technology through a close working relationship with Red Leaf, and as noted above has entered into the License Agreement which gives it access to the technology and know-how, and allows TomCo to use the EcoShale™ process to develop its oil shale assets in Utah.

TomCo has engaged the consultants GCA to undertake a fully independent technical and commercial review and evaluation of the EcoShale™ In-Capsule Process, and in particular the results and implications of the EcoShale™ In-Capsule Process pilot field test which was conducted at the Seep Ridge site from Q4 2008 to Q1 2009. Its Expert Opinion is included as Part V of this document, and is briefly summarised below.

Figure 2 The EcoShale™ In-Capsule Process



The EcoShale™ In-Capsule Process is both elegant and simple. Oil shale is mined and placed in a series of large clay-lined “capsules”. Expendable heating pipe loops are placed in the capsule with the oil shale. External blowers are used to force the hot flue gas from natural gas burners through the pipe loops to heat the oil shale. Heating oil shale to recover oil and gas is a long proven and reliable process.

Collection pipes are located at the top and bottom of the capsule to recover wet gas and oil respectively. Upon depletion, the pipes in the capsule are sealed to prevent water contamination and the capsule is either stacked with another capsule on top, or it is covered with top soil and seeded with native vegetation. The key design challenge is extracting the oil and gas from the capsule.

The technical viability of the EcoShale™ In-Capsule Process has been demonstrated at Seep Ridge with a pilot run conducted in Q4 2008 – Q1 2009. The results of the pilot have been analyzed in detail, and Red Leaf is currently in the process of conducting front end engineering design (FEED) for a full scale commercial implementation of the system at Seep Ridge. First oil is targeted in late 2013 with average production of around 9,500 bopd. The pilot results are encouraging and indicative of future commercial success, although a number of lessons learned during the pilot are being incorporated into the current full-scale design – including insulation layer materials and design, subsidence issues, "stacking" of capsules, heating cycles and pipe design, and commercial issues relating to the processing and sale of kerogen oil products.

In terms of mine design, it is likely that a "truck and shovel" approach will be the best approach. The mine will cover an area of around 1,500 acres, although with continuous reclamation only a portion of this area will be "open" at any one time, and is expected to have a mine life of beyond 20 years. The Ecoshale™ In-Capsule Process relies on supplies of natural gas for furnace fuel, electricity and diesel fuel for excavating and trucking vehicles. As the implementations unfold and more data are collected during the first stages of development, it may deemed possible to use gas generated from the heating process as fuel for heating adjacent modules and for generating electricity. The water consumption in the Ecoshale™ In-Capsule Process is not significant to raise any concerns in sourcing and handling.

6. Information on oil shale and the Oil Shale Leases

6.1. *Background information on oil shale*

Oil shale is a general term used to describe those rocks, generally shales or fine-grained carbonates, which are rich enough in organic matter (kerogen) to yield synthetic petroleum products, following heating at temperatures of the order of 450-500ºC in the absence of air. This chemical process is termed pyrolysis. The resulting synthetic oil is known as kerogen oil, and can be used as a hydrocarbon feedstock which is comparable to many naturally occurring crude oils.

Oil shale deposits are generally considered to be sedimentary in origin and to have formed as a result of the deposition of organic matter in anaerobic conditions in lakes and lagoons, and the burial of this accumulated material, accompanied by normal diagenetic processes. The compaction of these beds, the removal of water, and the increased temperatures and pressures then converts the original organic matter into kerogen, an amorphous organic material known to be the pre-cursor to oil. These are essentially the same processes involved in the formation of conventional oil deposits, but in the case of oil shales the process remains incomplete due to shallow burial.

There are a number of processes now available for treatment of oil shale and the extraction of kerogen oil. The most proven, *ex-situ*, technologies involve mining the oil shale and continuing its pyrolysis inside surface retorts of varying designs. These processes are relatively energy efficient and give good yields. In contrast, *in-situ* methods aim to avoid the mining, crushing and surface handling of the oil shale by conducting pyrolysis underground and extracting only the kerogen oil products. This approach, however, also has its drawbacks, most notably, in achieving efficient product recovery and avoiding groundwater contamination.

The Red Leaf Eco-Shale™ In-Capsule Process, which TomCo plans to adopt, does not avoid the mining stage of the operation, but its advantage is that the processing takes place within capsules constructed within the void left behind by the mining, thereby avoiding the double handling costs incurred by other *ex-situ* methods. Thermal processes common to some of the *in-situ* technologies are then used within the capsules to recover the petroleum products, but the design of these promotes better thermal transference through the capsule making it more efficient than the *in-situ* methods. The Directors believe the Red Leaf Eco-Shale™ In-Capsule Process has the potential to produce high quality petroleum products, while minimising environmental impacts.

6.2. *The Oil Shale Leases*

The Oil Shale Leases comprise two Utah State mineral leases located in Uintah County, Utah, within the Uinta Basin, and containing thick developments of the Green River Formation. The Green River Formation, occurring in NE Utah, NW Colorado, and SW Wyoming, USA, is a geological unit of Eocene age which is known to host the largest oil shale deposits in the world.

The Oil Shale Leases are located within the central portion of the Uinta Basin where the Mahogony zone is present, close to the Colorado border (see Figure 1 and Figure 3). They are both Utah State leases, awarded and administered by the Schools and Institutional Trust Lands Administration (SITLA). Key information regarding the leases is summarised in the table below:

Lease	*%. interest*	*Award Date*	*Expiry Date*	*Licence Area (Acres)*
ML 49570	100	3/12/2004	31/12/2024	1,638.84
ML 49571	100	3/12/2004	31/12/2024	1,280.00
Total				2,918.84

The Oil Shale Leases confer the right to prospect, mine, drill and remove oil shale from the subject lands. They are for an initial term of 20 years, expiring on 31 December 2024, but can be extended provided that the land is being mined or drilled, or a production royalty or Minimum Royalty (as described in the table below) is being paid and the lessee is engaged in operations, exploration, research or development activity.

Annual Minimum Royalty payment:

Lease period (years)	*Amount payable per acre (US$)*	*Total amount payable per annum (US$)*
1 to 20	1	2,919
21 to 25	4	11,676
26 to 30	10	29,190

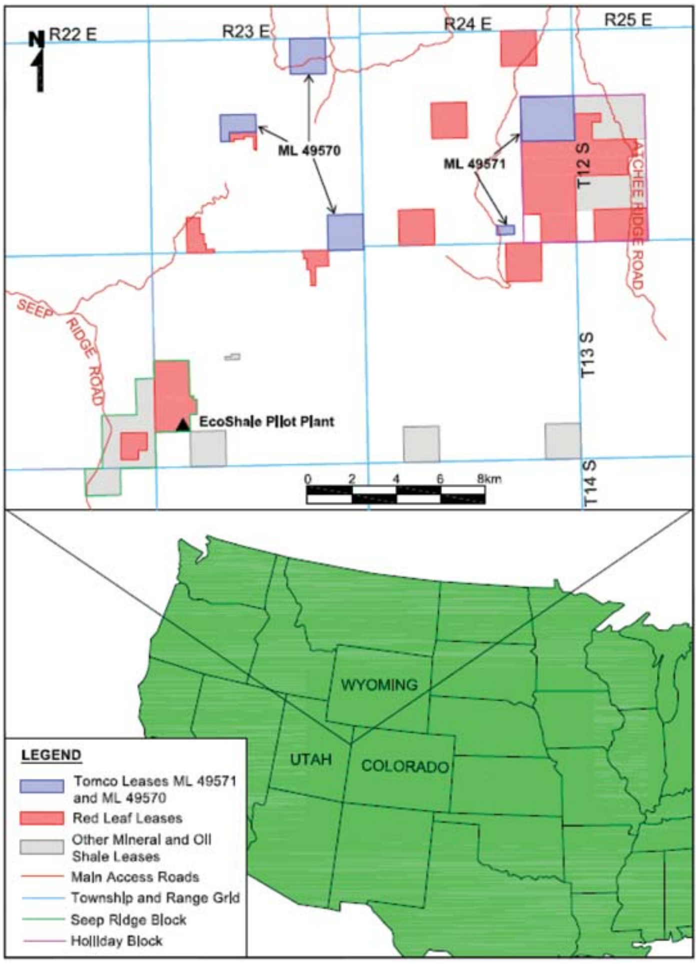
Following the initial 20 year period, an additional payment of US$10 per acre ("Minimum Royalty") is payable from the 21st to 25th year (US$29,190 pa), increasing to US$15 per acre from the 26th to 30th year and to US$20 per acre (US$58,380 pa) thereafter. The Minimum Royalty will be adjusted annually in line with any increase in the US Consumer Price Index.

Oil production from the Oil Shale Leases is subject to a State of Utah production royalty of 5 per cent. of the value of all oil sold or produced. This royalty may be increased at the discretion of the State of Utah after the first 5 years of production by up to 1 per cent. per annum, subject to a maximum production royalty of 12.5 per cent. However, no royalty is payable on the first 200,000 barrels of oil produced from the oil shale within any 12 month period.

The Oil Shale Leases will not be affected by any change in control of TomCo and do not contain any specific work commitments.

The State of Utah has also issued conventional oil and gas leases on some of the land subject to the Oil Shale Leases. TomCo is under an obligation to co-operate with any oil and gas operations undertaken on the land subject to the Oil Shale Leases, should they occur. There are currently no such over-lapping conventional oil and gas leases on the main tract of acreage in ML49571 which TomCo plans to develop.

Figure 3 Location of TomCo Oil Shale Leases



6.3. ***Resource Assessment of the Oil Shale Leases***

The USGS undertook an assessment of the oil shales in the Uinta Basin in the 1960's, publishing the results in Professional Paper 548 in 1967. This paper reports "Potential Reserves" based on yield assays prepared by the US Bureau of Mines from some 39 core holes in the area, as well as 20 exploratory wells and information from outcrops, using the accepted standard Fischer assay method. "Potential Reserves" for whole claim blocks were estimated, based on minimum Oil Shale seam thickness of 15 ft and a minimum yield of 30 gallons per ton, and were classified as "Indicated" or "Inferred" based on proximity to the nearest drillhole.

The USGS estimates were reported for whole claim blocks only, whereas the Tomco areas cover sub-sections of these. Notwithstanding this, applying the USGS analysis to the various full and part blocks of the Tomco leases would produce an estimate of 270 million tons with a potential yield of 195 million barrels.

In 2007, and prior to the recent drilling programme, SRK independently estimated the potential oil content within the Oil Shale Leases, using the same methodology as the USGS, but based on data from the four nearest drillholes to Tomco's leases only. Using this approach, SRK's comparable estimate was 390 million tons with a potential yield of 230 million barrels, contained in oil shales with an average thickness of some 68 ft and a mean yield of 25 gallons per ton.

The above estimate, however, covers all of Tomco's leases rather than just those potentially amenable to the EcoShale™ In-Capsule Process and in producing its first resource estimate in 2006, SRK therefore restricted its estimate to that material in the three eastern most leases which lie close to the outcrop of the oil shale under relatively thin overburden cover and are relatively close to the existing drillholes. In SRK's opinion, the Oil Shale demonstrated to be present within these lease areas was sufficiently well known, and had sufficient potential to be exploited, to be reported as an Inferred Mineral Resource as defined by the JORC Code. SRK's resulting estimate for these areas was some 200 million tons containing a potential yield of 120 million barrels with an average yield of 25g/t.

Following a decision to focus primarily on the eastern lease, and the Holliday Block in particular, TomCo undertook an extensive core-hole programme comprising 9 fully cored, diamond drilled holes drilled on the lease in November 2010. Drilling, sampling and assaying were supervised by SRK Exploration Services Limited (a company related to SRK). Based on this new data but still taking account of the original data, SRK has revised the resource estimates as follows, based on the assumption that the property will be developed using the EcoShale™ In-Capsule Process:

- Total Mineral Resources present on the main tract of ML 49571, lying within the Holliday Block, are 202 MM t of oil shale with a potential content of 123 MM bbl of kerogen oil. These are reported as an *Indicated Mineral Resource* under the JORC Code, and are 100 per cent. attributable to TomCo.
- The vast majority of this resource (93 per cent.) is located within the Mahogany Zone.
- The resource is overlain by less than 300 ft of over-burden, and is considered to be potentially mineable by conventional surface mining methods. SRK note that some 158 MM t (98 MM bbl) is overlain by 100 ft or less of overburden and could be mined at a stripping ratio of some 1.3:1.
- The assessment *excludes* a surface weathered zone, averaging 17ft across the lease. Processing of this material, which might be possible, could increase the assessed resource by around 7 per cent.
- An additional 15 MM t of oil shale, with potential content of 10 MM bbl kerogen oil, is present on a small isolated tract of the lease outside the Holliday Block, and has been designated an *Inferred Mineral Resource.*

SRK Mineral Resource Statement – Oil Shale Lease ML 49571 (1,280 acres)

Resource Category		*Gross* *Tonnes (MM t)*	*Grade (gpt)*	*Kerogen Oil (MM bbl)*	*Net Attributable* *Tonnes (MM t)*	*Grade (gpt)*	*Kerogen Oil (MM bbl)*	*Operator*
Measured		0	n/a	0	0	n/a	0	
Indicated	Within Holliday Block	202	22.3	123	202	22.3	123	TomCo
Inferred	Outside Block	15	23.1	10	15	23.1	10	TomCo
TOTAL		217	22.4	133	217	22.4	133	

As was the case previously, SRK has reported this estimate using the terms and guidelines of the JORC Code and considers all of the material outlined within the Holliday block to be sufficiently well known to now be reported as an *Indicated Mineral Resource* as defined by this and the remainder to be reported as an *Inferred Mineral Resource*.

Further information on the Company's resources is set out in the CPR by SRK in Part IV.

6.4. ***EcoShale™ Licence Agreement***

Red Leaf has granted TomCo a licence, in relation to the Oil Shale Leases, to use certain patents, know-how and the processes and techniques developed by Red Leaf for extraction of hydrocarbons from oil shale.

The know-how that has been and will be made available to the Company includes:

- Heat modelling software used to model heat distribution in the capsules to be used in the EcoShale™ In-Capsule Process before it is built.
- A distributed control system used to control the pilot of the EcoShale™ In-Capsule Process.
- Data, including as-built drawings, relating to the Seep Ridge pilot test completed by Red Leaf in 2009.
- Front End Engineering Design study for the estimated 9,500 bopd project to be undertaken at the Seep Ridge site, including mine design, process and equipment design and technologies and project planning.
- Geological information in the possession of Red Leaf relating to its properties, leases or operations adjacent or within 12 miles of the Oil Shale Leases which may be relevant to the Oil Shale Leases.
- All knowledge of Red Leaf with regard to the obtaining, maintenance or renewal of permits, licences, consents or other Governmental and regulatory matters which might be relevant to the Oil Shale Leases.

In addition, both Red Leaf and TomCo are to make available to the other party such data and analyses from core-holes drilled on their respective properties and to exchange their respective resource evaluations for these areas.

Throughout the term of the Licence Agreement, as detailed in section 13 of Part VI, both Red Leaf and the Company are obliged to inform each other of any improvements relating to the EcoShale™ Process. Access and use of such improvements will not require TomCo to make any further payments to Red Leaf. The Licence Agreement also provides the relevant party that establishes an improvement to the EcoShale™ Process with the right to apply for a patent in respect of such improvement, with such improvement being offered to the other party on the basis of a non-exclusive royalty free licence for that improvement for the duration of the Licence Agreement, or the term of the patent, if shorter.

Both Red Leaf and TomCo are to provide to the other party training and consultation with respect to the use, application and exploitation of any improvements developed by either party provided that the reasonable out-of-pocket expenses of the party providing such training and/or consultation shall be recovered from the other party. Such services shall be provided subject to a training and consultation agreement which is to be agreed by both parties acting in good faith.

6.5. ***Future development of the Oil Shale Leases***

TomCo now intends to commence technical studies aimed at determining the technical and economic viability of exploiting the mineral resource presented above via a mining and processing operation similar to that envisaged by Red Leaf at its Seep Ridge Project. The work planned for the remainder of 2011 and for 2012 is preparatory work for a development project and comprises mining/geotechnical work, infrastructure studies and environmental and hydrological baseline studies. In addition SRK has recommended, and TomCo has allowed for, a more detailed airborne topographic survey, a programme of check assaying at a second laboratory and the detailed outcrop mapping of the Mahogany Zone within the Holliday Block lease area.

In addition TomCo will need to obtain a number of regulatory permits including, among others, a Large Mine Permit, the air quality, water quality, storm water and hazardous water permits, ground water rights and buildings, roads and conditional use permits.

6.6. ***Additional requirements for capital***

At Admission, the Group's current funding will be sufficient for the work described under section 6.5 above.In due course the Company will need to raise additional funds in the form of equity, debt or in other forms to cover the costs to exploit its interest in the Oil Shale Leases.

7. Directors

The current composition of the Board of the Company is as follows:

Sir Nicholas Bonsor Bt DL, aged 68 (Non- Executive Chairman)

Sir Nicholas was a member of British Parliament from 1979 to 1997 where he specialised in foreign affairs and defence, and was chairman of the Defence Select Committee from 1992 to 1995 and Minister of State at the Foreign Office from 1995 to 1997. Sir Nicholas is currently appointed as a Non-Executive Director of London Mining Plc and has been Chairman of Egerton International Ltd since 2004. Sir Nicholas has served on the board of several other companies, including Blue Note Mining Inc. (Canada) from 2006 to 2008. He is a Deputy Lieutenant of Buckinghamshire, a freeman of the City of London (1988), a member of the Chartered Institute of Arbitrators and a fellow of the Royal Society of Arts. Sir Nicholas practised as a barrister specialising in regulatory and commercial law from 1967 to 1975 and from 2003 to 2010. Sir Nicholas was appointed to the Board in March 2010.

Stephen Anton Komlosy, aged 70 (Chief Executive Officer)

Stephen, a member of MENSA, has over 50 years' experience in business as a proprietor and has been a director and founder of a number of public companies operating in the UK and the US, including AIM listed PSG Solutions Plc. Stephen was instrumental in the flotation of PremiSys Plc, the Laurie March Group Ltd and Avatar Systems Inc, which provides IT to oil companies and floated on NASDAQ, of which he remains a director. During his career Stephen has been a director of a number of other publicly quoted companies, including Laurence Parnes Organisation Ltd, Pavilion Leisure Plc and Branon Ltd, a supplier to North Sea Oil Companies and the Ministry of Defence, which he co-founded and where he was the director in charge of the launch of Cavendish Petroleum Plc, an Ohio, US gas producer. Additionally, since 1964, Stephen has built up three private property companies, two of which have been amalgamated with public companies. Stephen was appointed to the Board on 22 October 2001.

Miikka Haromo aged 42 (Finance Director)

Miikka has 15 years of experience in M&A, fundraising and asset management. Previously he worked as a partner at Middle Europe Investment (Infrastructure Fund) and as a corporate finance director at Collins Stewart Ltd and Williams de Broe Plc (a member of ING Group), in London. Previously he set up and managed BBL Baltic States fund under the BBL/ ING fund umbrella. He has Masters in Finance and Applied Mathematics from Helsinki University of Technology and is a CFA charterholder and member of the CFA Society of the UK. Miikka was appointed to the Board in March 2011.

8. Consultancy Agreement

Capital Elements

The Company has entered into a consultancy agreement with Capital Elements under which Capital Elements will provide consultancy services to the Company including assisting the Company with its engineering operational and financial plans. It is proposed that the individual from Capital Elements who will be responsible for the consultancy services will be Paul Rankine, whose biography is set out below:

Paul Rankine is a mining finance professional with over 24 years of mining and investment experience. He has practical experience of listing and running AIM quoted mining companies as the CEO of Zambezi Nickel Ltd and as a director of Stellar Diamonds plc. Paul has over 14 years as a mining equities financial analyst and consultant predominantly with JP Morgan Investment Management, Citigroup Asset Management and Altima Partners LLP. This is supported by strong financial and analytical skills from an MBA and an MSc in Mineral Economics. In addition, he has over 10 years international mining experience in both underground and open pit mining as a professional mining engineer. Paul is a fellow of the South African Institute of Mining and Metallurgy and a member of the Society of Mining Engineers Inc. in the United States. He joined Altima Partners LLP in June 2007 to work on mining investment opportunities.

Nicholas Wright

The Company has entered into a consultancy agreement with Greensand Associates Limited under which Greensand Associates Limited will provide certain consultancy services to the Company through Nicholas Wright, whose biography is set out below:

Nicholas Wright is a Petroleum Geologist by training, with over 30 years' experience in the international Oil & Gas industry, much of it spent working for oil majors in the United States, Canada, Norway and the UK. Apart from exploring for oil in basins around the world, Nicholas has managed non-operated interests in some major North Sea field development projects and has extensive Commercial experience gained as a portfolio manager and strategic planning director. Since 2004 Nicholas has acted as consultant to a number of Oil & Gas companies, and has provided technical support and advice to various City financial institutions, working extensively in the AIM market as an advisor to Nomads in the Oil & Gas sector.

Further information on the consultancy agreements are set out below in section 13 of Part VI.

9. Trading Record

Financial information on the Group for the years ended 30 September 2008, 30 September 2009 and 30 September 2010 and the six months to 31 March 2011 is set out in the appendix attached to this document.

10. Current trading and prospects

Following receipt of the funds raised in April/May 2011 the Company is pursuing the development plans as set out under sections 6.5 and 6.6 above. The Directors' intention is to build substantial shareholder value through the Group's oil shale assets which they believe could achieve production within three to five years.

The Company has recently restructured and strengthened its Board and has appointed two new directors: Miikka Haromo as Finance Director and Sir Nicholas Bonsor as Chairman. John May and Paul Hughes are retiring as directors upon Admission. Capital Elements has the authority to appoint a new director under a consultancy agreement and it is intended that it will appoint an individual with the relevant experience following Admission.

11. Reasons for the Admission

Following the Company's suspension from AIM in February 2009, the Company has been focused on obtaining funding to secure the future of Oil Shale Leases. The Board believes that recent developments in the extraction of oil from oil shale together with entering into the Licence Agreement with Red Leaf will result in significant value being created for Shareholders.

Admission, in the Directors' opinion, will provide the Company with more flexibility to improve the Company's ability to raise additional funding to finance future growth, specifically in relation to the development of the Oil Shale Leases, while also providing Shareholders with a market in which to trade their Ordinary Shares.

12. Corporate governance

The Directors recognise the importance of sound corporate governance and will, in so far as is practicable given the Company's size and the constitution of the Board, comply with the main provisions of the Combined Code, as modified by the recommendations of the Quoted Companies Alliance's Corporate Governance Guidelines for AIM Companies.

Capital Elements has the right to appoint an additional director to the Board.

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. As such the Company already has in place audit and remuneration committees with formally delegated duties and responsibilities. Further details of these committees are set out in section 19 of Part VI of this document.

The Company has adopted a model code for directors' dealings which is appropriate for an AIM quoted company. The Directors will comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees.

The Company has also adopted a policy on compliance with the AIM Rules for Companies which will apply to the Company whilst its shares are traded on AIM.

The Articles do not contain any pre-emption rights in respect of new issues of Ordinary Shares. The Company has undertaken, however, as part of the Introduction Agreement to procure that a resolution shall be proposed at the Company's next general meeting to amend the Articles to include such pre-emption rights.

13. Lock-In Arrangements

Each of the Directors and Kenglo has undertaken that neither they nor their related persons shall dispose of, or enter into an agreement to dispose of, any Ordinary Shares or interests in Ordinary Shares for 12 months following Admission. Further details on the lock-in arrangements are set out in section 13 of Part VI of this document.

14. Dividend policy

The Directors do not expect to recommend or pay any dividends for the foreseeable future.

However, it is the intention of the Board that, once the Company's focus moves from the development to the operational stage in relation to its assets and is achieving a positive cashflow, the Board will at that time consider an appropriate dividend policy.

15. The Takeover Code

15.1. *Mandatory bid*

The Takeover Code is issued and enforced by the Takeover Panel. The Takeover Code applies to all takeovers and merger transactions, however effected, where the Takeover Panel considers that the offeree company is, *inter alia*, a listed or unlisted public company centrally managed and controlled in the UK, the Channel Islands or the Isle of Man and to certain categories of private limited companies. TomCo is a company subject to the provisions of the Takeover Code and Shareholders are entitled to the protection afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, when any person or group of persons acting in concert individually or collectively is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of the voting rights of a company and such person or any person acting in concert with him acquires an interest in any other shares, which increases the percentage of the shares carrying voting rights in which he is interested, then that person or group of persons is normally required by the Panel to make a general offer in cash to all shareholders of that company at the highest price paid by them for any interest in shares in that company during the previous 12 months.

15.2. *Squeeze-out*

The compulsory acquisition procedure set out in section 160 of the Companies Act 2006 will apply to the Company. Section 160 applies where a scheme, contract or contract(s) involving the transfer of shares or any class of shares in a company to another person (the "transferee") has been approved by the holders of not less than 90 per cent. in value of the affected shares within the 16 weeks after the offer being made. In this case, the transferee may, at any time within eight weeks after the transferee has acquired or contracted to acquire the shares, give notice in the prescribed manner to any dissenting shareholder that it desires to acquire such dissenting shareholders' shares. Where such notice is given, the transferee shall (subject to the court's decision to order otherwise on an application made by a dissenting shareholder within one month from the date on which the notice was given) be entitled and bound to acquire those shares on terms which under the scheme or contract the shares of the approving shareholders are to be transferred to the transferee (or on such terms as may be permitted by variation under the Companies Act 2006 in certain circumstances).

15.3. ***Sell-out***

Section 161 of the Companies Act 2006 makes provision for a shareholder who dissents from a merger, consolidation or scheme to receive fair value for their shares. The shareholder must give written notice of their objection to the company before the resolution concerning the proposed action is voted upon. If the action is approved, the company must give written notice of the approval to the objector within 21 days; the objector may then confirm their dissent (in respect of their entire shareholding) within a further 21 days. Within 7 days of this period the company must make a written offer to the objector to purchase their shares at a specified price that the company determines to be their fair value, which if accepted must be paid to the objector within one month of the offer. Appraisers are appointed to determine the price where the company and the objector cannot agree. The shares repurchased are then cancelled.

16. Taxation

Information regarding taxation is set out in section 9 of Part VI of this document. The information is, however, only intended as a general guide to the tax position under UK and Isle of Man taxation law.

Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK and the Isle of Man are strongly advised to consult their own independent financial adviser immediately.

17. Admission, settlement, dealings and CREST

Application has been made to the London Stock Exchange for the Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 21 July 2011.

The Articles permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations. Settlement of transactions in the Ordinary Shares following Admission may take place within CREST if the individual Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

18. Further information

Your attention is drawn to the information set out in Part II to VI of this document, in particular Part II, which is entitled "Risk Factors".

PART II

RISK FACTORS

An investment in the Company is Speculative and Involves a High Degree of Risk

The investment detailed in this document may not be suitable for all of its recipients and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on investments of the kind described in this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

In addition to all other information set out in this document, potential investors should carefully consider the risk factors described below, which are not set out in any particular order of importance, before making a decision to invest in the Company.

If any of the following risks actually occur, the Company's business, financial condition, results or future operations could be materially adversely affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment. This document contains forward-looking statements that involve risks and uncertainties. The Group's results could actually differ materially from those anticipated in the forward looking statements as a result of many factors, including, without limitation, the risks faced by the Group, which are described below and elsewhere in the document. It should be noted that the risks described below are not the only risks faced by the Company; there may be additional risks and uncertainties that the Directors currently consider not to be material or of which they are currently unaware and which may also have an adverse effect on the Group's business.

Company Specific Risks

The oil shale industry in the USA has to date failed to produce hydrocarbons on a commercial scale from oil shale despite substantial research and significant expenditures

The commercial extraction of hydrocarbons from oil shale has so far proven to be uneconomical despite substantial efforts and funding by major corporations for research, technology development, enhancement of extraction techniques, and improved mining efforts. As far as the Directors are aware, no one to date has been able to effectively recover oil from oil shale on a commercial scale in the USA and subsequently sustain economic production at an operating cost less than the price for which the oil can be sold. Factors that have proven difficult for the industry range from high capital costs, inefficient technology, high energy input per recoverable energy output, environmental concerns, infrastructure costs, high per barrel recovery costs, prohibitive pipeline transmission costs, expensive mining costs and barriers to upgrading refining processes.

The Company's success depends on the ability of Red Leaf to demonstrate the economic viability of the EcoShale™ In-Capsule Process

The Company's ability to commercialise its Oil Shale Leases depends, in the near term, upon the ability of Red Leaf to scale up production to a commercial level through application of the EcoShale™ In-Capsule Process. Red Leaf has conducted laboratory tests, computer simulations and has demonstrated the viability of the EcoShale™ In-Capsule Process in a pilot field installation which is located less than 20 miles from the Oil Shale Leases. However, there can be no assurance that the EcoShale™ In-Capsule Process can be successfully developed and demonstrated with continuous commercial production. Even if the process is successfully developed and demonstrated to be capable of commercial scale production, industry conditions may change to make the process uneconomic or to decrease the demand for the oil produced from the oil shale. Without significant advancements in technology, extraction processes, public policy, transmission and environmental solutions, and other developments to meet existing challenges, the Company may not be able to implement its business plan for the Oil Shale Leases.

Risks of termination of EcoShale™ Licence Agreement

Under the Licence Agreement, Red Leaf has the right to terminate the licence at any time after the later of: the sixth anniversary of provision to TomCo of the FEED and Design package for the EcoShale™ In-Capsule Process designed for Red Leaf's Seep Ridge project; or the second anniversary of the date on which Red Leaf has achieved production of an average of 5,000 barrels of oil per day for an annual period in relation to its own projects (such deadlines being extended by one day for each day a force majeure event occurs), unless prior to such termination TomCo has achieved production of an average of 5,000 barrels of oil per day in relation to the Oil Shale Leases, during any period of thirty consecutive days.

Potential residual liabilities

The Group has entered into a number of participation agreements, all of which are extant but non producing. The Directors have determined that no liabilities or contingent liabilities need to be reflected in the Group's accounts in relation to these agreements. However, the Group could have liabilities and obligations under such agreements.

Beneficial public policy may be needed to entice investment into the US oil shale industry

The success of the oil shale industry in the United States and abroad may depend on future beneficial public policy measures mitigating risk and enticing capital. In other countries where successful unconventional hydrocarbon extraction is underway, such as Canadian tar sands projects, significant government subsidies, graduated tax royalty rates, loan guarantees, floor pricing, hedging contracts and environmental holiday measures were initiated or supported by their governments to advance their industries. The same measures or similar measures may be needed to advance an oil shale industry in the United States and obtaining and benefiting from such policy measures cannot be guaranteed for the Company's projects and implementation is beyond the Company's control.

Licensing outside oil shale extraction technology may be necessary and difficult to obtain

There are many existing patents regarding kerogen oil (i.e. oil extracted from oil shale) and synfuels gas extraction, upgrading and refining. Major oil companies have substantial assets, legal, research and development departments which are rapidly expanding their intellectual property rights which, in turn, have the potential to limit Red Leaf's technology and extraction options. Depending on various aspects of technology interpretation or use, the owner of the EcoShale™ In-Capsule Process may be subject to protest, infringement or forced negotiation to resolve technology issues or obtain licensing agreements. Such negotiations, settlements or rulings may slow or limit the Company's own application of the technology to the Oil Shale Leases, and may adversely affect TomCo's revenues, financial condition and business prospects.

Qualifying parameters may prevent the Group from competitive bidding on additional oil shale leases on federal lands

Certain qualifying requirements may be imposed on bidders interested in acquiring rights to federal lands, which the Company may not be able to satisfy. The BLM in the US may require provisions such as bonding, insurance, management experience, capability, financial reserves, proven technology or other parameters that may prevent the Company from qualifying to bid on leases of federal lands. Such requirements are beyond the control of the Group and could adversely affect the Group's ability to acquire additional leases of lands, which may negatively affect the long term growth prospects of the Company.

Surface rights on a portion of ML 49571 are held by the BLM not the State of Utah

The Federal Government continues to hold surface rights on a portion of the Holliday Block. Although an agreement has been reached between the BLM and the State of Utah whereby these rights are to be exchanged with an area elsewhere in the Uintah Basin, this agreement has been ratified but not yet executed. Although the Mineral Rights are not affected, until such completion takes place, the Company is required to obtain BLM approval for surface activities on these lands which may cause delays.

Inherent risks in energy resource extraction

Energy resource extraction, and in particular the development of new extraction technologies and processes, is typically carried out in an environment where not all events are predictable. Whilst effective management and research and development teams can both identify certain risks and take measures to manage and mitigate these risks, there is still the possibility for unexpected and unpredictable events to occur. It is, therefore, not totally possible to remove all risks or state with certainty that an event that may have a material impact on the operations of the Company will not occur.

Success may depend on social and environmental performance

The Company's ability to operate successfully in communities where oil shale will be extracted will likely depend on its ability to develop, operate and close project areas in a manner that is consistent with the health and safety of its employees, the protection of the environment, and the creation of long-term economic and social opportunities in the communities in which it operates. The Company's ability to operate may be adversely impacted by accidents or events detrimental (or perceived to be detrimental) to the health and safety of its employees or the communities in which it operates. Such events could have a material adverse affect on the Group's financial condition.

Commercial risks

The proximity of the Company's projects to pipelines and the available capacity of such pipelines and other transportation, processing and refining facilities will affect the Company's ability to sell its production efforts. Even if it effectively extracts hydrocarbons in the form of kerogen oil, synfuels or other gases in commercial quantities, a substantial period of time may elapse before such hydrocarbons can be sold due to refining, storage and transportation limitations. Such limitations may have a materially adverse impact on the Group's financial condition. Even if the Group recovers quantities of hydrocarbons, there is a risk the Company will not achieve a commercial return. The Group may not be able to transport the oil to commercially viable markets at a reasonable cost or may not be able to sell the oil to customers at a price and quantity which would cover its operating and other costs.

Resource and reserve estimates

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. They may therefore be imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Estimates that were reasonable when made may change significantly when new information from additional drilling and analysis or costs becomes available. This may result in alterations to development and production plans.

Regulatory rules and approvals

Projects in which the Company invests will be subject to regulatory or licensing requirements. It is possible that such regulatory or licensing requirements will not be satisfied or that consents, permits, concessions, leases or licences required in order for a project to become operational or developed are withdrawn, revoked or are not granted or renewed by the relevant governmental or regulatory authority or that a governmental or regulatory authority reviews its plans and rules regarding regulatory or licensing requirements.

The commercialisation of the Oil Shale Leases may require leases, permits, or other equivalent permissions not held by the Group. As the extraction of oil shale is a new process, it is not known what such leases, permits or permissions are or whether they will be granted to the Group.

Governmental approvals, licences, leases and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices and may be subject to review at any time. The Group must comply with existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations, could have a material adverse impact on the Group's results of operations, financial conditions and prospects.

Volatility of oil prices

The market price of oil is volatile and is affected by numerous factors which are beyond the Company's control. These include international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional economic and political developments, actions taken by governments and international cartels as well as a range of other market forces. International oil prices have fluctuated wildly in recent years and may continue to do so in the future. Fluctuations in oil prices and, in particular, a material decline in the price of oil, may have a material adverse effect on the Company's business, financial condition and results of operations. Oil prices could also affect the commercial viability of developing the Company's assets, and could render the development of the Oil Shale Leases as being uneconomic.

Competition

The oil and gas industry is highly competitive in all its phases. The Company may compete with other companies, particularly for the acquisition of assets considered to have commercial potential. The Company's competitive position depends on such matters as its geological, geophysical and engineering expertise and its financial resources. Some of the Company's competitors, including major oil companies, have greater financial and other resources than the Company, including substantial global refining and downstream processing and marketing operations. As a result, such companies may be in a better position to compete for future business opportunities and there can be no assurance that the Company can compete effectively with these companies.

General

Limited operating history and uncertainty of future revenues

TomCo has a limited operating history and trading record and it is therefore difficult to evaluate the Group's business, its likely revenues and costs, and its future prospects.

The future success of the Group is dependent on the Directors' ability to implement its strategy. Whilst the Directors are optimistic about the Group's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. The Group's future growth and prospects will depend on its ability to manage growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

Investment returns are dependent on the timely and successful development of the Company's assets

The value of an investment in the Company is dependent upon the Company successfully exploiting its Oil Shale Leases and any delay in the development of these assets or the ability to successful implement the Company's strategy may affect projected returns. To optimise returns, Shareholders may need to hold the Ordinary Shares on a long-term basis and they may not be suitable for short-term investment.

Environmental, health and safety and other regulatory standards

The Group's potential extraction activities are subject to various laws and regulations relating to the protection of the environment (including regular environmental impact assessments and the obtaining of appropriate permits or approvals by relevant environmental authorities) and are also required to comply with applicable health and safety and other regulatory standards. Environmental legislation in particular can, in certain jurisdictions, comprise numerous regulations which might conflict with one another and which cannot be consistently interpreted. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject, under such regulations, to clean-up costs and liability for toxic or hazardous substances which may be produced as a result of its operations. As a result, although the Group intends to operate in accordance with the highest standards of environmental practice and comply in all material respects, full compliance with applicable environmental laws and regulations may not always be ensured.

Any failure to comply with relevant environmental, health and safety and other regulatory standards may result in the Group being subject to extensive liability, fines and/or penalties and have an adverse effect on the business and operations, financial results or financial position of the Group. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Group's business or have an otherwise negative impact on its operations. Any changes to, and increases in, current regulation or legal requirements may have a material adverse effect upon the Group in terms of additional compliance costs.

Labour

Whilst the Group intends to operate in accordance with relevant health and safety regulations and requirements, the Group remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which take place on account of factors beyond the Group's control. Further, the Group may struggle to recruit and retain miners, engineers and other important members of the workforce required to run its business.

Dependence on key personnel

In common with other services and businesses in this industry sector, the Company's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre. The success of the Company is, and will continue to be to a significant extent, dependent on the expertise and experience of the Directors and the loss of one or more of them could have a material adverse effect on the Company. The Company will compete with numerous other oil and gas companies (many of which will have greater resources) for the recruitment and retention of qualified employees and contractors.

Strategic risks

Certain statements in this document constitute statements of the current intention of the Directors and based on their assessment of opportunities for increasing Shareholder value. It is possible that such intentions will need to be adjusted or changed in due course to take account of changing circumstances and new opportunities as they arise.

Additional requirements for capital

In due course the Company will need to raise additional funds in the form of equity, debt or in other forms to cover the costs to exploit fully its investments in the Oil Shale Leases and to implement its strategy. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on the financing and operating activities of the Company.

There can be no assurance that such funding as may be required by the Company will be made available to it, and, if such funding were to be available, that it would be offered to the Company on reasonable terms. If the Company is unable to obtain additional financing as needed, the Company may not be able to fulfil its strategy, which would have a material adverse effect on the Company's business, financial condition and prospects.

Hedging risks and the derivatives markets

The Company, may, from time to time, consider hedging its oil output in either the oil futures markets on an exchange or the OTC derivatives markets, whichever is appropriate at the time. The purpose of such actions will be to lock-in a price or series of prices against future deliveries but, although the result of these actions may protect the Company from adverse price volatility, it may also limit the upside potential of price movements. The Company, as a matter of policy, does not intend to enter into transactions which are not covered at some future point by the delivery of oil to cover the position.

Conflicts of interest and influence of principal Shareholders

On Admission, Kenglo will own approximately 29.9 per cent. of the Share Capital. Accordingly, Kenglo will be in a position to exert significant influence over the outcome of matters relating to the Group. In addition, this control may have the effect of making certain transactions more difficult without the support of Kenglo and may have the effect of delaying or preventing an acquisition or other change in control of the Group.

Risk of potential future acquisitions

The Company's current focus is to exploit the Oil Shale Leases but in the future, as part of its growth strategy, the Company may acquire other operations in the energy resource sector which may involve acquiring assets or control of businesses or companies or minority interests in companies. Such acquisitions by the Company may require the use of significant amounts of cash, dilutive issues of equity securities and the incurrence of debt, each of which could have a material adverse effect on the Company's business, results of operations, financial condition or the market price of Ordinary Shares.

There are numerous risks associated with the execution of such acquisitions and risks associated with the integration and operation of companies, business or projects following acquisitions together with diversion of management's attention from other business concerns. If such an acquisition does occur, there can be no assurance that the Company's business, results of operations or financial conditions would not be materially and adversely affected thereby.

General Risks

Share price volatility and liquidity

The share prices of publicly quoted companies can fluctuate and be volatile and it is possible that investors may realise less than their original investment. The price at which Ordinary Shares will be traded and the price which Shareholders may realise for their Ordinary Shares is dependent upon a number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Company. The value of Ordinary Shares may go down as well as up and there can be no guarantee that the price of the Ordinary Shares will reflect their actual or potential market value.

Although the Company is applying for the Ordinary Shares to be admitted to trading on AIM, there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained. AIM is the market for emerging or smaller growing companies and may not provide the liquidity normally associated with the Official List or other stock exchanges. The Ordinary Shares may therefore be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might otherwise be the case.

General economic climate

Changes in the general economic climate such as inflation, currency fluctuations, interest rates, supply and demand of capital and industrial disruption may have an impact on demand, business costs and stock market prices. As a result the Group's operations, business and profitability may be adversely affected by these factors, which are beyond its control.

Exchange rate risk

Any future income of the Company is likely to be subject to exchange rate fluctuations and may become subject to exchange control or similar restrictions.

Economic, political, judicial, administrative, taxation and other regulatory factors

The Group's operations, business and profitability may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Group operates and holds its major assets and in which Group companies are incorporated.

Taxation

The information contained in section 9 of Part VI of this document relating to taxation may be subject to legislative change.

The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors in any doubt are advised to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The risks listed above do not necessarily comprise all those faced by the Group.

PART III

UNAUDITED PROFORMA STATEMENT OF NET ASSETS OF THE GROUP

The following unaudited pro forma statement of net assets of the Group (the "pro forma financial information") is based on the consolidated net assets of the Group as at 31 March 2011, set out in the unaudited interim consolidated financial statements of the Group for the six months ended on that date, and has been prepared to illustrate the effect on the consolidated net assets of the Group as if the Placing and Open Offer and the conversion and repayment of debt were completed on 31 March 2011.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results.

The pro forma financial information has been prepared under International Financial Reporting Standards as adopted by the EU and on the basis set out in the notes set out below. The pro forma financial information is stated on the basis of the accounting policies adopted in the last consolidated financial statements of the Company.

	The Group As at 31 March 2011 (note 1) £000	*Adjustments* Net Placing and Open Offer proceeds (note 2) £000*	*Other adjustments (note 3) £000*	*Pro forma net assets of the Group £000*
Non current assets				
Intangible assets	7,923	—	—	7,923
Property, plant and equipment	15	—	—	15
	7,938	—	—	7,938
Current assets				
Trade and other receivables	38	—	—	38
Cash and cash equivalents	259	2,912	(1,026)	2,145
	297	2,912	(1,026)	2,183
Creditors				
Trade payables	(315)	—	—	(315)
Convertible loan	(3,865)	—	3,865	—
	(4,180)	—	3,865	(315)
Net current assets	(3,883)	2,912	2,839	1,868
Net assets	4,055	2,912	2,839	9,806

Notes:

1. The net assets of the Group at 31 March 2011 have been extracted without material adjustment from the unaudited interim consolidated financial statements of the Group for the six months ended 31 March 2011.

Adjustments:

2. The Placing and Open Offer are estimated to raise net proceeds of £2.9m (£3.5m gross proceeds less estimated transaction costs of £0.6m).
3. As at 31 March 2011, the Group had three loans from Kenglo One Limited. The first £2m and the second £500,000 convertible loans will be converted to ordinary shares in the Company and the £1m secured loan will be repaid from the proceeds of the Placing and Open Offer. The amounts in respect of the loans shown in the table above represent the principal amounts plus accrued interest as at 31 March 2011. The actual amounts converted and repaid will be based on the balances at the date of conversion and repayment, including accrued interest.
4. No account has been taken of the financial performance of the Group since 31 March 2011, nor of any other event save as disclosed above.

PART IV

COMPETENT PERSON'S REPORT

AN INDEPENDENT COMPETENT PERSONS REPORT ON THE OIL SHALE EXPLORATION ASSETS OF TOMCO ENERGY PLC

Report Prepared for:

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and

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Report Prepared by

SRK Consulting
Engineers and Scientists

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APRIL 2011

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AN INDEPENDENT COMPETENT PERSONS REPORT ON THE OIL SHALE EXPLORATION ASSETS OF TOMCO ENERGY PLC

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APRIL 2011

Report Authors
Mike Armitage, Anna Fardell

Executive Summary

Background

This report comprises SRK Consulting (UK) Ltd (SRK)'s independent technical review of the assets held by Tomco Energy Plc (Tomco) and has been produced in connection with the proposed admission of Tomco to the Alternative Investment Market of the London Stock Exchange (AIM).

Tomco holds five parcels of land which relate to two separate Mineral Leases, ML49570 and ML49571 respectively. All of these are in the Uinta Basin of Utah and together they cover a total land holding of 2,918.84 acres. They are also all underlain by the Green River Shale Formation, which is the largest known oil shale deposit in the world.

One of the Tomco parcels of land covered by ML49571 is in the northwest part of an area termed the Holliday Block. The surrounding Mineral Leases in the Holliday Block, and some other neighbouring Mineral Leases, are held by Red Leaf Resources Inc (Red Leaf). Since 2006, Red Leaf has expended a considerable sum of money developing a method for exploiting its assets and has developed an *in situ* processing methodology, the Eco-Shale In-Capsule Process, which is suitable for near surface oil shale such as is present on both Red Leaf and Tomco's land holdings. This process was the subject of a pilot plant test at the so called Seep Ridge Project between November 2008 and February 2009 which produced some 451 barrels of oil. The Seep Ridge Project is located some 20km southwest of the Holliday Block and is currently the subject of a Front End Engineering and Design (FEED) project which is scheduled to be completed during 2011 and which Red Leaf will use to help make a decision on how to proceed into a construction phase.

Tomco has now signed an agreement with Red Leaf which gives it access to the Eco-Shale technology and it is this that encouraged Tomco to undertake a programme of work to firstly confirm the mineral resources available on its Mineral Leases and secondly assess the potential for these to be exploited in the same manner as intended by Red Leaf for its Seep Ridge Project.

The first stage of the above has now been completed. Notably, in Q4 2010, Tomco completed a programme of drilling on ML49571 which was planned and managed by SRK and SRK Exploration Services Ltd (SRK Exploration), which is an SRK Group Company focussed on managing exploration programmes, following which SRK also produced updated resource estimates which are broadly in line with those produced previously but which have now been reported in a higher resource category. Given the encouraging results of this exploration programme, and the results of a review by Gaffney, Cline & Associates inc. (GCA) commissioned by Tomco which comments on the Eco-Shale In-Capsule Process generally and the potential for the oil shale in ML49571 to be developed and processed using this technology, Tomco now intends to embark on preparatory work for its own "FEED" project for which it has budgeted a sum of some US$ 510,000 over a two year period.

Oil Shale Geology and Exploitation

Oil shale is a general term used to describe those rocks, generally shales, rich enough in organic matter, kerogen, to yield synthetic petroleum products, shale oil and shale oil gas products following heating at temperatures of the order of 450-500ºC and in the absence of air, a chemical process termed pyrolysis.

Oil shale deposits are generally considered to be sedimentary in origin and to have formed as a result of the deposition of organic matter in anaerobic conditions in lakes and lagoons and the burial of this accumulated material accompanied by normal diagenetic processes. The compaction of these beds, the removal of water, and the increased temperatures and pressures the material is subjected to then converts the organic matter to kerogen. These are essentially the same processes that are considered to have formed oil deposits, but in the case of oil shale deposits the depth of burial, and consequently the pressures and temperatures the material has been subjected to, have been less and the process has therefore not been so complete.

There are a number of processes now available for treatment of oil shale. The most proven, *ex-situ*, technologies traditionally conduct pyrolysis inside retorts of varying designs. These processes are relatively energy efficient and give good yields. However, popular opinion suggests that mining the oil shale is an unnecessary wasteful step which can be avoided. *In-situ* methods aim to avoid the extra energy input processing steps of mining and crushing but these methods also come with their own drawbacks. Most notably efficient product recovery and avoiding groundwater contamination have both proved problematic.

The Red Leaf Eco-Shale process which Tomco plans to adopt does not avoid the mining stage of the operation, but its advantage is that the processing takes place within capsules constructed within the void left behind by the mining thereby avoiding the double handling costs incurred by other *ex-situ* methods. Further, given that the oil shale in some of Tomco's land parcels is at or near surface, this makes these areas even more amenable to this method. Thermal processes common to in-situ technology are then used within the capsules to recover the products, but the design of these promotes better thermal transference through the capsule making it more efficient than the *in-situ* methods. Finally, the Red Leaf Eco-Shale process has the potential to produce higher quality products, while minimising environmental impacts. Certainly SRK agrees that this approach seems the most appropriate one for Tomco to follow.

Deposit Geology

The oil shale beds themselves outcrop to the east of the Tomco Mineral Leases, occur within a zone which is up to 95 feet in thickness and extend in a continuous manner for many miles, suggesting that they were deposited in a very quiescent environment. They are also dark in colour where outcropping and visibly oil bearing and tend to weather less than the associated beds and to stand out as ledges. In fact, the degree of resistance to weathering and darkness of the colour of the rock in outcrop are in direct proportion to the content of organic matter. In the Tomco Mineral Leases themselves, the oil shale beds are at most a few hundred metres below surface.

Resource Statements

The USGS undertook an assessment of the oil shales in the Uinta Basin in the 1960s, publishing the results in Professional Paper 548 in 1967. This paper reports "Potential Reserves" based on yield assays prepared by the US Bureau of Mines from some 39 core holes in the area, as well as 20 exploratory wells and information from outcrops, using the accepted standard Fischer assay method. "Potential Reserves" for whole claim blocks were estimated, based on minimum oil shale seam thickness of 15 ft and a minimum yield of 30 gallons per short ton (ton), and were classified as "Indicated" or "Inferred" based on proximity to the nearest drillhole. The USGS estimates were reported for whole claim blocks only, whereas the Tomco leases cover sub-sections of these. Notwithstanding this, applying the USGS analysis to the various full and part blocks of the Tomco leases gives the following estimates:

Table 1: USGS Resource Statement – Oil Shale Leases ML 49570 & ML 49571 (2,919 acres)

Potential Reserve Category	Tons (millions)	Minimum Thickness (ft)	Minimum Yield (gallons/t)	Barrels (millions)
Indicated	120	15	30	85
Inferred	150	15	30	110
Total	270	15	30	195

SRK has derived an independent estimate of the mineral resource present on the Tomco mineral leases and has reported this using the terms and guidelines as set out in the JORC Code. In doing this, SRK has restricted this to that material that has potential to be exploited through the Red Leaf Eco-Shale process. Specifically, this comprises that oil shale within the two eastern most parcels of land held by Tomco and to material within 300 ft of surface, covered by the oil shale lease ML 49571. In addition, SRK has excluded the weathered zone which is taken to be the material between surface and a depth of 17 ft. SRK mineral resource estimate so derived is presented below. This mineral resource is 100% attributable to Tomco.

Table 2: SRK Mineral Resource Statement – Oil Shale Lease ML 49571 (1,280 acres)

Location	Horizon	Tons (millions)	Mean Thickness (ft)	Yield (gallon/t)	Barrels (millions)
Inside Holliday Block Area	Big Three	4	2	18.6	2
	Four Senators	11	5	19.5	6
	Upper Mahogany	77	27	19.3	41
	Mahogany Bed	9	4	60.2	13
	Lower Mahogany	101	34	21.9	61
Sub Total		**202**	**72**	**22.3**	**123**
Outside Holliday Block Area	Mahogany Zone	15	75	23.1	10
TOTAL		**217**	**72**	**22.4**	**133**

SRK considers all of the material outlined within the Holliday block to be sufficiently well known to now be reported as an *Indicated Mineral Resource* as defined by the JORC Code and the material outside of this to be reported as an *Inferred Mineral Resource.*

In summary therefore SRK has derived an Indicated Mineral Resource of 202 million tons with a mean yield of 22.3 gallons per ton for 123 million barrels and an Inferred Mineral Resource of 15 million tons with a mean yield of 23.1 gallons per ton for 10 million barrels.

SRK notes that some 158 million tons (Mt) of the above mineral resource (estimated to contain some 98 million barrels of oil shale) that occurs within the single parcel located within the Holliday Block Area is overlain 100 ft of overburden or less and could be mined at a stripping ratio of the order of some 1.3:1 (waste tons:ore tons) assuming a slope angle of some 35 degrees.

SRK considers that if the weathered material could be processed the resource across the Holliday Block licence could increase by around 7%. SRK further considers there is potential for additional mineral resources to be demonstrated to be present within the three westernmost parcels though the thicker overburden here (of between 300 and 1000 ft) would likely limit exploitation to *in-situ* methods. While it is almost certain that the Green River Shale is present within these leases, the exact thickness and yield of the oil shale remains uncertain as there is no nearby drillhole data. Notwithstanding this, SRK considers that further drilling would enable a Mineral Resource to be reported for these areas and this has the potential to more than double the Inferred Mineral Resource presented above.

Next Steps

Tomco now intends to commence technical studies aimed at determining the technical and economic viability of exploiting the mineral resource presented above via a mining and processing operation similar to that envisaged and currently being investigated by Red Leaf at its Seep Ridge Project. The work planned for the remainder of 2011 and for 2012 is described by Tomco as preparatory work for a FEED project and comprises mining/geotechnical work, infrastructure studies and environmental and hydrological baseline studies. In addition SRK has recommended, and Tomco has allowed for, a more detailed airborne topographic survey, a programme of check assaying at a second laboratory and the detailed outcrop mapping of the Mahogany Zone within the lease area.

Conclusions

The Tomco assets lie within an untapped, but known, oil shale province and have been estimated to contain an Indicated plus Inferred Mineral Resource as defined by the JORC Code of some 133 million barrels which has the potential to be exploited using the Eco-Shale processing route developed by Red Leaf and which Tomco has a licence to use.

Tomco now intends to undertake Pre-FEED technical work with a view to determining the economics of exploiting this via a mining and processing operations similar to that envisaged and currently being investigated by Red Leaf at its Seep Ridge Project.

The technical and economic viability of the proposed operation on a commercial scale has yet to be demonstrated and is not guaranteed, but the fact that Red Leaf is already in the process of undertaking its FEED and, subject to the results of this and its ability to raise finance, plans to commence the construction of a full scale operation following completion of this, along with Tomco's relationship with Red Leaf, means that Tomco is well placed to benefit from the results of this work which should enable Tomco to progress its work quicker and more cost effectively than would otherwise be the case.

SRK is confident that the work planned is justified by the information available and the potential of the project and that this will help better define the project and enable a decision to be made at the end of 2012 on the commissioning of a full FEED as currently being undertaken by Red Leaf. SRK is also confident that the budget allowed for this work, of some US$510,000 is reasonable given the specific work planned.

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Our ref: SRK Tomco_Update_Rep_CPR_V008 April 2011

AN INDEPENDENT COMPETENT PERSONS REPORT ON THE OIL SHALE EXPLORATION ASSETS OF TOMCO ENERGY PLC

1 INTRODUCTION

1.1 Background

This report comprises SRK Consulting (UK) Ltd (SRK)'s independent technical review of the assets held by Tomco Energy Plc (Tomco) and has been produced in connection with the proposed re-admission of Tomco to the Alternative Investment Market of the London Stock Exchange (AIM).

Tomco holds five parcels of land which relate to two separate Mineral Leases, ML49570 and ML49571 respectively. All of these are in the Uinta Basin of Utah and together they cover a total land holding of 2,918.84 acres. They are also all underlain by the Green River Shale Formation, which is the largest known oil shale deposit in the world. Figure 1.1 shows the location of these Mineral Leases.

SRK undertook an independent review of Tomco's assets in 2006 following which it reported an Inferred Mineral Resource for these of some 200 million short tons (tons) of oil shale containing some 120 million barrels of potential shale oil, within a lithological horizon with a mean thickness of 68 feet (ft), termed the Mahogany Zone, all of which was within 300 ft of the surface.

One of the Tomco parcels of land covered by ML49571 is in the northwest part of an area termed the Holliday Block. The surrounding Mineral Leases in the Holliday Block, and some other neighbouring Mineral Leases, are held by Red Leaf Resources Inc (Red Leaf). Red Leaf has expended a considerable sum of money developing a method for exploiting its assets and has developed an in situ processing methodology, the Eco-Shale In-Capsule Process, which is suitable for near surface oil shale such as is present on both Red Leaf and Tomco's land holdings.

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North America
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United Kingdom

This process was the subject of a pilot plant test carried out at the so called Seep Ridge Project between November 2008 and February 2009 which produced some 451 barrels of oil The Seep Ridge Project is located some 20km southwest of the Holliday Block and is currently the subject of a Front End Engineering and Design (FEED) project which is scheduled to be completed during the next few months and which Red Leaf will use to help make a decision on whether or not to proceed into a construction phase. SRK understands that this study envisages the production of between 9,000 and 10,000 barrels of oil per day for a period of some 20 years.

Tomco has now signed an agreement with Red Leaf which gives it access to the Eco-Shale In-Capsule technology and it is this that encouraged Tomco to plan a programme of work to firstly confirm the mineral resources available on its Mineral Leases and secondly assess the potential for these to be exploited in the same manner as intended by Red Leaf for its Seep Ridge Project.

The first stage of the above has now been completed. Notably, in Q4 2010, Tomco completed a programme of drilling on ML49571 which was planned and managed by SRK and SRK Exploration Services Ltd (SRK Exploration), an SRK Group Company focussed on managing exploration programmes, following which SRK also produced updated resource estimates which are broadly in line with those produced previously but which have now been reported in a higher resource category. Given the encouraging results of this exploration programme, and the results of a review by GCA commissioned by Tomco which comments on the Eco-Shale In-Capsule Process generally and the potential for the oil shale in ML49571 to be developed and processed using this technology, Tomco now intends to embark on preparatory work for its own "FEED" project for which it has budgeted a sum of some US$ 510,000 over a two year period.

Figure 1.1 shows the location of the Red Leaf mineral leases, the Holliday Block and the location of the Seep Ridge Project and highlights the two parcels for which SRK has reported mineral resources later in this document.

1.2 Basis of Opinion

This report is based on:

- a review of the regional geological setting of the Tomco claims as well as the results of exploration work completed in the area of these claims to date;
- meetings with Tomco and Red Leaf personnel and Red Leaf's consultants and contractors;
- visits to the Red Leaf mineral leases, the Tomco mineral leases in the Holliday Block and the Seep Ridge Project in July 2010;
- an assessment of the medium to long term potential for the development of oil shale deposits in general;
- a review of reports commissioned by Red Leaf regarding its proposals to exploit its own oil shale assets and specifically the mining and processing methodologies it intends to employ;

- a review of an independent report commissioned by Tomco and produced by GCA entitled "Evaluation of Red Leaf's Seep Ridge Project" and discussions with the author of that report;
- the results of the drilling programme completed during Q4 2010; and
- a review of Tomco's planned work programme for the next two years and its budget for this.

Much of the background information used to create this report was sourced from published data, relevant publications and discussions with directors and employees of Tomco. SRK is not aware of any material changes to the assets or of the availability of any additional information regarding these since it completed its most recent visit and prepared the resource estimate presented here.

1.3 Qualifications of Consultants

SRK is part of the international consulting group, SRK Consulting (Global) Limited (the SRK Group). The SRK Group comprises some 1,000 staff, offering expertise in a wide range of resource engineering disciplines.

The SRK Group's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. The SRK Group has a demonstrated track record in undertaking independent assessments, project evaluations and audits, Mineral Experts Reports, Competent Persons' Reports, Independent Valuation Reports and independent feasibility studies to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. SRK also has specific oil shale experience which it has drawn upon in undertaking this work.

This report has been prepared by a team of consultants and associates based at the SRK Group office in Cardiff (United Kingdom). These consultants are specialists in the fields of exploration, oil shale geology, resource estimation and classification.

Neither SRK nor any of its employees employed in the preparation of this report has any beneficial interest in the assets of either Tomco or Red Leaf. SRK will be paid a fee for this work in accordance with normal professional consulting practice.

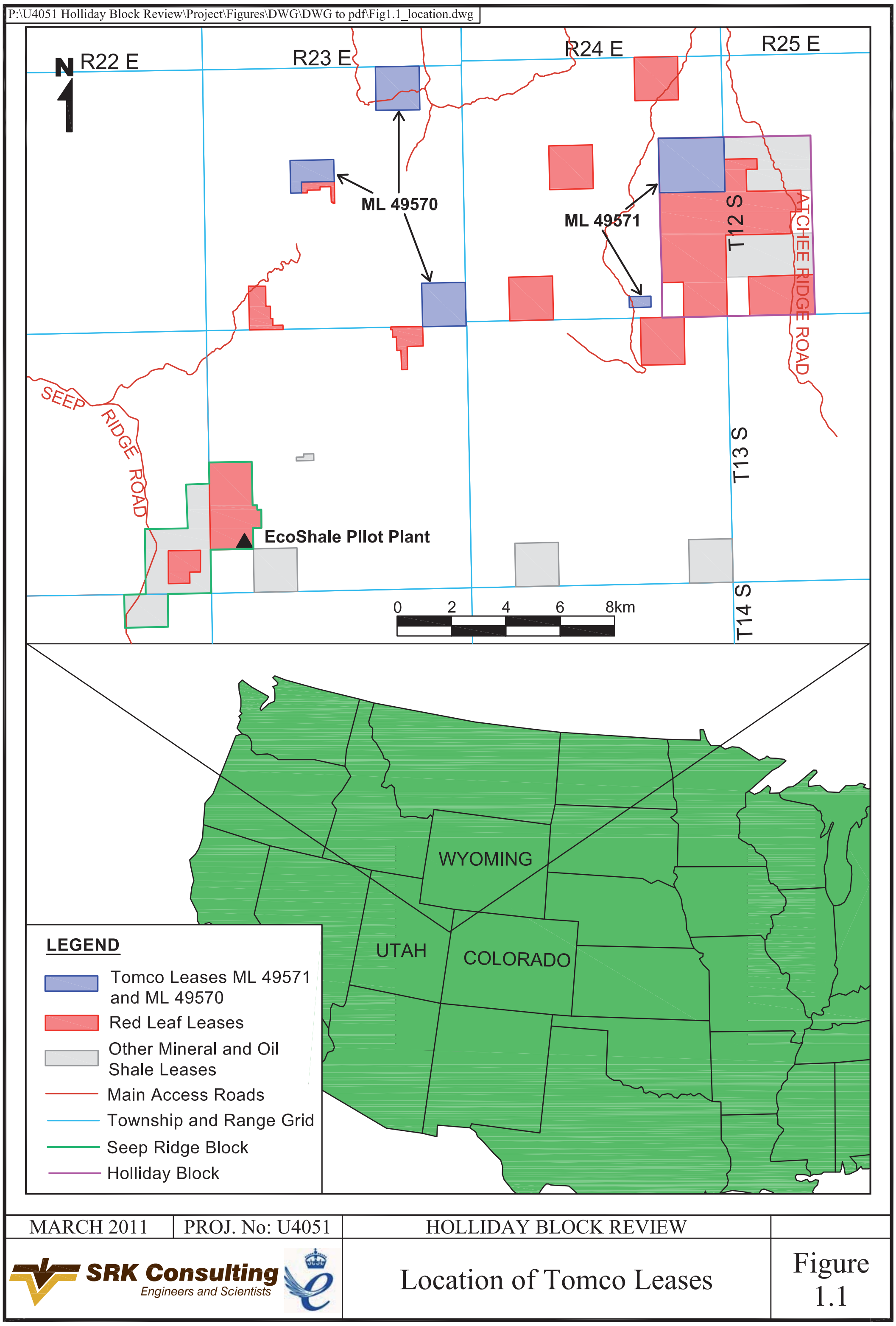
The individuals responsible for this report have extensive experience in the mining industry and are members in good standing of appropriate professional institutions.

SRK's Project Team comprised Dr Mike Armitage, C Eng, C Geol, MIMMM, Principal Geologist with, and Chairman of, SRK, Anna Fardell, MSc, Resource Geologist with SRK and Dr Matt Dey, Principal Geochemist with SRK.

1.4 Declaration

For the purpose of Schedule 2 of the AIM Rules, SRK is responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is to the best of our knowledge, in accordance with the facts and contains no omission likely to affect is import.

Figure 1-1: Location of Tomco Leases



2 LICENCE/LOCATION

The topography of the area containing Tomco's claims comprises gently rolling hills dissected by rather deeply incised valleys. The elevation ranges between 2,000 m and 2,200 m above sea level and although a number of dirt roads do serve the area, the area has limited access.

As already commented, Tomco holds two Mineral Leases, ML49570 and ML49571, in the Uinta Basin of Utah, which together cover a total land holding of 2,918.84 acres. SRK has seen copies of the Mineral Lease Assignment Forms dated October 2006 which assign these to Tomco, but has not undertaken a legal due diligence study such as would be required to confirm that all statutory consents are in force and current. Notwithstanding this, SRK can confirm that the estimates of tonnes and quality given later in this report relate to material within the Mineral Lease boundaries.

Tomco's Mineral Leases are not contiguous, but occur in five separate parcels each up to 1,000 acres in extent separated to a large extent by non-licensed Federal lands administered by the US Bureau of Land Management (BLM), and by leases held by other companies notably Red Leaf.

The annual rental for the Mineral Leases is some USD1 per acre and that while there are no specific work commitments attached to these, exploitation of the leases must commence by 2024 if these are to remain in force beyond this.

While Tomco holds 100% of the Mineral Leases, a portion of the surface rights on ML49571, covering an area of some 200 acres, is held by BLM. This does not impact on Tomco's right to explore, and in due course exploit the mineralisation, but it does mean that BLM require notification of any such intent and have a right to compensation.

As far as SRK is aware, the Tomco Mineral Leases are not currently subject to any known environmental liabilities.

3 BACKGROUND TO THE POTENTIAL OF OIL SHALE

3.1 Formation of Oil Shale

Oil shale is a general term used to describe those rocks, generally shales, rich enough in organic matter, kerogen, to yield synthetic petroleum products, shale oil and shale oil gas products following heating at temperatures of the order of 450-500ºC and in the absence of air, a chemical process termed pyrolysis.

Oil shale deposits are generally considered to be sedimentary in origin and to have formed as a result of the deposition of organic matter in anaerobic conditions in lakes and lagoons and the burial of this accumulated material during normal diagenetic processes. The compaction of these beds, the removal of water, and the increased temperatures and pressures the material is subjected to then converts the organic matter to kerogen. These are essentially the same processes that are considered to have formed oil deposits, but in the case of oil shale deposits the depth of burial, and consequently the pressures and temperatures the material has been subjected to, have been less and the process has therefore not been so complete.

The key compositional difference between oil shale and both tar sands and 'conventional' oil is that it contains kerogen. Kerogen is a mixture of organic compounds that are less mature than conventional oil and therefore requires further processing before it can be treated in a refinery as is the case with crude oil.

Essentially they are immature oil deposits and, as a result, have potential to be used to produce petroleum products, but require more processing effort to extract this than is the case with oil itself.

3.2 Oil Shale and the United States

It is generally accepted that the United States of America (USA) hosts some two thirds of the world's total available potentially exploitable oil shale. The US Office of Naval Petroleum and Oil Shale Reserves estimates there to be some 1.6 trillion (1.6×10^{12}) barrels of oil around the world some 1.0-1.2 trillion of which are in the USA. The bulk of this oil shale is concentrated in the Green River Formation in Colorado, Wyoming and Utah, where Tomco's assets are located.

As there is no current oil shale production in the country, it is therefore not surprising that both oil companies and the government have undertaken and supported many trials and initiatives to investigate the best way this resource can be exploited. Most notably there was a flurry of activity in the 1970s and 1980s in response to the then prevailing fuel crisis, but these investigations were gradually stopped as oil prices stabilised at relatively low levels.

Notwithstanding this, Shell has reported that it considers that its in situ technology may be able to produce oil economically at an oil price of over USD30/barrel and is in the process of lobbying the government for active support, notably the release from US Government control of more deposits for assessment, tax/royalty incentives and a loosening of permitting restrictions. In January 2006, the BLM announced that it had accepted 8 proposals from six companies, including Shell, to develop oil shale technologies, six of which are focussed on in situ extraction. Each of these projects have been allocated parcels of land on which to conduct their research and given preferential rights to convert just over 5,000 acres to a commercial lease should the work prove successful. Two of these projects are in Utah.

3.3 Alternatives for Exploiting Oil Shale

3.3.1 Introduction

Although most investigations into the exploitation of oil have focussed on the extraction of kerogen, oil shale itself has been burnt directly as a low grade fossil fuel for hundreds of years in much the same way as coal. Notably, formal mining of oil shale commenced in Estonia towards the end of the First World War as fuel became increasingly scarce; two oil shale power stations constructed in the 1960s and 1970s are still in operation, albeit running at a very reduced capacity. Direct use of oil shale as a whole is declining across the world and only in Estonia is oil shale burned on a commercial scale.

More typically, the exploitation of oil shale has been focused on processing the oil shale to recover the kerogen oil (or shale oil) itself. This potential was first identified in the mid 1800s in Scotland and deposits were still being exploited in the vicinity of Edinburgh as recently as the 1960s. This process requires the oil shale to be artificially subjected to increased temperatures and pressures, similar to those created naturally to produce coal and oil.

The different processing techniques investigated to date can be split into two types, *ex-situ* and *in-situ* processing respectively. *Ex-situ* processing requires the excavation or mining of the oil shale followed by the processing, whereas the *in-situ* production methods do not require the mining stage and process the oil shale in the ground. This potentially makes the *in-situ* technique more appealing as there is less material handling and less surface disruption.

3.3.2 Ex-Situ Methods

Introduction

Typically *ex-situ* oil shale treatment methods involve a retort (processing plant) which is used to heat the oil shale under an anoxic atmosphere to produce a vapour; that is, full or partial pyrolysis. This vapour is collected and then further distilled as shale oil. Retorts can be costly to build due to their size and materials of construction. For maximum efficiency they require the complete pyrolysis of the shale that in itself will liberate a large amount of carbon dioxide in addition to the products. The spent shale then requires disposal and therefore requires double handling, i.e. once during the excavation and then returning the waste. These transportation costs can add significantly to the operational expenditure of the process. Notwithstanding this, retort methods have been in widespread use since the 19th century, especially in Estonia, Brazil and China where they are well proven. There are several different methods for above ground retort processing, they include: internal combustion, hot recycled solids, conduction through a wall, externally generated hot gas and reactive fluids. As a rule, large oil shale fragments (between 10 mm and 100 mm) are used in internal hot gas carrier technologies whereas crushed oil shale (less than 10 mm) fragments are used for internal hot solid carrier technologies. As a note, the smaller the crush size the more intense the processing operations and the higher the energy requirement. Finer materials also have the potential contaminate the product stream of the process.

Internal Combustion

In the internal combustion method, burnt char (kerogen residue) and oil shale gas from processing are burnt in a vertical shaft retort and blown up through the shaft to contact raw oil shale which is top fed into the kiln. The vapours are collected at the top of the retort and sent to a condenser to form the product. The non-condensing gas can be recycled through the bottom of the retort in order to carry on the heating process and promote the reactions. The spent oil shale and gas are maintained at 900°C in order to burn off the char to produce the heat for the process. Spent shale is removed via a water-sealed discharge system. The Kiviter process developed in Estonia is a well known example of this form of retort.

There are two other variations to this process: Union Process and Superior Multimineral Process. The Union Process feeds raw oil shale from the bottom of the retort and pumps it up to the top. The Superior Multimineral Process treats oil shale in a horizontal, segmented doughnut-shaped travelling-gate retort. This process was developed in order to simultaneously recover sodium and aluminium minerals present in the type of oil shale being processed.

These processes are well known and proven and they are thermally efficient with recoveries at 90%. However, the product stream is directly contaminated with combustion exhausts and the process uses a great deal of water (2 barrels for every 1 barrel of oil), which itself becomes contaminated. The spent oil shale also poses an environmental hazard due to the presence of mobile toxins liberated by the process. These need to be confined during disposal and adds to the costs of the operation.

A variation on this method is externally generated hot gas. In this case, heat is delivered by gases heated outside the retort so that the product stream is not contaminated by combustion gases. This is also known as the Petrosix process.

Hot Recycled Solids

The delivery of heat in these systems is via solid particles, typically oil shale ash, in a slightly declined rotating kiln. The spent shale is initially combusted in a separate chamber before being mixed with the raw oil shale avoiding the contamination of product streams with combustion gases. A well known example is the Galoter Process. The Alberta Taciuk Process is similar, but occurs in a single multi-chambered vessel. This method generates large quantities of carbon dioxide, carbon disulfide and calcium sulphide due to the complete combustion of the spent shale, presenting additional environmental concerns.

Conduction Through a Wall

The heat for this method is conducted though the retort wall so that the product stream is not contaminated with the combustion gases. The feed is added as finely crushed material; that is, to less than 10 mm. The Combustion Resource Process uses a hydrogen fired rotating kiln where the hot gas is circulated though an outer annulus.

Reactive Fluids

A less common method of *ex-situ* treatment involves the use of hydrogen gas or hydrogen donors to react with low hydrogen content oil shale. In the IGT Process the oil shale undergoes pyrolysis under high hydrogen pressure to reduce the hydrocarbons in the shale oil. These methods while useful are expensive and not suitable for all oil shale types.

3.3.3 *In-Situ Methods*

Introduction

The *in-situ* processes heat the oil and shale underground by injecting fluids into the rock formation or by the use of linear/planar heating sources conveyed by thermal conduction and convection through the oil shale formation. The shale oil can then be recovered though vertical wells drilled into the formation. These methods are potentially able to exploit more oil shales than surface mining methods as they can potentially reach greater depths due to the economics of the process. They also allow the recovery of oil from lower grade oil shale deposits. Different methods of *in-situ* processing include: wall conduction, externally generated hot gas and volumetric heating. However, heating the ground *in-situ* can lead to long lag times for production, due to the very large thermal capacity of the ground being heated, and therefore requires large capital outlay up front of any production.

Wall Conduction

Wall conduction uses heating elements or pipes which are drilled into the oil shale formation. Vertical wells are also drilled into the formation to collect the released shale oil.

The American Shale Oil CCR Process uses superheated steam circulated via pipes placed into the shale layer. The system combines horizontal wells (through which steam can be passed) and vertical wells (which provide both vertical heat transfer and a means to collect the produced hydrocarbons).

Shell has developed a new process called Shell ICP (*in-situ* conversion process). Shell ICP uses electrical heating elements drilled into the oil shale formation. The process area is isolated from groundwater by a ‘freeze wall’ of wells filled with super-chilled circulating fluid. This means that, in theory, there can be no pollution of groundwater. Shell ICP takes four years for a process area where the ground is heated up to 370°C (700°F). This, in addition to the freeze wall, makes the Shell ICP method particularly energy intensive. Also, the high temperatures may cause limestone and dolomite decomposition, releasing carbon dioxide and other gases into the atmosphere, and contaminating the gas product stream.

Externally Generated Hot Gas

These processes use hot gas that is heated above ground and then injected into the oil shale to cause pyrolysis. The Chevron CRUSH process injects heated carbon dioxide into drilled wells and thus heats the oil shale formation via a series of horizontal fractures through which the gas circulates. Horizontal wells are drilled to collect the produced oil. Like many *in-situ* processes, it is difficult to isolate the products from the groundwater, thereby either polluting groundwater or contaminating the hydrocarbon product.

Volumetric Heating

A new and more novel process for heating up oil shale *in-situ* involves the use of electromagnetic waves. The favoured form of radiation is radio waves due to the penetration of tens of metres into the formation. The radio waves are used to heat the oil shale and spacing transmitters ever 10 m down can allow the processing of deeper deposits. This type of method would avoid the slow thermal transfer rate of conduction, but would have a high energy demand and give very low efficiencies due to absorption of the energy by groundwater and char.

3.3.4 The Red Leaf Process

Background

The Red Leaf Process, or Eco-Shale In-Capsule Process, combines the process advantages of *ex-situ* techniques with lower temperature heating methods utilising similar technology to some *in-situ* processes. In summary, it is envisaged that the ore will be mined in an advancing open pit, crushed to between 50 and 600 mm and then placed into a series clay lined impoundments (capsules) constructed behind the advancing face. Each capsule is expected to produce some 880,000 barrels of oil. These will be constructed sequentially and in addition to the oil shale contain heating pipes, pumps and a drainage system to collect the oil product.

The first capsule will be heated using natural gas but as the gas is not allowed to contact the oil shale or the gas and oil produced, emissions will be limited to flue gas from clean burning natural gas. While the process has the need for the input of an external energy source to initiate the heating of the cell, after the initial start up of an operation the gas becomes self generating and subsequent cells can be developed with residual gas generation from prior cells. In addition the process of stacking the crushed oil shale within the capsule leads to void spaces in the capsule that better promote the distribution of heat throughout the capsule, thereby reducing the heating requirement even further.

The process produces high quality products (naptha, jet fuel and diesel) due to the lower operating temperatures of 400ºC while at the same time there is no dilution from combustion gases or water. In addition, the method overcomes the problem of double handling as the capsules will be built within the mined area itself, thereby minimising transportation costs. Once spent each capsule will simply be covered with topsoil for complete reclamation of the surface mining operations and potential problematic materials will be contained within the engineered lining.

Pilot Plant Testwork

The technology of the Red Leaf Process has been tested by way of a pilot plant test which was conducted between November 2008 and February 2009 and which produced some 451 barrels of oil. While SRK did not oversee this testwork, it has visited the testwork site, inspected the plant and spent capsule, interviewed the Red Leaf employees who managed the work and reviewed a report on the testwork period completed by GCA. GCA concluded in its report that the results were encouraging and indicative of commercial success but noted that the design is still largely conceptual, that several issues had been highlighted that required addressing as part of the ongoing FEED and that there will be a need for continued refinement to optimise recovery, production rates and costs during the establishment of the operation itself. GCA also concluded that the Seep Ridge Project should be able to produce oil at a cost which makes it attractive in relation to other oil shale processes.

3.4 SRK Comments

That oil shales exist and that they represent a significant potential source of petroleum products is not in question. The cost of exploiting oil shale using the techniques used historically, however, is currently high relative to other petroleum resources and consequently the potential has not yet been realised on a truly commercial basis.

There are a number of processes now available for treatment of oil shale. The most proven, *ex-situ*, technologies traditionally conduct pyrolysis inside retorts of varying designs and are relatively energy efficient and give good yields. However, popular opinion suggests that mining the oil shale is an unnecessary wasteful step which should be avoided if possible and that *In-situ* methods may therefore be more economically attractive. *In-situ* methods however have their own drawbacks; the key challenges being increasing product recovery and avoiding groundwater contamination.

The Red Leaf Eco-Shale process which Tomco plans to adopt does not avoid the mining stage of the operation, but given that the material in some of Tomco's land parcels is at or near surface, this should be relatively straight forward and the construction of the extraction cell within the mining void removes the double handling penalty of other *ex-situ* methods. The engineered cell then uses *in-situ* technologies to recover the products, but the engineering also promotes better thermal transference through the cell making it more efficient than the *in-situ* methods. Finally, the Red Leaf Eco-Shale process has the potential to produce higher quality products, while minimising environmental impacts.

Additional work is required to optimise and refine the process and notably there is also some potential for the products to contain contaminants, as a result of processing the higher quality oil shale, necessitating the need for further processing before the oil can be sold on to a refinery. Further, given the absence of pipelines in the area there will likely be significant transport costs until more operations come on line in the area and the infrastructure is improved.

Notwithstanding the above, the testwork completed by Red Leaf to date has confirmed the technical viability of the process and the additional work required to be undertaken to refine this is underway and will be completed by Red Leaf before Tomco reaches the construction phase. Certainly SRK agrees with Tomco that this is the most appropriate technology for it to be investigating at this stage.

4 GEOLOGY

4.1 Regional Geology

Tomco's Mineral Leases are located in the extreme eastern portion of the Uinta Basin in Utah and all contain rocks of the Eocene age Green River Formation which is known to host the largest oil shale deposit reported to have been discovered in the world to date.

The area as a whole has been studied by geologists for over a hundred years while the existence of oil shale was first identified in 1913. The most definitive public document on the area is US Geological Survey (USGS) Professional Paper 548 published in 1967.

The Green River Formation has been divided, in ascending order, into the Douglas Creek, Garden Gulch, Parachute Creek and Evacuation Creek Members. The Douglas Creek Member is composed largely of sandstones, siltstones and limestones while the Garden Gulch, Parachute Creek and Evacuation Creek Members are composed of marls, siltstones and oil shale thought to have been deposited in a lacustrine environment. The Parachute Creek Member contains the principal beds of the Green River Formation and the richest of these is the Mahogany oil shale bed (also known as the Mahogany Zone). Figure 4.1 shows the stratigraphy of the Parachute Creek Member.

The Uinta Basin is a structurally asymmetric depression with the most steeply inclined rocks occurring along its northern flank. In the area of Tomco's leases the beds dip at shallow to moderate angles to the northwest and there is very little faulting in the area.

Figure 4-1 Stratigraphy of the upper Parachute Creek Member

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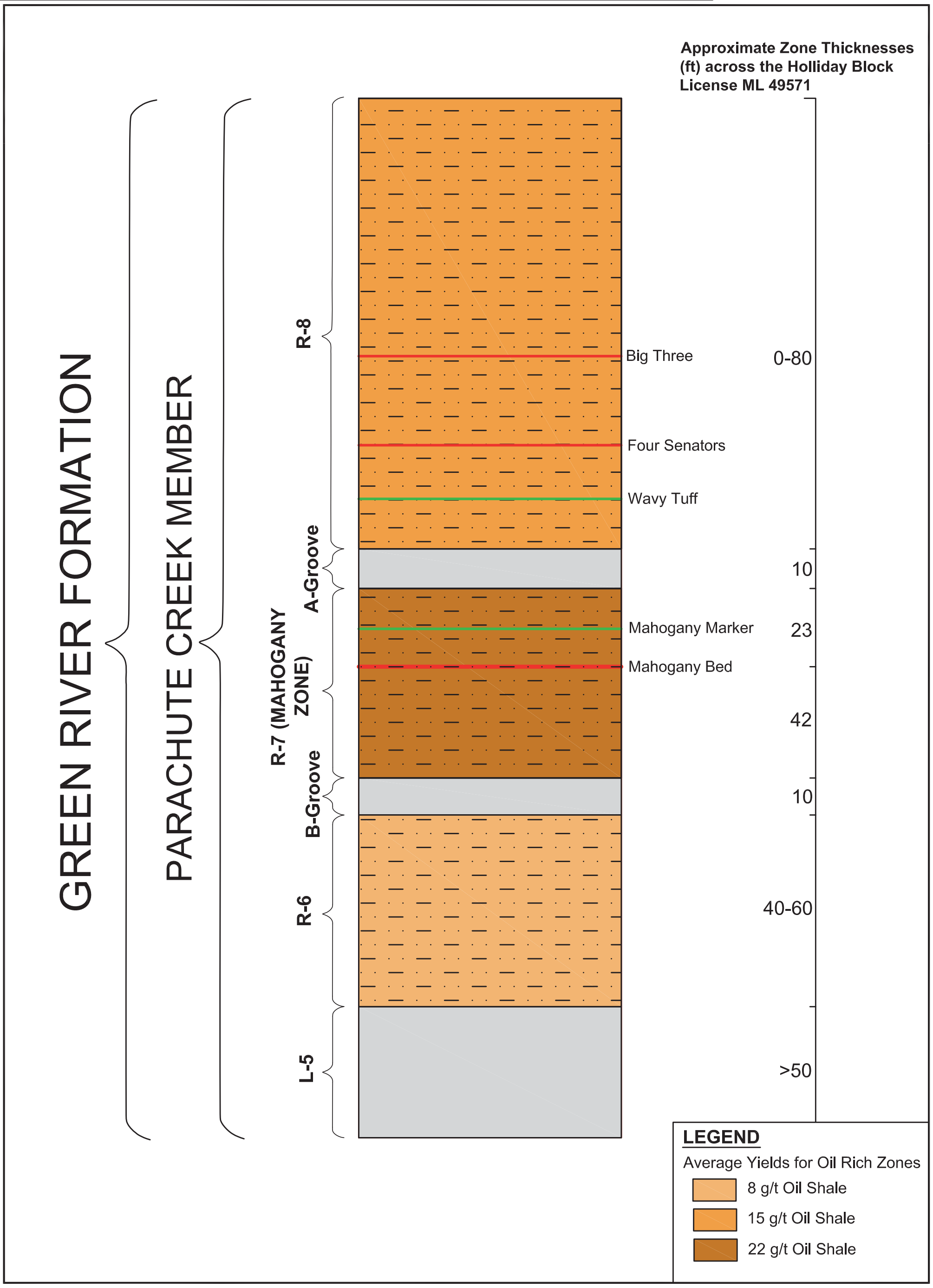

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SRK Consulting Engineers and Scientists		Stratigraphy of the upper Parachute Creek Member (Adapted from Young, 1995.)	Figure 4.1

4.2 Deposit Geology

The Mahogany oil shales are reported in geological literature to be composed of magnesian marlstone and to have a high content of organic matter. The predominant inorganic constituents are dolomite, calcite and clay, while clastic minerals such as quartz, sanidine, feldspar, muscovite, zircon and apatite all occur in small amounts and are partly of volcanic origin. The organic matter is of two types, one type is a structureless material, translucent and lemon-yellow to reddish brown in colour, while the other comprises complete or fragments of organisms including algae, protozoa and insects and parts of higher plants including spores, pollen grains and minute pieces of tissue.

The oil shale beds themselves outcrop to the east of the Tomco Mineral Leases and extend in a continuous manner for many miles, suggesting that they were deposited in a very quiescent environment. They are also dark in colour where outcropping and visibly oil bearing and tend to weather less than the associated beds and to stand out as ledges. In fact, the degree of resistance to weathering and darkness of the colour of the rock in outcrop are in direct proportion to the content of organic matter. In the Tomco Mineral Leases themselves, the oil shale beds are at most a few hundred metres below surface and where they outcrop their continuity over hundreds of meters and relatively undisturbed geometry are evident.

The specific gravity of the oil shale is inversely proportional to the organic content and potential oil yield. For example, oil shale with an average specific gravity of 2.38 yields approximately 15 gallons of oil per short ton, while oil shale with an average specific gravity of 1.40 yields approximately 100 gallons of oil per short ton.

4.3 Mineralisation

The highest shale oil yields occur within the Mahogany Zone which is typically between 55 and 70 ft in thickness across ML49571 and has typical oil shale yields of just over 20 gallons per short ton. The richest oil shale horizon within this, the Mahogany Bed, occurs approximately 23 ft from the top of the Mahogany Zone and is has average shale oil yields of 60 gallons per short ton.

Overlying the Mahogany Zone but separated by the A-Groove Formation, is the 'R8' Zone which outcrops at surface within the Tomco Lease within the Holliday Block. This contains two other oil bearing horizons, Four Senators and Big Three, which are located 10 and 25ft above the Mahogany Zone respectively. These both vary in thickness up to 8 ft and have estimated average yields of in the region of 18 gallons per short ton. The mineral resource estimate given in Section 5 below includes estimates for the Four Senators, the Big Three and the Mahogany Zone. The low yield zones which occur in between the oil rich zones have an average yield of 5 gallons per short ton. The average yield of all material from the top of the Big Three to the base of the Mahogany Zone including the oil poor horizons is around 18 gallons per short ton over a total thickness of some 95ft. Figures 4.2-4.4 below comprise geological sections though the Tomco Lease in the Holliday Block showing the depth of overburden and dip and orientation of the Mahogany Zone while Figure 4.5 is a plan view showing the thickness of overburden and also the collar locations of the drilling completed in 2011.

Figure 4-2: North South Section through the Tomco and Red Leaf Leases

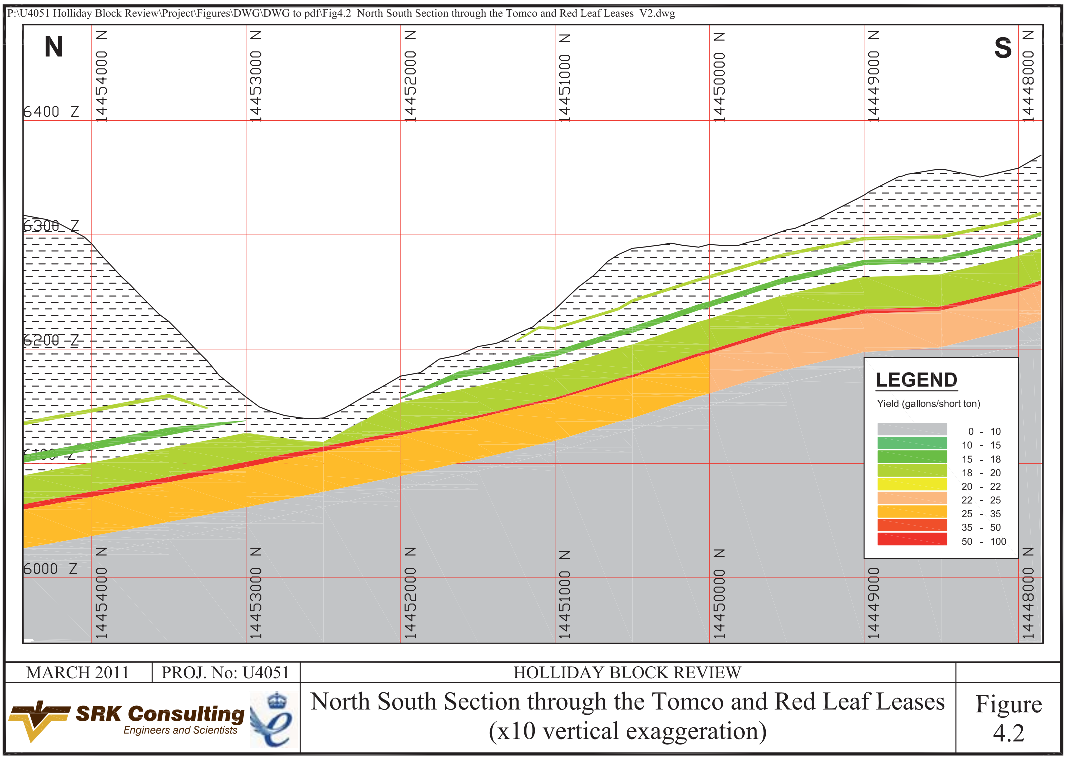


Figure 4-3: East West Section through the Tomco Leases

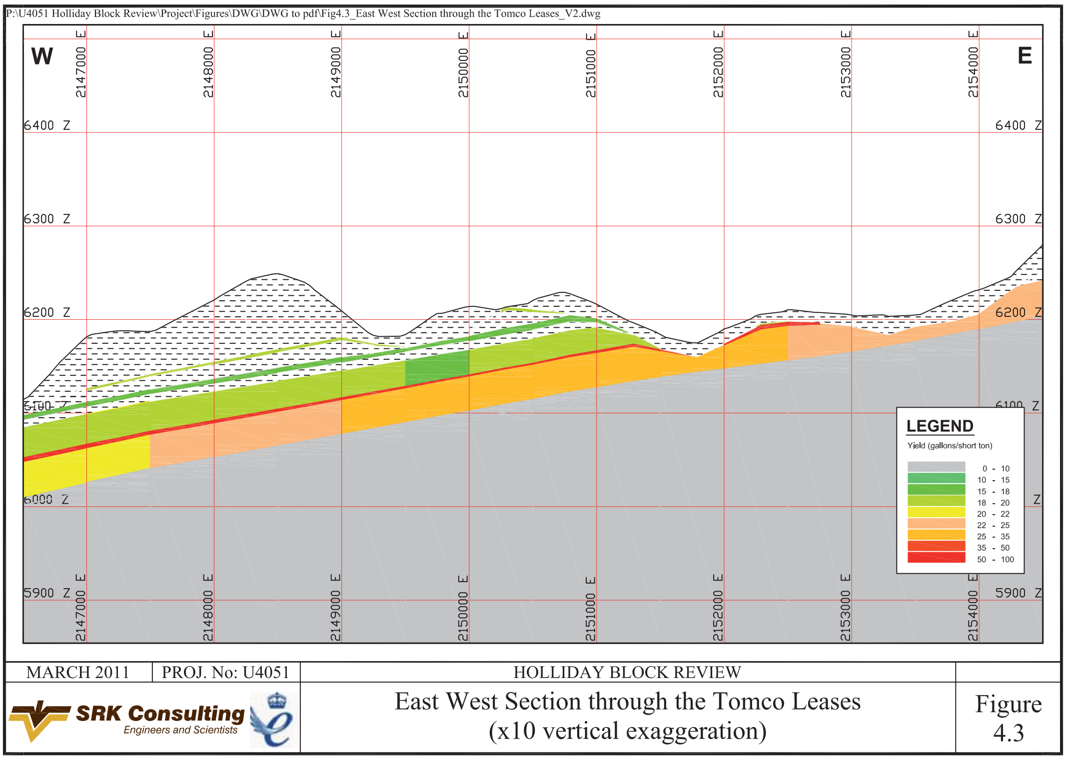
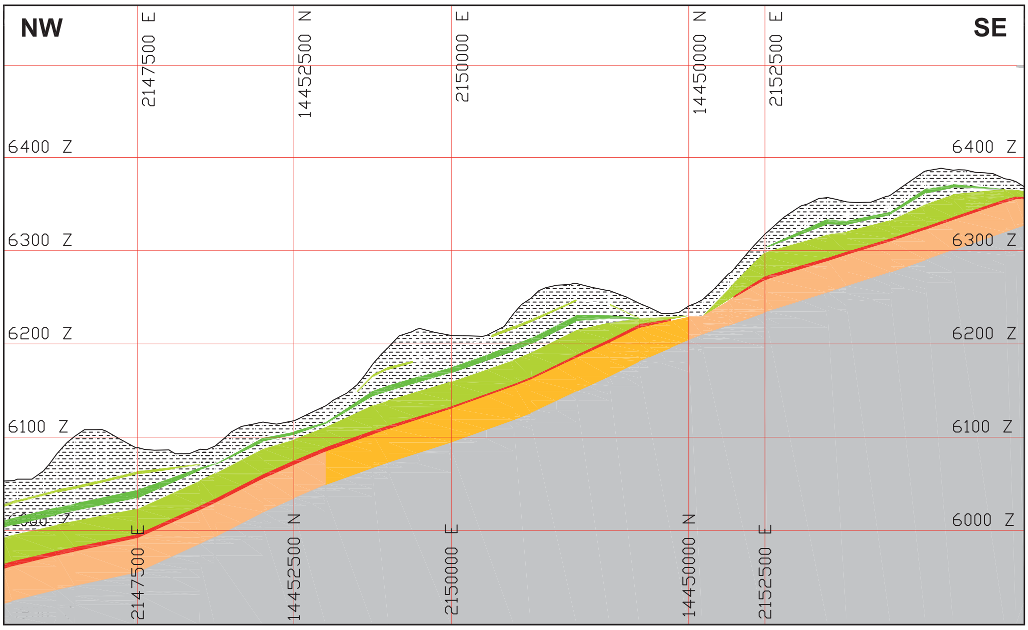


Figure 4-4: Southeast Northwest Section through the Tomco Leases



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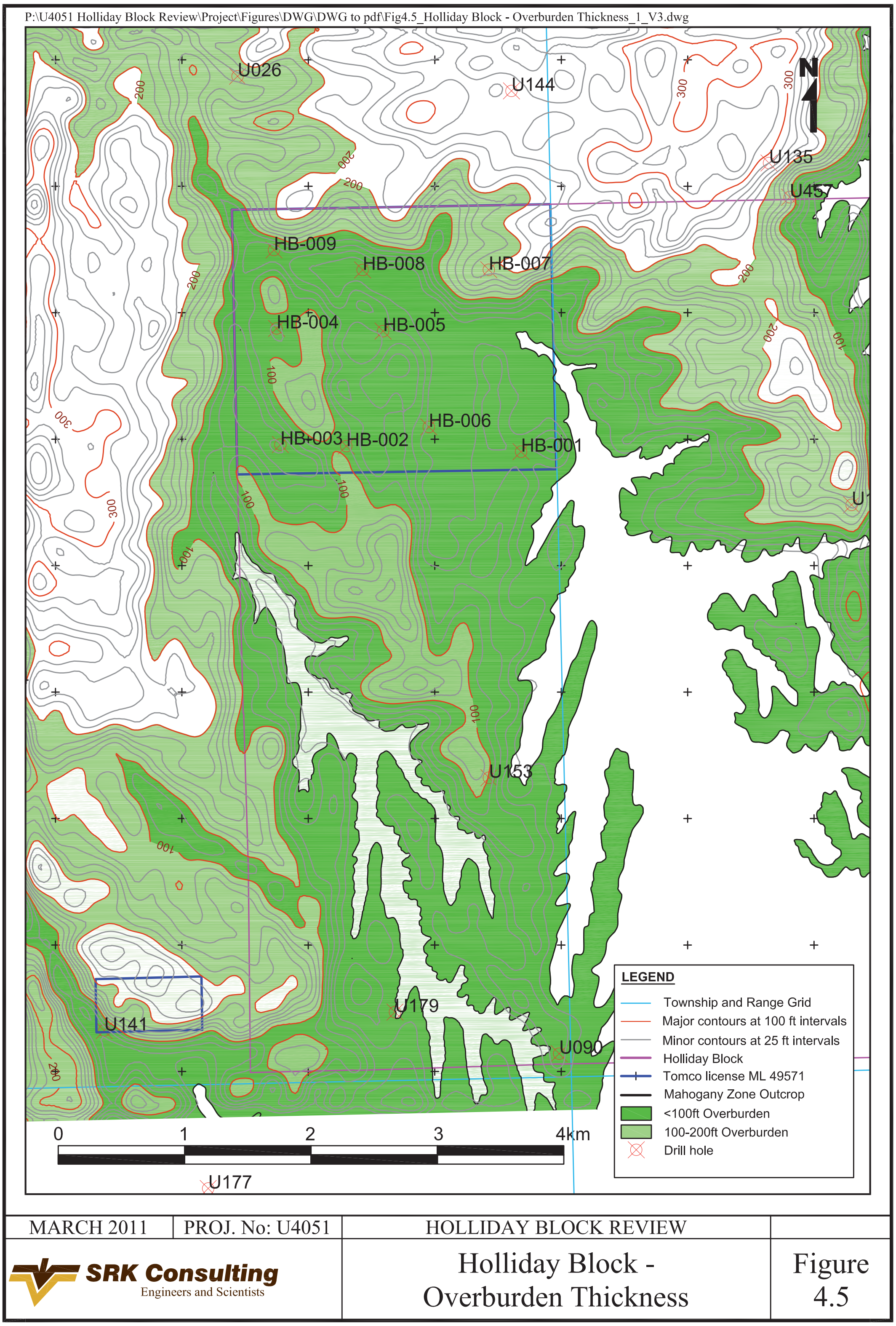
SRK Consulting Engineers and Scientists

Southeast Northwest Section through the Tomco Leases (x10 vertical exaggeration)

Figure 4.4

Figure 4-5: Holliday Block: Overburden Thickness



5 RESOURCE STATEMENTS

5.1 Introduction

This section presents an updated mineral resource estimate for the Tomco Lease areas and has been produced by SRK based on the most up to date information available as at April 2011. This follows on from previous estimates produced by the USGS, as part of a more general assessment of the Uinta Basin in the 1960s, and also by SRK in 2006. The current estimate focuses on the mineral resource potentially amenable to the Red Leaf Eco-Shale process rather than alternative processes given that this is the technique Tomco is planning to investigate.

5.2 Previous Resource Estimates

5.2.1 Original USGS Estimate

The USGS undertook an assessment of the oil shales in the Uinta Basin in the 1960s, publishing the results in Professional Paper 548 in 1967. This paper reports "Potential Reserves" based on yield assays prepared by the US Bureau of Mines from some 39 core holes in the area, as well as 20 exploratory wells and information from outcrops, using the accepted standard Fischer assay method. "Potential Reserves" for whole claim blocks were estimated, based on minimum oil shale seam thickness of 15 ft and a minimum yield of 30 gallons per ton, and were classified as "Indicated" or "Inferred" based on proximity to the nearest drillhole.

The USGS estimates were reported for whole claim blocks only, whereas the Tomco areas cover sub-sections of these. Notwithstanding this, applying the USGS analysis to the various full and part blocks of the Tomco leases gives the following estimates:

Table 5-1: USGS Resource Statement –
Oil Shale Leases ML 49570 & ML 49571 (2,919 acres)

Potential Reserve Category	Tons (millions)	Minimum Thickness (ft)	Minimum Yield (gallons/t)	Barrels (millions)
Indicated	120	15	30	85
Inferred	150	15	30	110
Total	270	15	30	195

5.2.2 Previous SRK Estimate

As part of its work in 2006, SRK independently estimated the potential oil content within the Tomco Leases, using the same methodology as the USGS, but based on data from the four nearest drillholes to Tomco's leases only. Using this approach, SRK's comparable estimate was 390 million tons (Mt) with a potential yield of 230 million barrels, contained in oil shales with an average thickness of some 68 ft and a mean yield of 25 gallons per ton.

Oil shales, being an unconventional resource, do not fit easily into the usual petroleum classification codes such as SPE/WPC/AAPG (2000), and SRK therefore chose instead to report its estimate using the terms and definitions and guidelines proposed in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Although this Code is designed primarily for the reporting of hard rock mineral deposits, it is widely applied to sedimentary mineral resources such as coal, and given that the Tomco Oil Shale Mineral Leases could be exploited at least in part by open pit mining, SRK considered it to be an appropriate code in this case.

SRK restricted its estimate to the Tomco Mineral Lease areas in the eastern parcels covered by ML 49571, which lie close to the outcrop of the oil shale, under relatively thin overburden cover (up to 200 ft), and are relatively close to the existing drillholes and considered this sufficiently well known to be reported as an *Inferred Mineral Resource* as defined by the JORC Code.

SRK's estimate, summarized below in Table 5.2, comprised some 200 Mt of oil shale containing a potential yield of 120 million barrels with an average yield of 25 gallons per short ton (gallons/t).

Table 5-2: SRK Mineral Resource Statement – Oil Shale Lease ML 49571 (1,280 acres)

JORC Category	Tons (millions)	Minimum Thickness (ft)	Yield (gallons/t)	Barrels (millions)
Inferred Mineral Resource	200	68	25	120

SRK considered the fact that the oil shale within the three western parcels occurs in areas of thicker overburden (300 to 700 ft) would likely limit exploitation to in-situ methods and that while it is almost certain that the Green River Shale is present within these leases, the exact thickness and yield of the oil shale remains uncertain as there is no nearby drillhole data. Notwithstanding this, SRK noted that further drilling would have the potential to double the Inferred Mineral Resource presented above.

5.3 Updated SRK Resource Estimate

5.3.1 Introduction

The updated mineral resource estimate presented here is based on information obtained from the 9 diamond drilled holes that Tomco drilled in November 2010 and 15 drillholes from the Utah Oil Shale Database, Open-File Report 469 (Vanden Berg, Dyni and Tabet, 2006) and covers both parcels of ground that make up ML49571.

SRK has reviewed the lithological and geophysical logs for the 9 new drillholes and reconciled the depths to lithological horizons against the Fischer assays and geophysical traces. The drillholes from Utah Oil Shale Database were reinterpreted from Fischer assay data and geophysical logs where available.

5.3.2 Data Quantity and Quality

The exploration programme undertaken in Q4 2011 was managed by SRK Exploration. The programme comprised the drilling, logging and sampling of 9 diamond drill holes located across the parcel of ML49571 that is located within the Holliday Block, the exact locations of which were agreed between Tomco, SRK Exploration and SRK. Downholes geophysics was successfully run for gamma, caliper and long and short spaced density on all 9 holes. The core was lithologically and structurally logged at the drillsite and then the core stored offsite. The core was then split and the oil rich horizons were identified and sampled from the geophysical logs. These horizons were then sampled and submitted to Weatherfords laboratory where they were analysed for % oil yield, % water content, % gas loss, % spent shale. This was used to calculate the oil yield in gallons per short ton.

The quality control and quality assurance undertaken in this drill programme consisted of duplicates samples every 20 samples. The duplicate samples were assessed using Half the Absolute Relative Difference (HARD) plots and scatter plots which are presented below and which indicated a good correlation and gives a high level of confidence to the oil yield data collected.

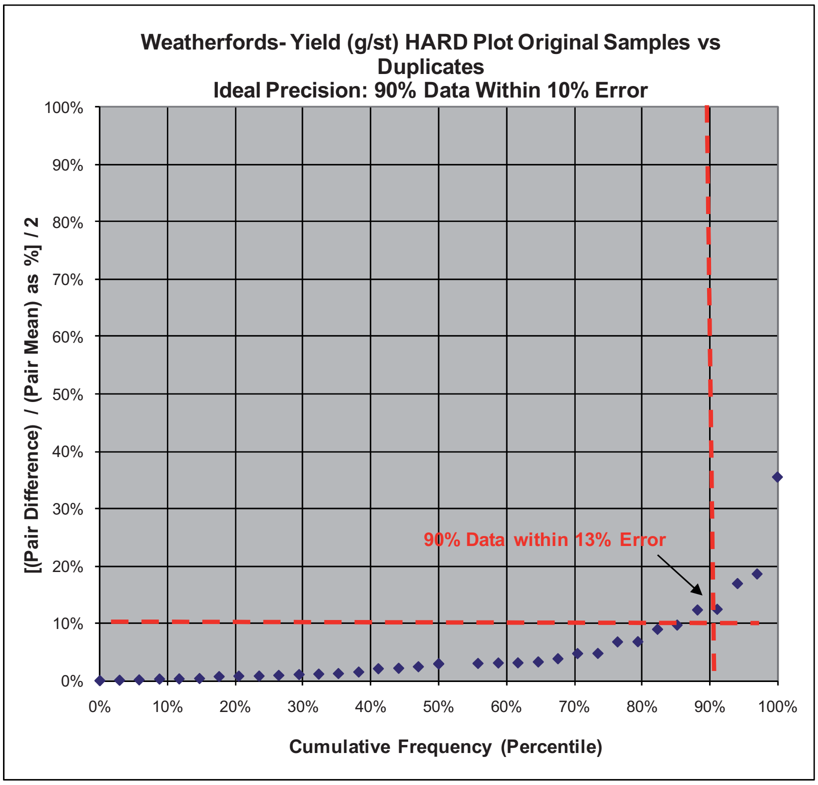


Figure 5-1 HARD plot of original sample yields versus the duplicate sample yields

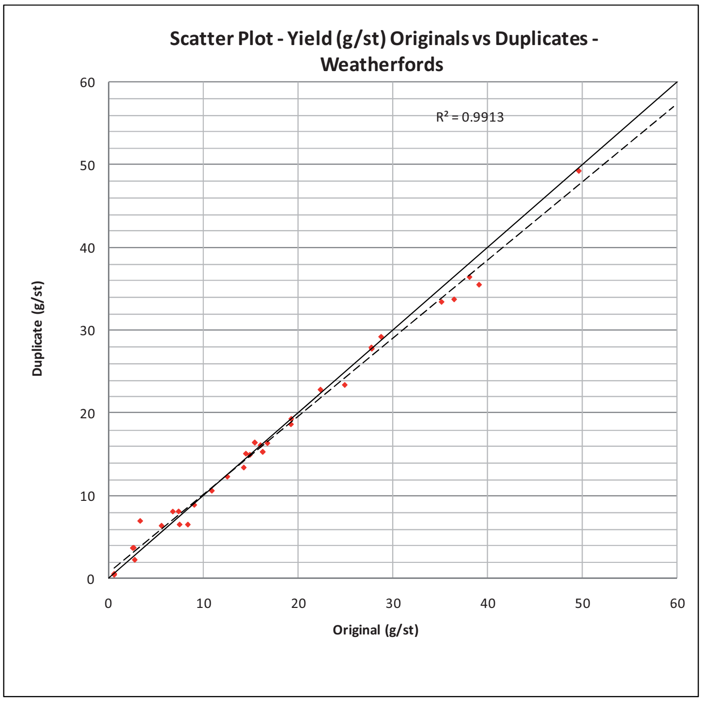


Figure 5-2 Scatter plot of original sample yields versus duplicate sample yields showing a high correlation coefficient

The drillhole collar locations were surveyed by a handheld GPS and this data was reconciled against the Aster data that was used as the basis for the topography in the geological model. In some cases discrepancies of up to 25m in elevation were found which SRK believes is due to the surveying method and the significant undulations in topography across the licence.

SRK has recommended to Tomco that it completes a more detailed survey of the lease and collar locations and also that it undertakes a programme of check assaying at a second laboratory. Notwithstanding this, SRK is confident that the data upon which the updated resource estimate is based is of sufficiently high quality, and has been subjected to a sufficiently high level of verification to support the estimates of tonnage and yields presented here and at the confidence level reported.

5.3.2 *Geological Interpretation*

For the purpose of this report the Mahogany Zone has been split into the Lower Mahogany Zone, the Mahogany Bed and the Upper Mahogany Zone. These three horizons and also the other two oil bearing horizons, the Four Senators and the Big Three, have been modelled over an area of some 16,000 acres which encompassed the whole of ML49571. The top and bottom surfaces of the six zones were modelled using the Vulcan software package as was both the overburden itself and the weathering zone.

5.3.3 *Statistical Analyses*

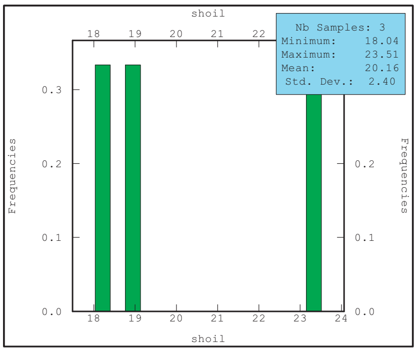
The population statistics of the Fischer assay composites for the five oil bearing horizons modelled are summarised below. In each case the oil yields have been composited over the thicknesses of the zones.

The descriptive statistics for the oil rich zones are presented in Table 5-3 while the yield and zone thickness histogram are given in Figure 5-3 and Figure 5-4.

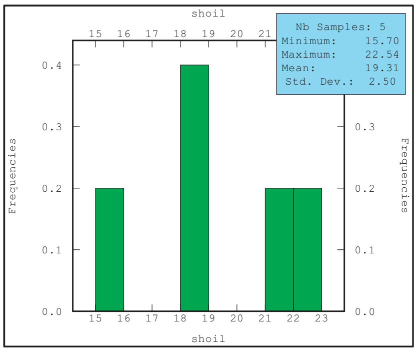
The raw data histograms have a slight positive skew, although close to a Gaussian distribution.

Table 5-3: Descriptive statistics of the Oil Rich Zones

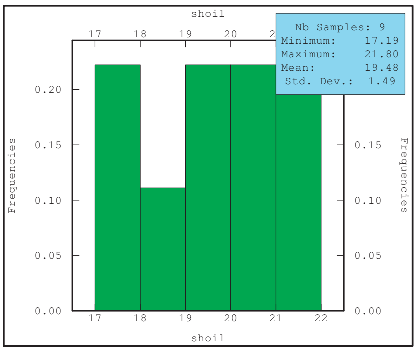
Zone	Variable	Count	Min	Max	Mean	Std Dev	Variance	CoV
BIG THREE	Oil Yield (gallons/t)	3	18.04	23.51	19.86	2.93	8.61	0.15
(B3)	Thickness (ft)	3	2	3	2.33	0.58	0.33	0.25
FOUR SENATORS	Oil Yield (gallons/t)	5	15.7	22.54	18.71	2.80	7.83	0.15
(4SEN)	Thickness (ft)	5	4	8	4.8	1.79	3.20	0.37
UPPER MAHOGANY	Oil Yield (gallons/t)	9	17.19	21.80	19.51	1.58	2.50	0.08
(MAHZA)	Thickness (ft)	9	24	31	27.22	2.22	4.94	0.08
MAHOGANY BED	Oil Yield (gallons/t)	9	54.80	65.52	60.59	3.45	11.92	0.06
(MAHBED)	Thickness (ft)	9	2	6	3.89	1.17	1.36	0.30
LOWER MAHOGANY	Oil Yield (gallons/t)	9	18.82	28.10	21.71	2.67	7.16	0.12
(MAHZB)	Thickness (ft)	9	23	40	34.11	4.99	24.86	0.15



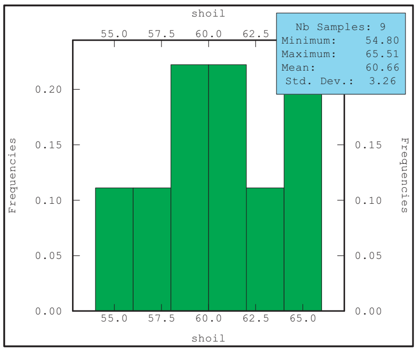
BIG THREE - YIELD (g/t)



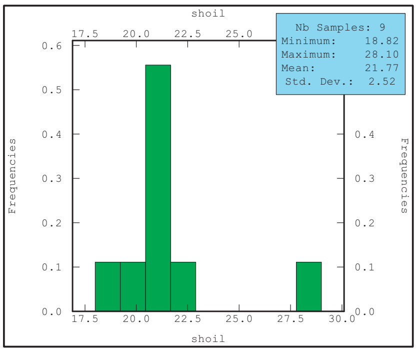
FOUR SENATORS - YIELD (g/t)



UPPER MAHOGANY - YIELD (g/t)

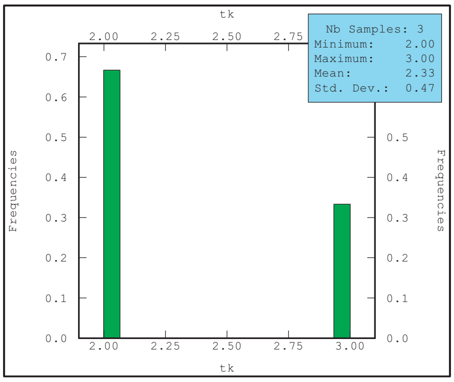


MAHOGANY BED - YIELD (g/t)

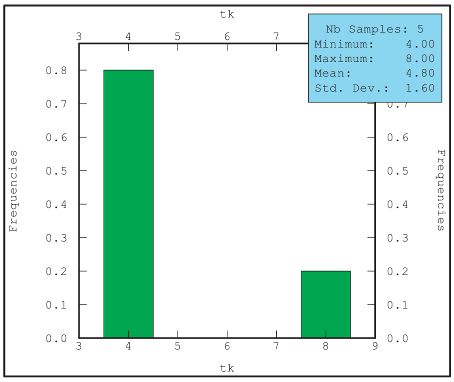


LOWER MAHOGANY - YIELD (g/t)

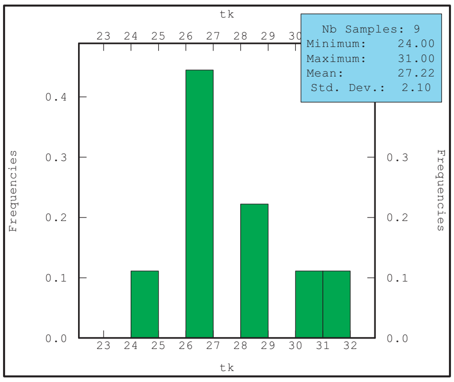
Figure 5-3: Oil Yield Histogram – Shale Oil (gallons/short ton)



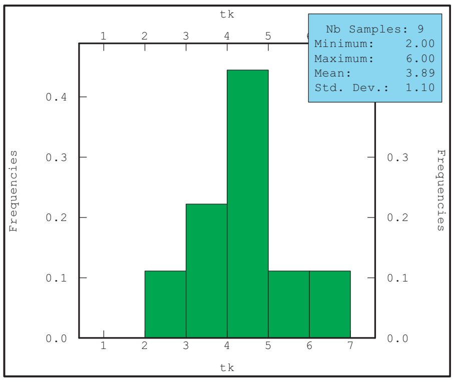
BIG THREE - THICKNESS (ft)



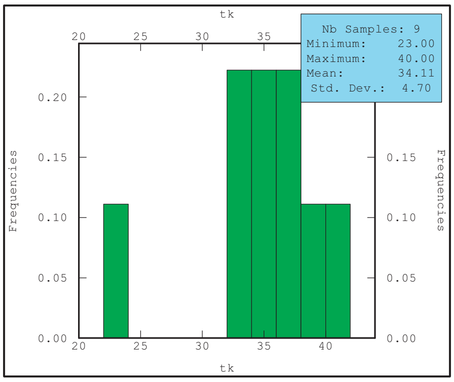
FOUR SENATORS - THICKNESS (ft)



UPPER MAHOGANY - THICKNESS (ft)



MAHOGANY BED -THICKNESS (ft)



LOWER MAHOGANY - THICKNESS (ft)

Figure 5-4: Zone Thickness Histograms

5.3.4 Block Model Construction

A Block Model was generated from a series of two-dimensional grids across the 16,000 acres that were then extrapolated in the vertical dimension to the full zone thickness. The block size was chosen to reflect the average drillhole spacing along strike and on section. The block model parameters for the Mahogany Zone are given in Table 5-4 below.

Table 5-4: Block Model Parameters of the Yield Grids for the Mahogany Zone

Modelling Type	Axis	Origin (ft)	Block Size (ft)	No. of Blocks
Structural	X	2,142,000	500	42
	Y	14,441,500	500	37
Yield	X	2,142,000	1500	14
	Y	14,440,500	1500	13

5.3.5 *Yield Interpolation*

Yield data was interpolated into the block models using an Inverse Distance Squared algorithm. The parameters used for the interpolation are shown in Table 5-5 below.

Table 5-5: Search Parameters for Yield Interpolation

Search Radius (ft)	Rotation (azimuth, dip)	Strike	Dip	Minimum number of samples	Maximum number of samples
25,000	None	180	0	3	7

5.3.6 *Block Model Validation*

The block model was validated visually in cross section against the drillhole lithologies in Vulcan. The expected outcome of the estimation process is to observe a relative smoothing of block model grades around the composite values.

Overall, SRK considers the estimation of the modelled domains to be robust and the results have been verified to a reasonable degree of confidence. Globally, the block model average grade is relatively similar to that of the declustered input data, indicating that no biases have been introduced.

5.3.7 *Density Data*

The relative densities were inferred from the richness of the rock. The long spaced densities taken from the geophysical logs and plotted against Oil Yield demonstrate that the relative density is inversely proportional to the organic content and potential oil yield. This allows the relative density (pounds/feet cubed) to be calculated from the oil yield (gallons/short ton).

$$\textit{Relative Density} = 0.98 \text{ x } (168.95 - \textit{Oil Yield})$$

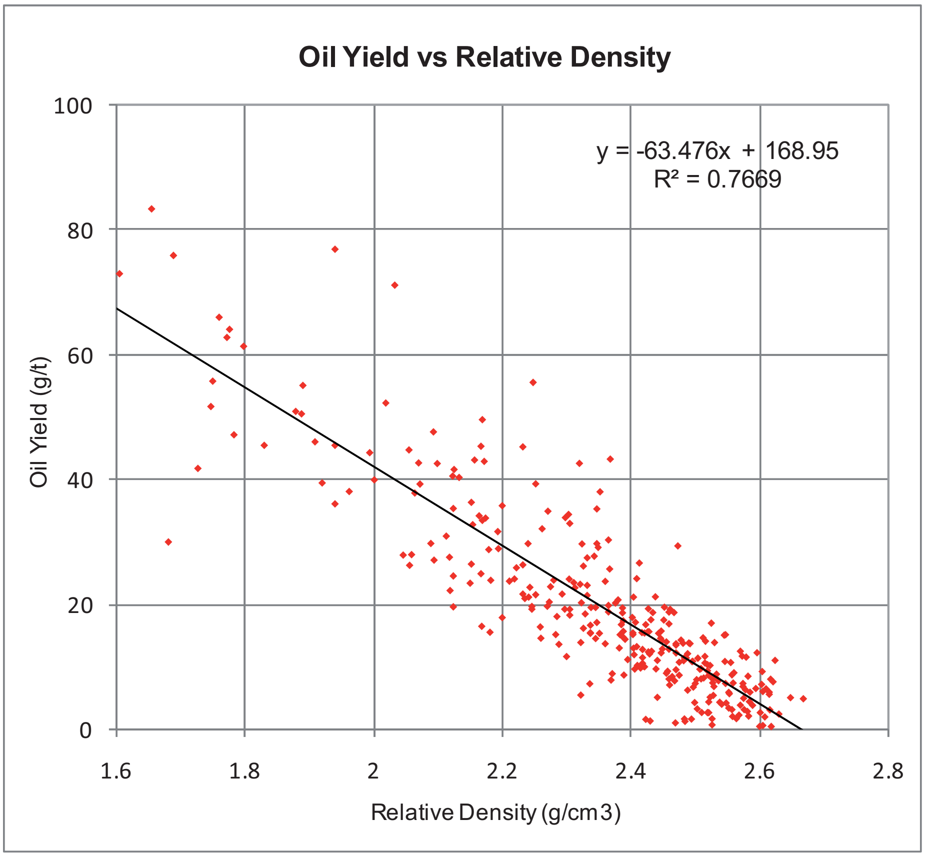


Figure 5-5: Reduced-major-axes regression relating relative density to oil yield

5.3.8 Updated Mineral Resource Statement

SRK would not consider it appropriate to simply report that tonnage of oil shale modelled within the Tomco leases as a mineral resource as this is defined by the JORC Code. Rather, SRK has restricted that material that has potential to be exploited through the Red Leaf Eco-Shale process. Specifically, this comprises that oil shale within the two eastern most parcels of land held by Tomco and to material within 300 ft of surface. In addition, SRK has excluded the weathered zone which is an average of 17ft across the leases. The resulting SRK mineral resource estimate is presented in Table 5-6 below and is 100% attributable to Tomco.

Table 5-6: SRK Updated Mineral Resource Statement – Oil Shale Lease ML 49571 (1,280 acres)

Location	Horizon	Tons (millions)	Mean Thickness (ft)	Yield (gallon/t)	Barrels (millions)
Inside Holliday Block Area	Big Three Four Senators Upper Mahogany Mahogany Bed Lower Mahogany	4 11 77 9 101	2 5 27 4 34	18.6 19.5 19.3 60.2 21.9	2 6 41 13 61
Sub Total		**202**	**72**	**22.3**	**123**
Outside Holliday Block Area	Mahogany Zone	15	75	23.1	10
TOTAL		**217**	**72**	**22.4**	**133**

As was the case previously, SRK has reported this estimate using the terms and guidelines of the JORC Code and considers all of the material outlined within the Holliday block to be sufficiently well known to now be reported as an *Indicated Mineral Resource* as defined by this and the material outside of this to be reported as an Inferred Mineral Resource.

In summary therefore SRK has derived an Indicated Mineral Resource of 202 million tons with a mean yield of 22.3 gallons per ton for 123 million barrels and an Inferred Mineral Resource of 15 million tons with a mean yield of 23.1 gallons per ton for 10 million barrels.

The Competent Person, as defined by the JORC Code, responsible for this estimate is Dr Mike Armitage.

SRK notes that some 158 Mt of the above mineral resource (estimated to contain some 98 million barrels of oil shale) that occurs within the single parcel located within the Holliday Block Area is overlain 100 ft of overburden or less and could be mined at a stripping ratio of the order of some 1.3:1 (waste tons:ore tons) assuming a slope angle of some 35 degrees.

SRK considers that if the weathered material could be processed the resource across the Holliday Block licence could increase by around 7%. As was also previously the case, SRK considers there is potential for additional mineral resources to be demonstrated to be present within the three westernmost parcels though the thicker overburden here (of between 300 and 1000 ft) would likely limit exploitation to in-situ methods. While it is almost certain that the Green River Shale is present within these leases, the exact thickness and yield of the oil shale remains uncertain as there is no nearby drillhole data. Notwithstanding this, SRK further drilling would enable a mineral resource to be reported for these areas and this has the potential to more than double the Mineral Resource presented above.

6 PLANNED EXPLORATION/ASSESSMENT

Tomco now intends to commence technical studies aimed at determining the technical and economic viability of exploiting the mineral resource presented above via a mining and processing operation similar to that envisaged and currently being investigated by Red Leaf at its Seep Ridge Project. The work planned for the remainder of 2011 and for 2012 is described by Tomco as a pre-FEED preparatory work and comprises mining/geotechnical work, infrastructure studies and environmental and hydrological baseline studies. In addition SRK has recommended, and Tomco has allowed for, a more detailed airborne topographic study, a programme of check assaying at a second laboratory and the detailed outcrop mapping of the Mahogany Zone within the lease area.

SRK is confident that the work planed is justified by the information available and the potential of the project and that this will help better define the project and enable a decision to be made at the end of 2012 on the commissioning of a full FEED study as currently being undertaken by Red Leaf. SRK is also confident that the budget allowed for this work, of some US$510,000 is reasonable given the specific work planned.

7 CONCLUDING REMARKS

The Tomco assets lie within an untapped, but known, oil shale province and have been estimated to contain an Indicated plus Inferred Mineral Resource as defined by the JORC Code of some 133 million barrels which has the potential to be exploited using the Eco-Shale processing route developed by Red Leaf and which Tomco has a licence to use.

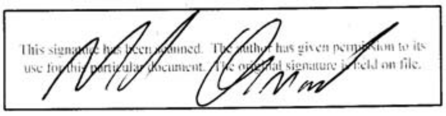
Tomco now intends to undertake Pre-FEED technical work with a view to determining the economics of exploiting this via a mining and processing operations similar to that envisaged and currently being investigated by Red Leaf at its Seep Ridge Project.

The technical and economic viability of the proposed operation on a commercial scale has yet to be demonstrated and is not guaranteed, but the fact that Red Leaf is already in the process of undertaking its FEED and, subject to the results of this and its ability to raise finance, plans to commence the construction of a full scale operation following completion of this, along with Tomco's relationship with Red Leaf, means that Tomco is well placed to benefit from the results of this work which should enable Tomco to progress its work quicker and more cost effectively than would otherwise be the case.

8 WARRANTY

The observations, comments and results of technical analyses presented in this report represent SRK's opinions as of April 2011 and are based on the information currently available and the work SRK has completed as described in this report. While SRK is confident that the opinions we present are reasonable, a certain amount of data has been accepted in good faith. SRK cannot therefore accept any liability, either direct or consequential, for the validity of such information accepted in good faith.

For and on behalf of SRK Consulting (UK) Ltd



Dr Mike Armitage, C. Eng
Chairman SRK Consulting (UK) Ltd

PART V

EXPERT OPINION
TECHNICAL REPORT ON ECOSHALE™ IN-CAPSULE PROCESS TECHNOLOGY

A. **Report dated 10 September 2010 with an updated evaluation of Red Leaf Seep Ridge project as of 31 July 2010**

B. **Letter dated 1 June 2011 with an update on Red Leaf's Seep Ridge project**

Evaluation of Red Leaf's
Seep Ridge Project

As of July 31, 2010

Prepared for
TomCo Energy PLC

Gaffney, Cline & Associates

September 2010

GCA Gaffney, Cline & Associates Inc.
Technical and Management Advisers to the Petroleum Industry Internationally Since 1962

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GDV/bgh/C1902.00/gcah.170.10 September 22, 2010

Mr. Stephen Komlosy
Chief Executive Officer
TomCo Energy PLC.
2nd Floor, Stanmore House
29-30 St James's Street
London, SW1A 1HB
United Kingdom

Updated Evaluation of Red Leaf's Seep Ridge Project as of July 31, 2010

Dear Mr. Komlosy:

TomCo Energy Plc (TomCo) engaged Gaffney, Cline & Associates (GCA) in June 2010 to provide technical and economic due diligence services with regard to Red Leaf Resources and their EcoShale process for producing shale oil.

TomCo owns an interest in an oil shale area in the USA Rocky Mountain region, the Holiday Block, Utah which will be targeted for development. For that purpose TomCo has licensed the EcoShale extraction technology from Red Leaf Resources (Red Leaf) which has conducted a pilot in the nearby Seep Ridge Block. GCA has conducted a previous study of Red Leaf's pilot project in February 2009 on behalf of Abu Dhabi National Energy Company (TAQA) that are also a licensee of Red Leaf's technology (EcoShale). TomCo has requested and has been granted permission from TAQA to use the same GCA report as a basis for an update as of June 2010 based on new information that Red Leaf has agreed to provide to TomCo. The updated report will be used by TomCo and SRK Consulting, their independent advisors (SRK) who are in the process of evaluating TomCo's Holiday Block as SRK prepares a Competent Person's Report for the purpose of supporting TomCo's proposed listing on the London Alternative Investment Market (AIM) targeted during 2010.

The scope of this study is to provide a technical and economic assessment of Red Leaf's Seep Ridge project which has undergone a pilot demonstration and it is planned for commercial expansion targeting a plateau rate of 9,000 to 10,000 barrels of oil a day for more than 20 years and will exploit mineable oil shale within their lands. This assessment is based on information received from Red Leaf up to the date of this report.

Executive Summary

Oil shale is a sedimentary rock, rich in organic content, that when heated sufficiently can release oil. There are many schemes that have been used in the past that involved surface mining and heating in retorts which expose the rock to elevated temperatures. Lately, through the evolution of research, it is understood that the best results can be achieved when the rock is exposed to moderate temperatures in the 700 ^{o}F range for longer times. The proposed EcoShale process that has been developed by Red Leaf targets oil production from mined shale utilizing a novel patented process which could provide a significant advantage relative to surface retort processes. These advantages point to a lower cost structure and the elimination of some environmental objections (such as aquifer contamination) to shale oil production. TomCo is a licensee of this technology and intends to use this method in their lands at the Holiday Block, which is about 15 miles to the east of Seep Ridge.

The process is both elegant and simple. Oil shale is mined and placed in a large clay-lined "capsule". The surface area is of the order of 12 acres with a depth generally less than 100 feet. Expendable heating pipe loops are placed in the capsule with the oil shale. External blowers are used to force the hot flue gas from natural gas burners through the pipe loops to heat the oil shale. Heating oil shale to recover oil and gas is a long proven and reliable process. Collection pipes are located at the top and bottom of the capsule to recover gas and oil respectively. Upon depletion, the pipes in the capsule are sealed to prevent water contamination and the capsule is covered with top soil and seeded with native vegetation. The key design challenge is extracting the oil and gas from the capsule.

Currently the EcoShale process has been demonstrated in Seep Ridge with a pilot run. The results of the pilot were analyzed and Red Leaf, the operator of Seep Ridge, is in the process of conducting front end engineering design (FEED) for a full scale commercial demonstration, with first oil targeted some time in 2012. The pilot results are encouraging and indicative of commercial success. One of the lessons learned during the pilot was that a significant amount of condensate was retained within the insulation layer that was constructed from foam blocks. Also at the end of the pilot, the cooling of the rock resulted to subsidence and tension cracks that were visible at the surface. Red Leaf will correct these by using a different insulation material and by adopting a "dome" design in the capsule construction.

The 9,700 barrel per day commercial demonstration project at Seep Ridge will result in a design with potential worldwide application in similar shales. The target formation, the Mahogany Shale, can be found extensively in Utah and Colorado[1]. According to Utah's geological survey, the resource potential in Utah from surface minable shale exceeds 50 billion barrels[2].

The EcoShale process does not depend on unproven technologies, as it utilizes "off the shelf" materials and equipment, as well as conventional mining and construction processes. However, while it is simple and elegant, the design is still largely conceptual and will require continued refinement during the commercial demonstration project to optimize recovery, production rates and costs. This refinement process should be straightforward. Red Leaf conducts laboratory tests and also has the capability to model this process using computer simulation.

[1]In an area about 2000 square miles.
[2]Assuming at least 50 feet thick rock, with no more than 200 ft overburden and an average yield of 15 gallons per ton.

Following research that was done by Shell Oil Company, the EcoShale process utilizes low temperature pyrolysis, which produces a higher API shale oil than the one produced at high temperatures. However, this higher quality shale oil contains unsaturated products such as olefins and includes impurities like arsenic and nitrogen which become concerns for transportation and marketing. As such, it may be necessary to invest in process equipment to upgrade the shale oil so that it can be stabilized and transported. Based on the pilot results, the produced gas will include sufficient quantities of hydrogen that can be used to apply a moderate hydro-treating of the crude, which will result in the removal of olefins and will remove any transportation related impairments. In the absence of pipelines in the area, the commercial demonstration project will be subject to significant (US$9 per barrel) transportation costs due to long transportation distances by truck to a pipeline loading point. A decision to develop the existing the nearby leaseholds where the EcoShale process is licensed (Seep Ridge and Holiday Block) could tap a significant resource potential and provide an incentive for local midstream and downstream operators to expand the existing infrastructure which will significantly reduce transportation costs.

The commercial demonstration project is estimated to cost[3] between US$30 to US$35 per barrel to produce, requiring a WTI oil price[4] in the low US$50s to make it economically attractive. Broader commercialization should allow costs to be lowered, but this is yet to be confirmed by both the on-going engineering studies and actual implementation. Thus, the key parameters in this project are the costs under which the technology can be implemented in relation to the long term oil price trends.

Resources

The commercial demonstration project encompasses 2.5 sections (1,600 acres) of land. The US Geological Survey has mapped the depth, thickness and yield of the Mahogany oil shale interval across the Uinta Basin in Utah based on existing core data. While these maps indicate lateral variation, the rate of change is very gradual which is consistent with the depositional environment associated with oil shale. Core control for the commercial demonstration project is 2.3 miles to the southwest and should be representative of the Mahogany oil shale interval associated with this project.

The preliminary mining plan includes 80 capsules. Each capsule is 1,100' long, 504' wide and covers 12.73 acres. The capsules will be filled with the highest quality (30-50 feet) of the 70 feet of the Mahogany interval. The average yield is expected to be 24 gallons per ton based on the Fischer assay (an industry standard method to calculate the yield from oil shale). Each capsule will then recover around 886,000 barrels, reflecting an average of 80% of the oil contained in the shale as determined by the Fischer assay. It has to be noted that only 80% of the acreage will be mined as the formation outcrops and is eroded or otherwise subject to overburden constraints.

[3] The deductions due to transportation and product quality are not included in this cost figure
[4] This is benchmark price. The price at the "well head" would include transportation and quality deductions, about US$ 9/Bbl

The projected total recovery of a little over 70 million barrels relates to about 112 million barrels in place (as determined by the Fischer assay) within the 1,280 acres of mineable area representing an overall 63% recovery. This reduction from the observed 80% recovery within the capsule is due to capsule placement with the associated mining plan constraints, and is also impacted by selective mining to high-grade quality. Higher oil prices will tend to increase the oil recovery factor by reducing the need to eliminate acreage due to excessive overburden or conduct selective mining operations. Advances in capsule design and mining techniques should also improve the recovery factor.

The preliminary mining plan utilizes a capsule design that provided the best platform to optimize drainage and collection. The mining plan was then optimized to deliver the lowest possible mining cost. Neither choice was consistent with maximizing recovery per section, but both are critical to demonstrating that the process can be conducted commercially at lower oil prices.

A coring program will be conducted on the commercial demonstration project acreage as a part of the select-and-define engineering phase to refine estimates of the depth, quality and thickness of the Mahogany oil shale interval. The current estimate of 24 gallons per ton for the commercial demonstration project has an estimated accuracy of +/- 10%. The coring program should result in a more precise estimate.

Production

Oil production rate is directly proportional to pyrolysis temperature and the time required to reach this temperature. The minimum temperature to start pyrolysis (the chemical process to convert kerogen to shale oil) is 572 °F. The practical upper limit is 1,049 °F, which is the temperature where the intermixed carbonate rocks begin to decompose. Higher temperatures drive the pyrolysis reaction more quickly – for example a temperature of 932 °F can complete 90% of the reaction in 2 minutes, while a temperature of 698 °F will require 83 hours to reach the same level of recovery. Shell and EcoShale have laboratory bench tests and/or field tests to demonstrate that limiting temperatures in the 650 °F to 750 °F range will produce a higher quality shale oil.

The average bed temperature in the pilot reached 714 °F on February 4, 2009 and had been above 700 °F for the previous seven days. Cumulative recovery as of that date was 451 barrels out of a theoretical recovery of 1,030 barrels assuming all of the oil shale in the capsule reached the target pyrolysis temperatures. Modeling predicted a 61 day production period with a steep increase in production to a peak rate of 84 barrels per day on December 28, 2008 at 650 °F, followed by a steep decline to depletion in early February. Actual oil production reached a plateau rate of just over 11 barrels per day on December 24, 2008 until January 1, 2009.

After the cooling of the capsule, Red Leaf drilled core holes into the capsule and the insulation beds in order to assess the process. It was found from the cores that a significant amount of condensate had been absorbed into the Flexcrete insulation. This type of insulation will not be used in production capsules. Red Leaf estimated the quantity of the retained condensate in the Flexcrete based on the condensate saturations measured in the cores. That quantity combined with the condensate that was produced is consistent with the expected yield as indicated from laboratory bench tests. Red Leaf indicates that the commercial capsules will use crushed shale from the overburden or from low yield layers that will be strip-mined as insulation material. Another interesting observation during the cooling period was that the capsule subsided between 1-2 feet. Although that was anticipated, it was observed that there was an expression of tension cracks at the top of the capsule. In future design the top of the capsules, instead of being flat, will be slightly domed to keep the soil always in compression so tension cracks will be avoided. It is interesting to note that during the test period the ground was snow-covered and any escape of hot gases should have been detected easily.

The actual rise in bed temperatures was very similar to model predictions so the heat transfer aspects of the model appear to be accurate. The simulation model was found to match pilot performance reasonably well and is currently being used in optimizing the design of the larger commercial capsules.

A detailed review of the design of the pilot capsule dated January 29, 2009 has revealed that the average temperature in the model simulation and reported by Red Leaf only applies to the middle two layers of oil shale in the capsule. The upper and lower layers are bounded by the ceiling and floor of the capsule respectively. The temperatures of these surfaces can be as much as 200 °F cooler than the reported average temperature. The lack of heating at the boundaries of the capsules accounts for a significant reduction of recovery due to these boundary effects. When the boundary effects are considered, the difference between the actual oil recovery and the one assuming uniform heating can be reconciled. It is expected that the boundary effects will be relatively smaller in the larger scale commercial capsules.

Environmental Advantages

The EcoShale process utilizes natural gas burners, which are lower in emissions than other heating fuels, to provide direct heating to the capsule. The pyrolysis reaction produces sufficient residue gas to heat additional capsules and sustain the process. Once the reaction is completed, the capsule is cooled with recycled flue gas which is used to preheat the next capsule. After the capsule is cool, the piping is sealed and the entire capsule is covered with native top soil. No water is required to cool the shale or water dusty roads to transport the shale to a disposal location, as it is sealed in place. The risk of the processed shale leaching into and contaminating water supplies is minimized by the clay liner which encases the capsule.

SWOT Analysis

Strengths

- Large, well-documented oil shale resource base close to the surface
- Pyrolysis process to produce shale oil is well understood and reliable
- Low water requirements
- Low emission natural gas heating
- Residual natural gas production sufficient to sustain process
- Capsule design prevents aquifer contamination

- Process utilizes "off the shelf" equipment and materials, as well as conventional construction and mining processes
- Environmental permitting is low risk on Red Leaf acreage
- Staged investment decisions reduce financial exposure
- The 70 million barrel resource potential on Red Leaf acreage is material in size
- Low cost structure that enables commercialization in the current oil price regime

Weaknesses

- Concept is still largely conceptual and will require refinement during the commercial demonstration project
- Current EcoShale staff is largely R&D with limited project management experience
- Investing in modest hydro-treating in order to stabilize product for transportation and to remove unwanted contaminants

Opportunities

- Possibility of developing synergies with certain midstream and downstream operators which would result in a reduction of transportation costs and/or better product prices
- Connecting with local gas gathering systems to provide a means to store residual gas for future use

Threats

- New environmental restrictions
- Long term low oil prices

Key Risk and Mitigations

Table 1

Key Risk	Mitigation
No commercial scale test of process	Commercial development project
Immature estimates of cost and schedule	Select and define engineering
Refiners will not accept shale oil in volume	Near Term: reduce volume Long Term: invest in upgrader
Capsule drain design efficiency	Select and define engineering
Capsule production period	Select and define engineering

Costs

The total cost to develop and produce a barrel of shale oil from the commercial demonstration project is currently estimated to be about US$30.00 and will require a WTI price about US$50.00 per barrel range to produce an IRR of 12% with a production rate of 9,700 barrels per day.

The resource estimate and associated costs were based on a preliminary mining plan completed by Norwest Corporation on behalf of Red Leaf in November of 2009.

Economic Analysis

The economic analysis focuses on the commercial demonstration project. The economic model for this project features a more detailed build up of cost and production than previous EcoShale models. The cost assumptions incorporated in this analysis were based on Red Leafs estimates that GCA reviewed and found reasonable.

Table 2 details the economics of the commercialization phase of Seep Ridge. The project could reach a peak rate of 9,700 barrel per day by adding four capsules per year and within 23 years this scheme would produce about 70 MMBbl from 80 capsules. Table 2 presents the economic results from the Seep Ridge project across a range of oil prices. The economic results are based on annual cash flow tables using un-escalated product prices and costs. The costs were estimated using a US$70/Bbl oil price environment for the benchmark West Texas Intermediate crude (WTI). Costs were adjusted up and down to different price scenarios reflecting a relation between oil price and costs similar to what has been observed historically considering that a large portion of future costs are related to diesel fuel costs. Considering that moderate hydro-treating will take place at the site in all cases, an oil price differential of US$4/Bbl lower than WTI was estimated by GCA, mainly to account for the high nitrogen content of the oil. Also, the economics assume a transportation cost of US$9/Bbl which is also reflected in the wellhead price. This high transportation cost is consistent with trucking as a means to transport the produced crude to a point that it can be shipped via pipeline or by rail to a refinery with the capability to handle this type of crude (California or south Texas). Without trucking the transportation costs would be about US$2.50/Bbl.

The fiscal regime that was used in this evaluation is consistent with Red Leaf's assumptions. According to Red Leaf, a sliding scale royalty applies starting from 5% and going up to 12.5% changing constantly every year for 9 years as advised by Red Leaf. Similarly, there will be no state income tax and no production severance tax as negotiated with the state government. The corporate federal tax is assumed to be 35% and the cash flows are calculated after tax.

The oil price required to realize a 12% IRR is less than US$50.00 WTI. The table demonstrates the significant rise in IRR with increasing oil prices. The economics are run with an "as of" date of January 1, 2010, using mid-period discounting.

Table 2

Base Case Commercial Demonstration						
WTI (US$/Bbl)	50	60	70	80	90	100
Wellhead Price (US$/Bbl)	37	47	57	67	77	87
Cost Multiplier	90%	95%	100%	105%	110%	114%
IRR	12.2%	21.7%	29.1%	35.3%	40.7%	45.4%
NPV at 12% (US$ MM)	2	112	219	326	433	540

Table 3 presents the base case scenario with different price sensitivities:

Table 3

Cost Sensitivities Relative to Base Case		
	IRR (%)	NPV 12% (US$ MM)
Base Case	29.1%	219
Capex + 20%	26.6%	205
Capex - 20%	32.2%	234
Capex + 10%	27.8%	212
Capex - 10%	30.6%	227
Opex + 20%	21.6%	126
Opex - 20%	37.1%	312
Opex + 10%	25.3%	173
Opex - 10%	33.0%	266

A larger project would likely have sufficient scale to trigger investment in the regional midstream and downstream infrastructure. A broader development of the existing leases that will use EcoShale technology (Seep Ridge and Holiday block) could increase output to 50,000 barrels per day according to Red Leaf's estimates and provide the required incentive. In addition to that, about 17,000 of oil per day are produced in the vicinity from conventional reservoirs that is waxy and cannot be transported by pipeline. This oil is transported by truck to Salt Lake City and to Colorado. Exploration activities continue in the region and the prospect of having significant production from oil shale projects creates some synergy for expanding the existing infrastructure, therefore it is reasonable to assume that within five years the transportation cost might be reduced from US$9/Bbl to perhaps US$4/Bbl thus extending the economic benefits as shown in Table 4:

Table 4

Alternative Case Commercial Demonstration						
WTI (US$/Bbl)	50	60	70	80	90	100
Wellhead Price* (US$/Bbl)	37	47	57	67	77	87
Cost Multiplier	90%	95%	100%	105%	110%	114%
IRR	17.0%	25.0%	31.6%	37.3%	42.3%	46.8%
NPV at 12% (US$ MM)	60	170	277	384	491	598

*Transportation cost change to US$2.50/Bbl after 5 years

Table 5 details the economic sensitivities for the same scenario:

Table 5

Cost Sensitivities Relative to Base Case		
	IRR (%)	NPV12 (US$ MM)
Base Case	31.6%	277
Capex + 20%	29.0%	263
Capex - 20%	34.8%	292
Capex + 10%	30.3%	270
Capex - 10%	33.1%	285
Opex + 20%	24.5%	184
Opex - 20%	39.3%	370
Opex + 10%	28.0%	231
Opex - 10%	35.3%	323

The economic analysis thus suggests that the Seep Ridge commercial expansion appears to be economically attractive within a range of price scenarios. The main uncertainties are associated with the costs for oil treatment and transportation, and price differential that can be realized given the oil quality. As the engineering studies progress, the cost assumptions relating to treating and transportation will become firmer and as the project nears the start date it is expected that there will be at least a strong interest if not a commitment from certain refineries to offer an attractive market price given the almost flat production levels that can be achieved. So far, according to Red Leaf, there is an expressed interest from certain refineries to purchase the EcoShale crude at small or no discounts from WTI. GCA's assumption of a

US$4/Bbl discount may therefore be conservative, but is considered to be appropriate given the uncertainty in the quality of the product as the engineering plans that address hydro-treating and impurity removal are in progress.

Very truly yours,

GAFFNEY, CLINE & ASSOCIATES, INC.

George Vassilellis

Attachment
Appendix I: Technical Description

Appendix I:

Technical Description

The section that follows is extracted from the report that GCA has conducted in February 2009 on behalf of Abu Dhabi National Energy Company (TAQA) that are also a licensee of Red Leaf's technology (EcoShale). Both TAQA and Red Leaf have given permission to use parts of that report for the purpose of this study. This Appendix describes the technical background of the Ecoshale process and the performance of the pilot. GCA has updated this section with information that was received from Red Leaf up to this date.

EcoShale Process

The commercial utilization of oil shale to provide energy, lubricants and building materials has been ongoing for over 150 years. The first production of shale oil occurred in Scotland in the 1850's. However, utilization did not begin to grow significantly until after World War II. Oil shale mining peaked about 1980 and subsequent declines have been due to competition from lower cost energy sources.

The growth in oil shale mining after World War II was primarily driven by activities in Estonia and China. At its 1980 peak, Estonia accounted for about 66% of the total oil shale mined at 35 million tons per year. While Estonia mined the largest volumes of oil shale, China produced the largest volumes of shale oil. During the late 1950's, production peaked at about 15,000 barrels per day. These rates were achieved with relatively low quality oil shale having a yield of less than 10 barrels per ton. Production began to decline with the discovery and development of the Daqing oil field in the early 1960's. Estonian shale oil production peaked in the late 1960's at about 9,000 barrels per day.

Virtually all shale oil production from Estonia and China was from internal combustion surface retorts of a Kiviter or Fushun design. Both designs utilize the heat from burning oil shale coke and fuel gas at the base of the column to heat the oil shale moving down from the top of the column and drive the pyrolysis reaction to create vapors which condense to form shale oil. The pyrolysis reaction is usually run at high temperatures, 950 °F or greater, to accelerate the reaction. The burning of oil shale coke to create heat results in a significant source of air pollution which is a major downside of these designs.

The design of surface retorts has advanced over the years to eliminate the need to burn oil shale coke to create heat. The Petrobras Petrosix is one of these advanced surface retort designs. Brazil currently produces about 3,800 barrels per day using the Petrosix design. While this design greatly reduces the air pollution associated with the Kiviter or Fushun designs, it still requires hauling oil shale to and from the facility and requires a significant volume of water to cool the spent shale and control dust.

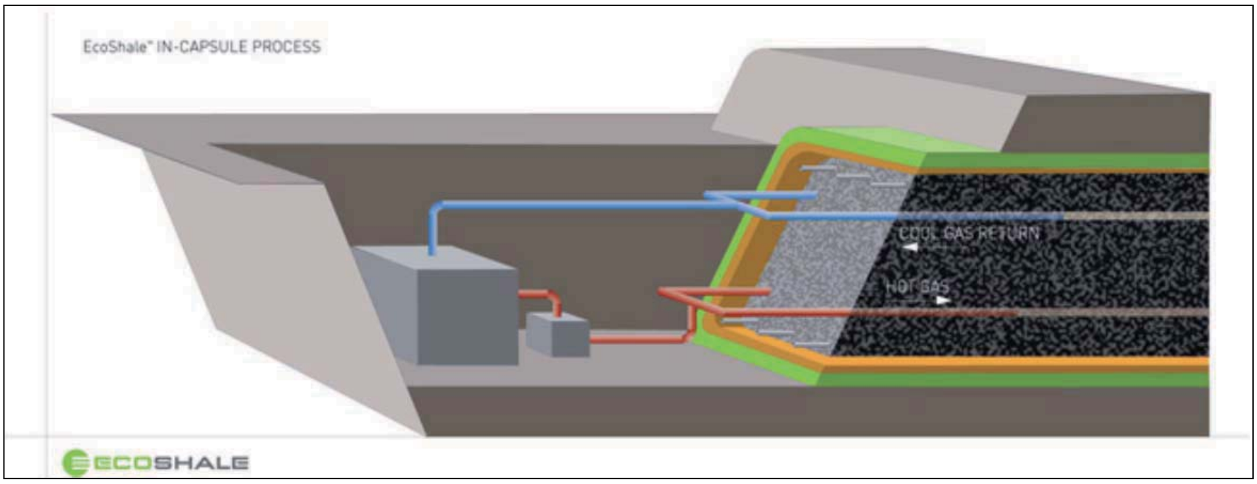
In-situ processing is a potential alternative to the conventional approach of combining mining and surface retort processes to produce shale oil. To date, there are no commercially proven in-situ processes. However, Shell has begun to report favorable results from its Mahogany in-situ research project in the Piceance Basin of Colorado. Additional information can be found at www.shell.com/us/mahogany/.

Unlike the conventional approach which processes small volumes quickly, usually less than 1 hour, with a high operating temperature, the Shell approach processes a much larger volume over a longer timeframe. Operating temperatures are limited to 650 °F to 750 °F which, according to Shell, produces a much higher quality shale oil. Heating is accomplished by electric heating elements and production is by conventional well technology. The production timeframe associated with the 30' by 40' pilot test was 14 months and total recovery was 1,700 barrels of high quality shale oil. According to Shell, their in-situ process will generally target oil shale deposits that are covered by 1,000' to 2,000' overburden.

The EcoShale process is unique in that it captures many of the advantages of an in-situ process in a surface operation that depends on mining. Like the Shell Mahogany project, operating temperatures are limited to the 650 °F to 750 °F range to capture a higher quality shale oil. Bench testing by Red Leaf has demonstrated that lower operating temperatures improve the quality of the shale oil as observed by Shell. A key difference between the two processes is that the Shell process depends on conduction to transfer heat while the EcoShale process benefits from the higher heat transfer rates associated with convection. The entire production cycle for a capsule from heat up to cool down is modeled to be 180 days.

The EcoShale process utilizes large clay-lined capsules to heat oil shale in bulk as illustrated in Figure 1. A typical capsule will have a surface area of 12.7 acres and a thickness of less than 100'. Recovery from a single capsule is predicted to be of the order of 886,000 barrels depending on the quality of the oil shale. Oil is collected by a drain system and hot rich gas, which is chilled to yield condensate, is collected at the top of the capsule. The producing rate for a development project is governed by how many capsules are operated simultaneously.

Figure 1



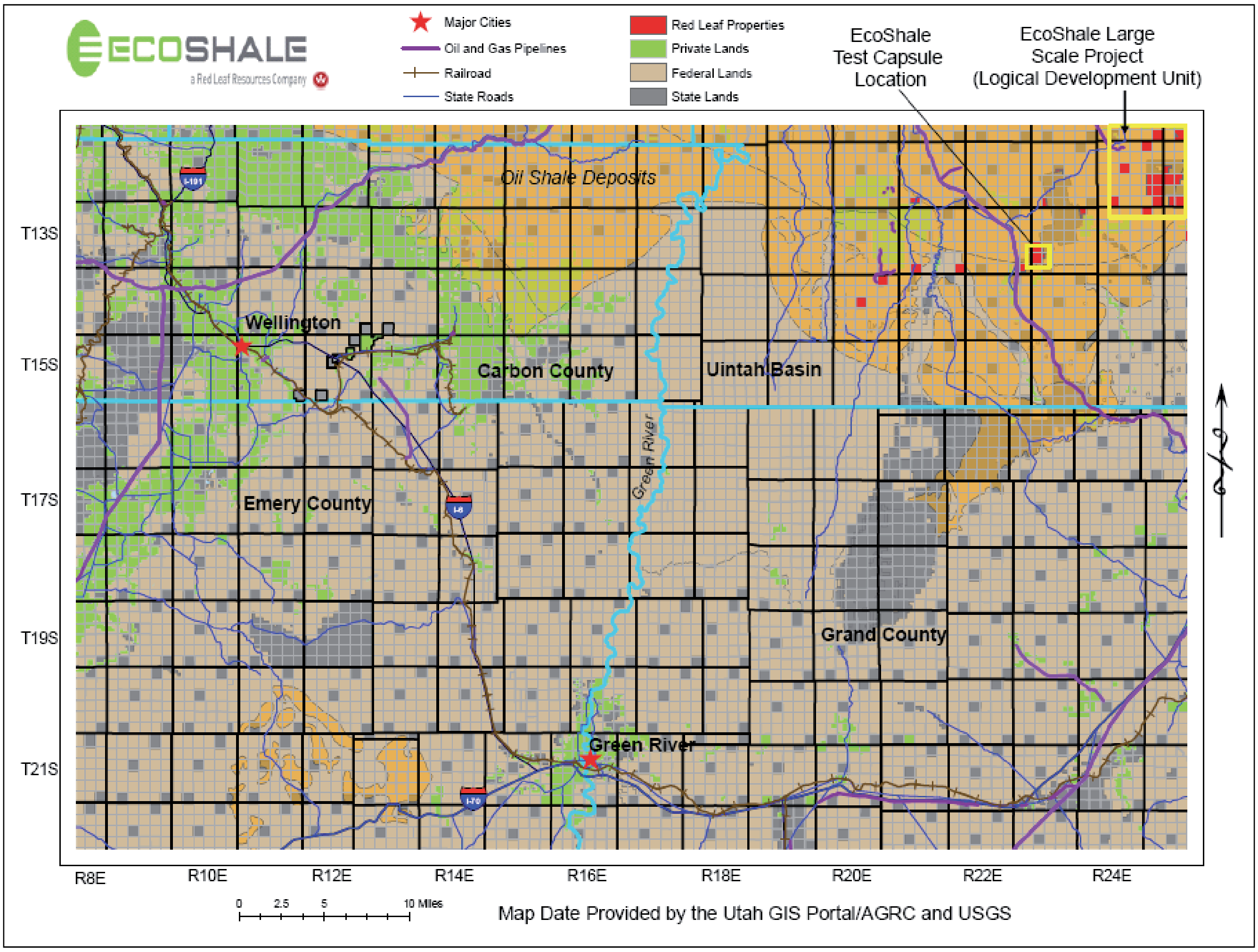
Like the Petrosix surface retort, heat is produced externally by natural gas and the flue gas is not allowed to contact the oil shale or the gas and oil released by the pyrolysis reaction. As such, emissions are limited to flue gas from clean burning natural gas. Also, the volume of residual gas remaining after chilling to extract condensate is sufficient to provide the fuel required to heat the next capsule.

Unlike the Petrosix surface retort, the spent oil shale does not need to be cooled with water and trucked away. Once the production cycle for the EcoShale capsule has been completed, heat is recovered during the cool down cycle. Once cool down is completed, the piping in the capsule is sealed and the entire capsule is covered with topsoil and native vegetation is planted. The capsule's clay liner prevents leaching and contamination of local water supplies.

Pilot Performance

Red Leaf has already conducted their first pilot field test of the EcoShale process in the Uinta Basin of Utah. The location is about 200 miles east of Salt Lake City on Section 30, Township 13S, Range 23E. This location is central to Red Leaf's 2.5 sections in the area. The other sections are Section 19 which is adjacent to Section 30 to the north and the north western portion of Section 36, Township 13S, Range 22E which touches the southwest corner of Section 30. These 1,600 acres are also the site of the planned commercial development project. Figure 2 is a large scale map that indicates this acreage, as well as the balance of Red Leaf acreage about 12 miles to the east.

Figure 2



There were five primary objectives associated with the pilot:

1. Field test materials and equipment.
2. Field test design concepts.
3. Field test operating procedures.

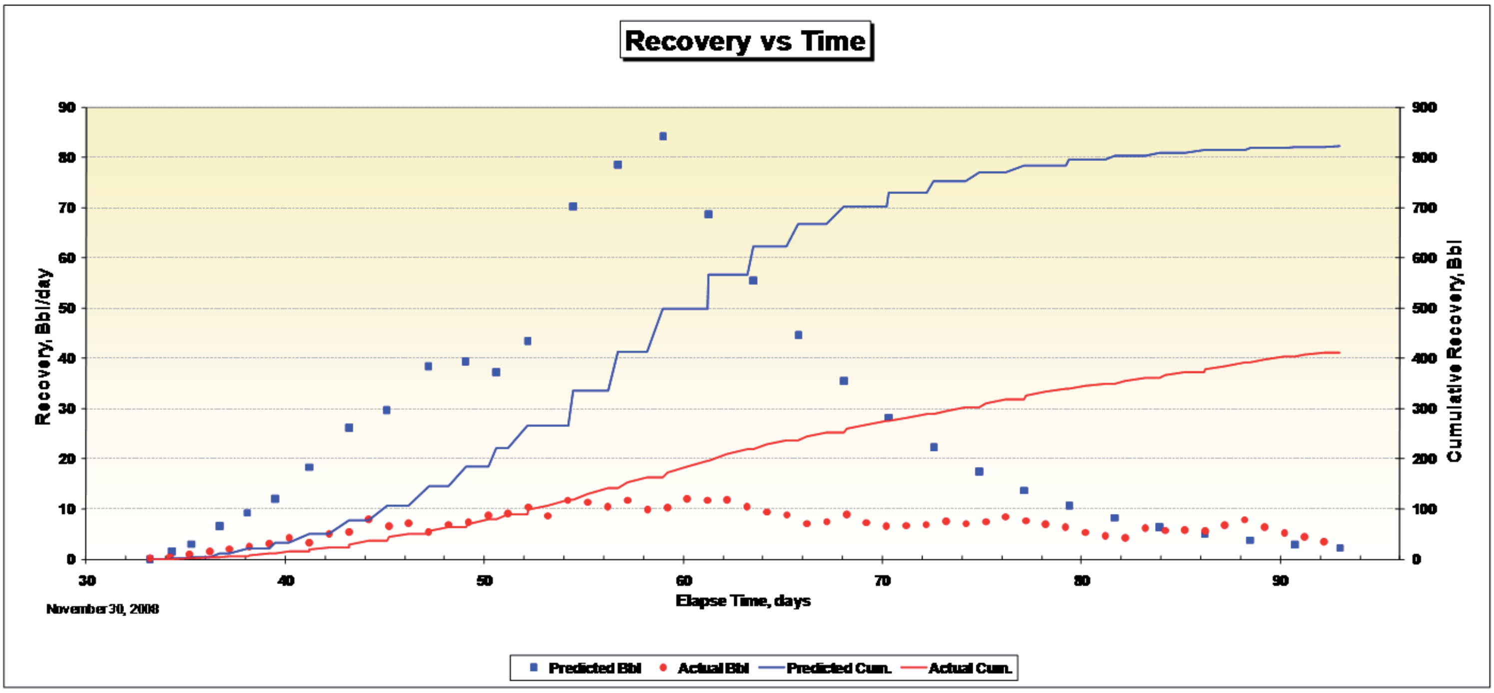
4. Field test construction methods.

5. Acquire extensive temperature and production information to refine numerical simulators that will be used to optimize the design and recovery of much larger commercial capsules.

The pilot program included both production operations and i a post cooling autopsy through drilling and retrieving cores. The analysis of the cores revealed the physical and chemical changes that occurred to the oil shale and the produced hydrocarbons that remain in the capsule, as well as the physical changes that occurred to the capsule.

The heating phase began on November 1, 2008. Great care was given to heating the capsule through the boiling point of water to avoid the potential of over-pressuring the capsule with steam. Figure 3 is a plot that compares the predicted and actual oil shale production for the pilot on both a rate and cumulative basis. Time zero for the plot is November 1, 2008. The actual oil shale production does not account for the condensed oil that was later found in the FlexCrete insulation during the autopsy drilling and coring. Some of the cores indicated complete saturation with condensate, reaching yields up to 4.8 gallons per cubic foot. Although the exact amount retained in the FlexCrete is unknown, it has been calculated by Red Leaf that if all the FlexCrete blocks with similar thermally history were fully saturated, that would amount to more than 1,100 bbl of condensate that is well in excess of the difference between the measured and estimated oil and condensate recovery. Since the expected prompt oil has been recovered, it is safe to deduct that the proportional volume of condensate was produced but was largely retained in the FlexCrete blocks that were used in the pilot test. Red Leaf will not use FlexCrete blocks as insulation in the commercial tests, but rather crushed shale material with low yield, a material that does not have any significant potential to trap produced hydrocarbons.

Figure 3



Actual temperatures tracked predictions quite well until a burner failure occurred (also discussed further in Figure 4). The small size of the capsule made it difficult to catch up from a heating rate standpoint at high temperatures, as a single burner represented 25% of the total burner capacity. Overall, the thermal models appear to be quite accurate. On the other hand, the actual kinetic response of the oil shale was very different from that predicted. While the onset of oil production occurred within a day of prediction, the subsequent rise in production was much slower and the total recovery was less than expected. The prediction was for production to rise to a peak of 84 barrels per day on December 29, 2008 and then decline to depletion in early February of 2009. Actual production reached just over 11 barrels per day on December 24, 2008 and held that rate through January 2, 2009. Cumulative production was 451 barrels in the stock tanks which compares with a cumulative metered volume of 400 barrels. The predicted cumulative recovery was 822 barrels.

The pyrolysis reaction that causes hydrocarbons to be released from oil shale with the application of heat is well proven. A core was taken at the site of the pilot to validate the quality of the oil shale placed in the capsule for processing and the volume of the capsule has been validated with drawings and construction photographs. As such, the production shortfall was due to condensate being trapped in the capsule by the insulation layer.

Photograph 1 is of the interior of the capsule prior to being filled with oil shale. The walls and floor were lined with overlapping sheet metal to minimize absorption losses to the underlying insulating material which was either stacked Flexcrete (a light-weight high temperature fly ash concrete) blocks or crushed shale. The floor of the capsule was sloped from both sides to a 14” wide collection trough that is 120’ long. The depth of the trough increases towards the capsule face to provide a 1 percent slope for drainage. The trough spills into a small sump tank. Piping from the small sump tank passes through the capsule face wall which consists of stacked Flexcrete blocks, crushed shale and clay. The heavy steel plate just beyond the capsule face wall is part of the structure that supports the burners.

Photograph 1

As can be seen from the photograph, the trough was initially filled with oil shale. It should be noted that the pyrolysis reaction physically changes the solid kerogen material in the oil shale in ways that could progressively increase the mass of oil shale in the trough. A portion of the solid kerogen is vaporized and much begins to break apart which results in progressive settling and compaction of the oil shale within the capsule as the reaction proceeds. The potential impact on drainage of oil from the capsule could be significant and may explain the lower and flatter production profile actually observed. Also, the volume of the trough when filled with oil shale is only 11 barrels. If the flow from the capsule were partially blocked as production within the capsule was beginning to increase, the oil level in the capsule could rise above the trough and begin to seep out between where the sheet metal is lapped. The Flexcrete blocks have both porosity and permeability and the stacking surfaces between the blocks are not sealed.

Photograph 2 is of the interior of the capsule and shows the installation of the upper level of heating tubes. The interior of the capsule is 17' high, 28' wide and 120' long.

Photograph 2

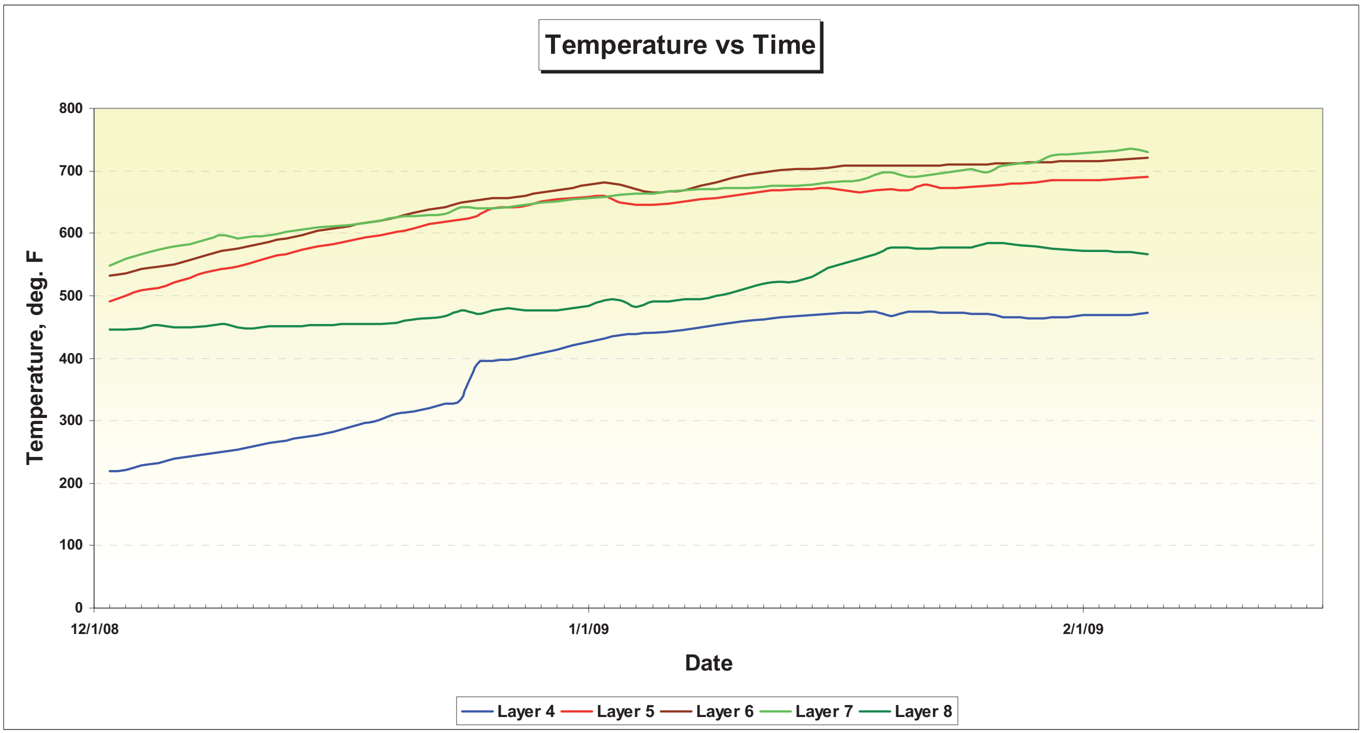
The first level of heating tubes is 4' above the floor and consists of two heating loops (4 tubes) spaced so the distance between the center of the tubes is 8' apart. The second level of heating tubes is 8' above the first and spaced the same as the first. Within the confines of the heating tubes there is an 8' design spacing that is being compared to the thermal model.

Over 1,000 thermocouples were placed within the capsule to continuously measure process temperatures. Within the capsule there are five levels of thermocouples. Level 4 is at the floor. Level 5 is 4' higher and at the first level of heating tubes. Level 6 is 4' higher. Level 7 is 4' higher and at the second level of heating tubes and level 8 is at the ceiling of the capsule.

These 5 levels define 4 thermal layers of oil shale. The volume in the middle two layers is largely within the confines of the 8' design spacing of the heating tubes. About 14% of the volume of middle two layers is on the edge of the 8' design spacing next to the capsule wall which acts as a heat sink. The upper and lower layers are totally outside the confines of the 8' design spacing of the heating tubes. The upper layer is on the edge of the 8' design spacing next to the capsule ceiling which acts as a heat sink. The lower layer is on the edge of the 8' design spacing next to the capsule floor which acts as a heat sink. The volume contained in the upper and lower layers reflects 53% of the pilot capsule volume.

The temperature history for these five levels is shown in Figure 4. The temperatures recorded for levels 5, 6, and 7 demonstrate that the target pyrolysis temperatures were achieved within the confines of the 8' design spacing for the heating tubes which was the primary technical objective from a process heating standpoint. However, the temperatures at the ceiling and floor are much lower indicating that on average the upper and lower layers of oil shale will yield fewer hydrocarbons than the middle layers.

Figure 4



These "edge effects" were simplistically treated in the production prediction for the pilot due to limitations of time and money. Also, the percentage of edge effect volume will be much smaller in the larger production capsules so it was not nearly as important as focusing on the 8' design spacing. An 80% recovery of Fischer assay for the volume of shale in the pilot capsule would yield 1,030 barrels. The predicted production for the pilot was 822 barrels. The edge effects were estimated to result to a 200 Bbl reduction, which would not apply in the same proportion in a larger capsule.

The post cooling coring has given Red Leaf the opportunity to take samples of oil shale at various distances from the capsule edges (ceiling, floor and walls) to determine the impact that thermal edge effects had on hydrocarbon generation. This effort has contributed into reconciling mass balance for the pilot and has also helped to refine thermal models to better predict the design implication of edge effects. Red Leaf was satisfied from the outcome of the pilot and therefore commissioned a series of detailed front end engineering studies which are underway. Red Leaf plans to initiate commercial demonstration operations by 2011 targeting first oil early 2012.

Generally, the impact of edge effects can be reduced by placing heating pipes closer to the capsule boundaries, improving insulation and raising target pyrolysis temperatures. With proper design, an 80% recovery of Fischer assay for the entire capsule volume should be achievable.

Once recovery is assured by appropriate design changes, production rate becomes a function of how quickly the capsule can be heated and cooled.

Mining Plan

A preliminary mining plan was compiled by Norwest Corporation in November 2009 for the commercial demonstration project. According to this plan, about 42 to 47 capsules can be placed in the first land parcel that hosts the pilot, while more capsules can be placed in the adjacent land parcel. Norwest has shown plans for the first parcel and it is reasonable to assume that 80 capsules can be placed in the combined area. Per Red Leaf's estimates, there is enough room for placing 116 capsules.

The mining engineering plan is driven by a rate of placing 4 capsules a year and it is sufficient to use 80 capsules in order to maintain a 20 year plateau. According to this plan, the capsules will have an average yield between 23-30 gallons per ton and at that rate about 14,000-18,300 tons per day of ore will be mined and processed. The strip ratios (ratio between mined waste rock and ore) are estimated to be in the 1- 1.5 range. The mining method will be open surface strip mining, in which layer by layer can be blasted and mined, opening the possibility of selective mining and placement of the high yield ore into the capsules, while low yield can be used as insulation material, or as fill-up for contour control. The main machinery will involve hydraulic excavators, haul trucks, front loaders, blasthole drills, conveyors and auxiliary equipment. GCA had a chance to review the mining plan and discuss the main premises with Norwest. According to Norwest the existing plan is preliminary and does not account for synergies and use of contract mining or requisition of available mining equipment. As Norwest is refining its plans, it is possible that the mining costs could be reduced.

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GDV/CEJ/bgh/C2003.00/gcah.191.11 June 9, 2011

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Update on Red Leaf's Seep Ridge Project

Dear Sirs:

TomCo Energy Plc (TomCo) and Westhouse Securities engaged Gaffney, Cline & Associates (GCA) in April of 2011 to provide an update of GCA's previous Red Leaf Resources ("Red Leaf") Seep Ridge project report. This letter summarizes material changes to the report that GCA has provided in September 2010 according to recent communications with Red Leaf. These changes reflect progress in conducting more detailed engineering and economic studies. Red Leaf described these changes over a series of telephone and email communications. GCA did not conduct an actual audit of data nor had the opportunity to review additional technical studies done during FEL2; however, all the findings described to GCA seemed reasonable and they do not change the findings of GCA's report of September 2010.

Overview

The main study that relates to the changes discussed below relates to the Front End Engineering Design study which is close to be finalized at the present time: the changes cover the mining plan, the spacing of the capsules, stacking of the capsules, use of external power and make-up Natural Gas fuel as required for a slower and longer firing period and changes to the solid handling equipment. GCA's view is that the changes introduced should result in a better use of the land area, a higher product recovery, more reliable operation by having external utilities (gas and power), and lower emissions. The information provided to GCA does not offer definitive changes in the estimated costs of production determined in GCA's earlier report, but supports the overall conviction that such project will be viable in the current oil price environment.

Mining and Processing Operations

Several changes to the mining plan and the operations that support capsule construction and oil extraction are listed below:

1. The capsule dimensions have been changed (table below), resulting in a 12% increase in the volume of the capsule while reducing the surface area from 12.7 to 10.3 acres per capsule.

2. Earthen capsules will have the following dimensions:

Capsule Dimensions

Construction Plans	Length ft	Width ft	Height ft
As of July 2010	1,100	504	100
As of May 2011	900	500	147

3. Construction of the roasting chamber includes the following:

    - Roasting area: the ore inside the capsule will be lined with 3 ft of Bentonite Amended Soil (BAS) providing protection to surface and ground water.
    - The thickness of insulating gravel wall and floors will be 13 ft and 17 ft, respectively.
    - Within the gravel floor there will be a metal pan placed at approximately 2-3 degree angle to facilitate liquid drainage from the capsule.
    - The roasting zone is contained within the BAS lined and insulated interior of the capsule and heated with pipe work spaced throughout the rubble pile.

4. A total of 134 capsules will be constructed within the Seep Ridge leased area. Previous plans had shown 80-116 capsules in different arrangements.

5. To make better use of the land area, Red Leaf will stack newly constructed capsules on top of "spent capsules". Flexcrete insulation material was previously used for the pilot demonstration of the Ecoshale process, but has never been considered for use in a commercial project due to its cost and liquid absorption characteristics. A gravel layer built from native fines[1] (3/8 to 2 inch) derived from mining and materials handling processes instead will be used for this purpose. This is far more cost effective means of insulating the roasting zone, and because drainage of liquids can readily occur, there will be minimal loss or retention of produced liquids in the gravel. Previously, Red Leaf had considered a mobile stacking conveyor system for use in capsule construction. Red Leaf has determined that a capsule construction can be undertaken in a far more economic fashion using standard truck and shovel methodology. Initial estimates of the capital cost requirement indicated that adapting the conveyor to the operations would require a capital investment of US$60 MM. The cost with truck and shovel is expected to cost approximately US$7 MM. Further, the cost of truck and shovel will now be expensed as annual operating cost for mining.

6. The heating cycle has been lengthened from 90 days to 210 days in order to smooth oil production to 9,800 bopd (+ or – 10%) as each new capsule is sequentially placed in production every 60 days. In order to maintain this rate, six new capsules must be built and placed on production each year. In addition to smoothing out spikes in oil production

[1] In mining terminology that means pebble sized rock material.

that would otherwise be seen, the lengthened heating cycle also smoothes out gas and water production. This economically driven modification of the design will enable fit for purpose sizing of the process facilities.

7. While the Ecoshale process produces more gas than required to fuel combustion burners used to heat the capsules, Red Leaf has chosen to maximize condensate recovery from the produced gas stream. Production is therefore expected to increase to 9,800 bopd versus 9,500 bopd originally planned. An estimated 10% shortfall in fuel gas will be made up through purchases of cheaper natural gas which is abundant in the area. A short natural gas pipeline will be connected to a main trunk line that passes near the Holiday block. Decreased fuel gas production will also result in dramatically reduced overall emissions for the site as flaring will be undertaken only for emergency and safety purposes.

8. Red Leaf's land position has not changed except securing right of way between the two distinct parcels that constitute the Seep Ridge.

9. Red Leaf Resources has elected to request power from the local utility provider. As such, transmission line construction will be pursued to allow access to the local grid. This offers a more efficient solution to meeting the long-term power requirements of the projects and also further limits emissions from the project. The installation of an electrical line and substation will lengthen the project schedule, but it will provide added economic and environmental benefits in the long run. This will have an impact on the operating and capital costs.

Product Handling and Product Sales

The oil produced from Green River Shale using the Ecoshale process is a 32 to 34 °API oil. When fractionated this oil comprises 6% naphtha, 65% middle distillate, and the balance been heavy gasoil with approximately 5% heavy residue, and essentially no fines. However, the oil does contain contaminants[2], i.e. nitrogen (approx. 11,200 ppm) and arsenic (approx. 23 ppm) and it possesses a high pour point (approx. 27 °F). Nitrogen and arsenic are concerns to refineries which limits the volumes of these stocks in the refinery diet unless previously treated. Given the large refining US Gulf and West Coast capacity to process heavy sour crudes, processing into several refineries is expected to be possible.

Future upgrading to reduce contaminants and improve its pour point would improve marketability and the expected price derived for the oil, Red Leaf expects such upgraded crude to derive a premium over WTI. Upgrading will open the number of refinery buyers and allow for pipeline transportation. Studies are currently being undertaken to determine the cost of upgrading that may be required by a purchaser, and its profitability. This information will be used to better inform Red Leaf's negotiating position as it markets its crude.

Given the high pour point of the crude, it will not be possible to transport via pipeline (that require a 5 °F maximum pour point) thus Red Leaf's strategy remains unchanged, and this is to export initial oil production of ca. 9,800 bopd by truck and rail to one or more refineries, Red Leaf has estimated a total cost for transportation and marketing of US$9/Bbl and has assumed that the crude oil would be sold at WTI prices. Such pricing assumptions have not

[2] Based on laboratory analysis for one set of samples of February 6, 2009 provided to GCA.

been validated by GCA as detailed discussions with refiners would be required. As oil production from the basin increases to ca. 40,000 bopd the economics of localized upgrading improve significantly due to scale efficiencies. Red Leaf anticipates that investors willing to build local upgrading capacity will be attracted by the longer term strategic proposition made possible through participation in oil shale development.

Project Schedule

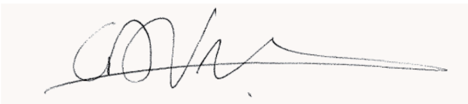
Red Leaf has indicated that firing of the first capsule is expected to be during the last half of 2013 with full production achieved over the whole of 2014.

* * * * *

As stated above, time permitting, GCA is looking forward for an opportunity to review thoroughly the completed engineering studies that Red Leaf has prepared and provide a more detailed commentary with respect to specific references to costs and expected recoveries.

Very truly yours,

GAFFNEY, CLINE & ASSOCIATES, INC.



George Vassilellis

PART VI

ADDITIONAL INFORMATION

1. Responsibility

1.1. The Company and the Directors, whose names and functions are set out in section 2 of this Part VI, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2. The Directors

2.1. The Directors and their respective functions on Admission will be as follows:

Sir Nicholas Bonsor	(*Non Executive Chairman*)
Stephen Komlosy	(*Chief Executive Officer*)
Miikka Haromo	(*Executive Finance Director*)

2.2. The business address of each of the Directors is 2nd Floor, Stanmore House, 29-30 St James's Street, London SW1A 1HB.

3. The Company

3.1. The Company was incorporated in the Isle of Man on 27 October 1987 under the Isle of Man Companies Acts 1931-2004, with registered number 36210C, with the name Dolphin International Limited. The Company changed its name to Dolphin Media Limited on 17 January 1990, then to Manx & Overseas Investments Limited on 19 February 1992. On 21 December 1992 the Company changed its name to Manx & Overseas Plc and became a public company limited by shares. On 10 July 2000 it changed its name to Netcentric Systems Plc and on 15 January 2007 it changed its name to Tom Co Energy plc. Following the passing of a resolution at a general meeting of Company on 20 May 2011, the Company was re-registered under the Isle of Man Companies Act 2006, with registered number 6969V.

3.2. The Company's principal place of business is at 2nd Floor, Stanmore House, 29-30 St James's Street, London SW1A 1HB and the telephone number is 0207 766 0070.

3.3. The principal legislation under which the Company operates is the Isle of Man Companies Act 2006.

3.4. The liability of the members is limited to the amount, if any, unpaid on the shares respectively held by them.

3.5. The business of the Company and its principal activity is that of a holding company.

4. Subsidiaries and investments

4.1. The Company has the following wholly owned subsidiaries:

Name	*Country of incorporation (registered number)*	*Date of incorporation*	*Authorised share capital*	*Activity*
Bury Street Services Limited	England 06664370	5 August 2008	£100,000	Dormant
LKH Limited	Isle of Man 000649C	1 November 1933	£25,000	Dormant
Luton-Kennedy Limited	Israel 514115591	13 March 2000	NIS10,000	Dormant
Tom Co I LLC	Delaware 4222086	15 September 2006	1,000 shares of no par value	Intermediate Holding Company
Tom Co II LLC	Delaware 4228375	29 September 2006	1,000 shares of no par value	Minority interest in Rock Crossing Oil Well
The Oil Mining Company Inc.	Utah 6064669-0142	12 May 2005	100,000,000 common stock par value US$0.001 25,000,000 preferred stock par value US$0.01	Holding the Oil Shale Leases

4.2. Except as stated in this section 4, the Company does not have, nor has it taken any action to acquire, any significant investments.

5. Share capital

5.1. On 19 March and 28 March 2008, the Company placed an aggregate of 80,399,999 new Ordinary Shares of 0.5p each at a placing price of 1.5 pence per Ordinary Share. Following this issue, the Company's issued share capital consisted of 524,250,973 Ordinary Shares.

5.2. On 2 April 2008, the Company issued an aggregate of 14,198,178 Ordinary Shares at between 1.5 pence and 2 pence per Ordinary Share as part of the acquisition of the Israeli Licences. Following this issue, the Company's Share Capital consisted of 538,049,151 Ordinary Shares.

5.3. On 3 March 2009, the Company issued 1,500,000 Ordinary Shares at a price of 0.5 pence per Ordinary Share as part of its funding arrangement with GEM Global Yield Fund Limited. Following this issue, the Company's Share Capital consisted of 539,549,151 Ordinary Shares.

5.4. On 13 August 2009, the Company issued 20,000,000 Ordinary Shares credited as fully paid to certain directors of the Company at that time. Following this issue, the Company's Share Capital consisted of 549,549,151 Ordinary Shares.

5.5. On 14 December 2009, Kenglo subscribed for 200,000,000 Ordinary Shares at an average of price of 0.676 pence per Ordinary Share. Following this subscription, the Company's Share Capital consisted of 759,549,151 Ordinary Shares.

5.6. On 4 July and 14 July 2011, the Company issued an aggregate of 353,826,803 Ordinary Shares at a price of 1 pence per Ordinary Share as part of the Placing and Open Offer. Following this issue, the Company's Share Capital consisted of 1,113,375,954 Ordinary Shares.

5.7. On the Investment Day, the Company will issue an aggregate of 5,520,000 Ordinary Shares to John May and Paul Hughes credited as fully paid. Further details of this issue are set out in section 13 of Part VI. Also on the Investment Day, the Company will issue 192,000,000 Ordinary Shares at a price of 1 pence per Ordinary Share to Kenglo in part satisfaction of the 2009 Convertible Loan and full satisfaction of the 2010 Convertible Loan. Following the issue, the Company's Share Capital will consist of 1,310,895,954 Ordinary Shares.

5.8. The authorised and issued share capital of the Company at the date of this document is and following Admission will be as follows:

	Authorised Ordinary Shares (£)	*Allotted and fully paid Ordinary Shares (£)*
Current	10,000,000	5,566,879.77
On Admission	10,000,000	6,554,479.77

5.9. At the extraordinary general meeting of the Company held on 20 May 2011, a resolution was passed granting the directors authority to all of Ordinary shares up to an aggregate nominal amount of £6,202,250, such authority to expire on 20 May 2016.

5.10. On 20 May 2011, at an extraordinary general meeting of the Company resolutions were passed to:

5.10.1. increase the share capital of the Company from £7,500,000 to £10,000,000;

5.10.2. grant the directors authority to allot Ordinary Shares;

5.10.3. re-register as a company registered under the Companies Act 2006;

5.10.4. adopt new articles of association;

5.10.5. adopt a new memorandum of association;

5.10.6. receive the Company's annual accounts for the financial year ended 30 September 2008 together with the directors' report, and the auditors' report on those accounts; and

5.10.7. receive the Company's annual accounts for the financial year ended 30 September 2009 together with the directors' report, and the auditors' report on those accounts.

5.11. Except as disclosed in this document, the Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities issued by the Company.

5.12. The International Security Identification Number for the Ordinary Shares is GB00 31782278.

5.13. The Ordinary Shares may be held in either certificated form or under the CREST system.

5.14. The Ordinary Shares will rank in full for all dividends or other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

5.15. No shares in the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

5.16. To the best of the Directors' knowledge, no Shareholder, directly or indirectly, exercises or could exercise control over the Company.

5.17. Except as stated in this document:

5.17.1. the Company does not have in issue any securities not representing share capital;

5.17.2. there are no outstanding convertible securities issued by the Company;

5.17.3. no share capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option; and

5.17.4. none of the Directors or members of their families has a related financial product referenced to the Ordinary Shares.

6. Warrants

6.1. A warrant instrument was adopted by the Company on 22 December 2006 (**"Strand Warrant Instrument"**) which granted Strand Hanson Securities Limited the right to subscribe at 2.5p per Ordinary Share for such number of Ordinary Shares as represents 2 per cent. of the Ordinary Share capital of the Company on the date of exercise. The Strand Warrant Instrument may be exercised at any time during the five year period from 17 January 2007 to 16 January 2012.

6.2. A warrant instrument was adopted by the Company on 19 May 2008 ("**2008 Warrant Instrument**") which granted to holders of 2008 Warrants the right to subscribe for an aggregate of 45,000,000 Ordinary Shares at 2.5p per Ordinary Share. Pursuant to the 2008 Warrant Instrument, Stephen Komlosy and John May who are directors of TomCo each holds 10,000,000 warrants. These warrants may be exercised during the five year period from 15 May 2008 to 15 May 2013.

6.3. A warrant instrument was adopted by the Company on 14 January 2009 ("**2009 Warrant Instrument**") which granted the right to GEM Global Yield fund to subscribe for 34,666,667 Ordinary Shares at 1.5p per Ordinary Share. These warrants may be exercised during the three year period from 14 January 2009 to 14 January 2012.

6.4. The Strand Warrant Instrument, the 2008 Warrant Instrument and the 2009 Warrant Instrument provide as follows:

6.4.1. For as long as the Company's Ordinary Share capital is admitted to AIM it is the intention of the Company to apply to AIM for the Ordinary Shares allotted pursuant to any exercise of subscription rights to be admitted to AIM.

6.4.2. The exercise terms of the warrants are to be adjusted in certain circumstances such as in the event of a consolidation or sub-division of the ordinary share capital of the Company. If and whenever there shall be an alteration in the nominal amount of the Ordinary Shares as a result of a consolidation or sub-division, the subscription price in force immediately prior to such alteration shall be adjusted by multiplying it by a fraction of which the numerator shall be the nominal amount of one such Ordinary Share immediately after such alteration and the denominator shall be the nominal amount of one Ordinary Share prior to such alternation, and such adjustment shall become effective on the date the alteration takes place.

6.4.3. If an order is made or an effective resolution is passed for the winding up of the Company (except for the purpose of a reconstruction, amalgamation or unitisation on the terms sanctioned by an extraordinary resolution of the holders of the warrants) each holder of warrants will be treated as if he had exercised his warrants in full immediately before the passing of the order or resolution and will be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares such sum as he would have received if he had actually held such Ordinary Shares less the aggregate subscription price of such Ordinary Shares under the terms of the warrants. Subject to this all unexercised Warrants shall lapse on the liquidation of the Company.

6.5 The Company has agreed to issue warrants to the following:

Sir Nicholas Bonsor	2,278,647
Paul Hughes	2,278,647
Stuart Adam	3,979,746
Miikka Haromo	7,595,492

The warrants confer the right to subscribe in cash for Ordinary Shares at 2.5p per Ordinary Share on any day on which Ordinary Shares are traded on AIM when the average closing mid-market price of the Ordinary Shares is equal to or exceeds 5p per Ordinary Share for a 30 dealing day period prior to the date of exercise. The warrants may be exercised during the two year period from grant.

The Company has yet to issue these warrants.

7. Memorandum of association

A company registered under the Isle of Man Companies Act 2006 is not required to have a memorandum of association setting out its objects. The Company's memorandum of association appoints Abacus Trust Company Limited as the registered agent of the Company and provides that the directors may, subject to certain restrictions, amend the memorandum and articles of association.

8. Articles of association

The rights attaching to the Ordinary Shares, as set out in the articles of association of the Company, contain, amongst others, the following provisions:

Votes of members

8.1. Subject to any special rights or restrictions as to voting attached to any shares, on a show of hands every member who is present in person shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

Variation of rights

8.2. If at any time the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Act, be varied or abrogated either (a) in such manner (if any) as may be provided by such rights; or (b) with the consent in writing of the holders of at least three fourths in nominal value of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of that class but not otherwise. The quorum at such a meeting shall be not less than two persons holding or representing by proxy at least one third in nominal amount of the issued shares of the class in question.

Transfer of shares

8.3. Subject to the provisions of the articles relating to CREST, all transfers of shares will be effected in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only and must be signed by or on behalf of the transferor. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.

8.4. The Directors may decline to recognise any instrument of transfer to register the transfer of a share in certificated form if in the opinion of the Directors (and with the concurrence of the London Stock Exchange) exceptional circumstances so warrant.

8.5. The articles of association contain no restrictions on the free transferability of fully paid ordinary shares provided that the transfers are in favour of not more than four transferees, the transfers are in respect of only one class of share and the provisions in the articles of association, if any, relating to registration of transfers have been complied with.

Payment of dividends

8.6. The profits of the Company available for dividend and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities.

Unclaimed dividends

8.7. Any dividend unclaimed after a period of 12 years from the date of its due date of payment shall at the expiration of that period be forfeited and cease to remain owing by the Company and shall thenceforth belong to the Company absolutely.

Untraced Shareholders

8.8. The Company may sell any share at the best price reasonably obtainable therefore any share held by a member, or any share to which a person is entitled by transmission, if all the following stipulations are complied with in relation thereto:

(a) during a period of 12 years within which at least three dividend payments in respect of the shares in question have become payable, no cheque or warrant sent by the Company in the manner prescribed by these Articles has been cashed and no communication has been received by the Company from the member or person concerned;

(b) the Company has, at the expiration of such period of 12 years, by advertisement in both a national daily newspaper and in a newspaper circulating in the area of the address at which service of notices upon such member or person may be affected in accordance with theses Articles, and by notice in writing to the London Stock Exchange if shares of the class concerned are listed thereon, given notice of its intention to sell such share; and

(c) the Company has not during a further period of three months after the date of the advertisement and prior to the sale of the share received any communication from the member or person concerned.

Return of capital

8.9. On a winding-up of the Company, the balance of the assets available for distribution will, subject to any sanction required by the Act, be divided amongst the members.

Borrowing powers

8.10. Subject to the provisions of the Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, and to issue debentures and other securities whether outright or as collateral for any debt, liability or obligation of the Company or of any third party.

Directors

8.11. No shareholding qualification is required by a Director.

8.12. The ordinary remuneration of each of the Directors shall be determined by resolution of the Directors. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, or in attending and returning from meetings of the Directors or of committees of the Directors or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties.

8.13. At every annual general meeting, one third of the Directors who are subject to retirement by rotation, or as near to it as may be, will retire from office by rotation, provided that if any year the number of directors shall be two, one of such Directors shall retire. A retiring Director is eligible for reappointment.

8.14. The Directors may from time to time appoint one or more of their body to be the holder of an executive office on such terms as they think fit.

8.15. Save as herein provided, a Director shall not vote on or in respect of any contract or arrangement or any other proposal in which he has any interest which is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities or rights of or otherwise in or through the Company. However a Director shall be entitled to vote in respect of any contract or arrangement or any other proposal in which he has any interest which is not material. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

8.16. In the absence of some other material interest than is indicated below, a Director is entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:

8.16.1. the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or

8.16.2. the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

8.16.3. any proposal concerning an offer of shares or securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in its underwriting or subunderwriting; The Company is not required to withhold tax at source.

8.16.4. any proposal concerning any other company in which he is interested, as defined in Part VI of the Act, provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company.

8.16.5. any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangements relates; and

8.16.6. any contract, arrangement, transaction or proposal concerning insurance which the Company proposed to maintain or purchase for the benefit of Directors or for the benefit or persons including the Directors.

8.17. If any question arises at any meeting as to the materiality of a Directors interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question must be referred to the chairman of the meeting and his ruling in relation to any other Director will be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fully disclosed.

8.18. The Directors may provide or pay pensions, annuities, gratuities and superannuation or other allowances or benefits to any Director, ex-Director, employee or ex-employee of the Company or any of its subsidiaries or any wife, widow, children and dependants of any such Director, ex-Director, employee or ex-employee.

Uncertificated Shares

8.19. Any shares in the Company may be issued, held, registered, converted to, transferred or otherwise dealt with in uncertificated form, and converted from uncertificated form to certificated form and vice versa, in accordance with the Uncertificated Securities Regulations 2006 and practices instituted by the operator of the relevant system.

General meetings

8.20. A general meeting shall be called on not less than 14 days' notice.

8.21. Notices must be given in the manner stated in the articles to the members, other than those who under the provisions of the articles or under the rights attached to the shares held by them are not entitled to receive the notice, to the Directors (including the alternate directors) and to the Auditors and (where required by the Acts) former auditors of the Company.

8.22. No business other than the appointment of a chairman shall be transacted at any general meeting unless the quorum is present when the meeting proceeds to business. Save as set out in these Articles otherwise provided, two members present in person or by proxy and entitled to vote at the meeting shall be a quorum for all purposes.

8.23. At a general meeting a resolution put to the vote will be decided on a show of hands unless, before or on the declaration of the show of hands, a poll is demanded by the chairman or by at least five members present in person or by proxy and entitled to vote or by a member or members entitled to vote and holding or representing by proxy at least one tenth of the total voting rights of all the members having the right to vote at the meeting. Unless a poll is demanded as above, a declaration by the chairman that a resolution has been carried, or carried unanimously or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of general meetings of the Company is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

8.24. The instrument appointing a proxy must be in writing in any usual or common form, or such other form as may be approved by the Directors, and will be signed by the appointor or by his agent duly authorised in writing or if the appointor is a corporation, must be either under its common seal or signed by an officer or agent so authorised. The Directors may, but will not be bound to, require evidence of authority of such officer or agent. An instrument of proxy need not be witnessed.

8.25. The instrument appointing the proxy shall be deemed to include the right to demand or join in demanding a poll but shall not confer any further right to speak at the meeting, except with the permission of the chairman of the meeting.

Ownership disclosure

8.26. Each member of the Company is required to comply with the notification obligations contained in Chapter 5 of the Disclosure and Transparency Rules of the UK Financial Services Authority as if the Company were a UK issuer for the purpose of such rules.

9. Taxation

United Kingdom

The following sections are intended as a general guide only for Shareholders who are resident, ordinarily resident and domiciled in the United Kingdom for tax purposes. The statements only apply to Shareholders who are beneficial owners of Ordinary Shares but are not applicable to all categories of Shareholders, and in particular, are not addressed to:

9.1. Shareholders who own (directly or indirectly) ten per cent. or more of the Company; and

9.2. special classes of Shareholders such as dealers in securities or currencies, broker-dealers or investment companies.

The statements do not purport to be comprehensive or to describe all potential relevant considerations. They are based on current legislation and UK HM Revenue & Customs' practice. Any Shareholder should consult their professional advisers on the possible tax consequences of acquisition, ownership and disposition under the laws of their particular citizenship, residence and/or domicile.

Taxation of chargeable gains

A subsequent disposal of the Ordinary Shares by persons resident or ordinarily resident in the United Kingdom in a tax year which gives rise to gains may be liable to capital gains tax (individuals and trustees) or corporation tax (companies). Liability to tax and the rate of tax will depend on the Shareholder's circumstances and the availability of exemptions or allowable losses.

Indexation allowance, which increases the acquisition cost of an asset in line with the rise in the retail price index, is available for corporate Shareholders by reference to their period of ownership.

Individuals and certain trusts have an overall annual exemption from capital gains tax for the first £10,600 of chargeable gains in the current tax year. Settlements have an equivalent exemption of up to £5,300 in the current tax year.

Generally, losses realised on the disposal of assets may be set against other gains made during the tax year or carried forward and set against gains in future tax years.

Different tax treatment applies to persons who trade in securities.

Persons who are neither resident nor ordinarily resident in the United Kingdom will not normally be liable to tax in the United Kingdom in respect of any gain accruing to them on a disposal of the Ordinary Shares. The terms of a relevant double taxation treaty may apply to persons with dual residence.

Taxation of dividends

Any Shareholder who is resident in the UK, or who carries on a trade, profession or vocation in the UK to which the Ordinary Shares are attributable, will generally be subject to UK tax on income in respect of any dividends paid on the Ordinary Shares. The Company is not required to withhold tax at source.

Subject to certain exceptions for traders in securities, Shareholders that are companies resident for tax purposes in the UK and which receive a dividend paid by another company resident for tax purposes in the UK will not generally have to pay corporation tax in respect of it. Such shareholders will not be able to claim repayment of tax credits attaching to dividends.

Isle of Man

The following sections are included as a general guide only for Shareholders who are resident, ordinarily reside and domiciled in the Isle of Man for tax purposes.

There are no capital gains or inheritance taxes payable in the Isle of Man, and corporation tax is levied at 0 per cent. (except for income received from banking activities or Isle of Man sited land, in which case a 10 per cent. rate is applicable).

Isle of Man resident individual Shareholders may be subject to Isle of Man income tax, at rates of up to 20 per cent., on dividends paid on ordinary shares depending on their own personal circumstances. Additionally, the "Attribution Regime for Individuals" ("**ARI**") requires Isle of Man resident Shareholders to pay a charge based on their proportionate interest in undistributed profits where the company in which they hold shares does not meet certain minimum distribution targets. However, upon Admission, the Company will obtain the benefit of an exemption from this regime that is afforded to companies whose shares are traded on a recognised stock exchange. The Treasury Minister for the Isle of Man has announced in February 2011 that the Isle of Man was withdrawing the ARI from 6 April 2012.

No Isle of Man stamp duty or stamp duty reserve tax will be payable on the issue, transfer, conversion or redemption of Ordinary Shares.

Shareholders resident outside the Isle of Man will not suffer income tax in the Isle of Man on income distributions to them. No withholding tax will be due on distributions to non resident shareholders. The ARI does not impact on non Isle of Man residents.

These comments are intended only as a general guide to the current tax position in the UK and the Isle of Man at the date of this document. The rates and basis of taxation can change and will be dependent on a Shareholder's personal circumstances.

Neither the Company nor its advisers warrant in any way the tax position outlined above which, in any event, is subject to changes in the relevant legislation and its interpretation and application.

10. Substantial Shareholders

10.1. Except for the interests of the Directors, which are set out below in section 11 of this Part VI and those persons whose names are set out in this section, the Directors are not aware, at the date of this document, of any interest which immediately following Admission would amount to three per cent. or more of the Company's issued share capital:

Name	*Number of Ordinary Shares*	*Percentage of ordinary share capital*
Kenglo	392,000,000	29.90
Dominic Redfern	125,000,000	9.54
Mark Donegan	100,000,000	7.63
Barclayshare Nominees Limited	46,922,264	3.58
John Ryan	46,000,000	3.51

10.2. Following full conversion of the 2009 Convertible Loan and the 2010 Convertible Loan and accrued interest and subject to receiving a waiver from the obligation to make a mandatory offer under Rule 9 of the Takeover Code from the Takeover Panel (which would need to be approved by independent shareholders of the Company), Kenglo would hold 492,920,548 Ordinary Shares, representing 34.91 per cent. of the Company's ordinary share capital.

10.3. No holder of Ordinary Shares, either as listed above, or as set out in section 11 of this Part VI, has voting rights different from other holders of Ordinary Shares.

11. Directors

11.1. The interests of the Directors, their immediate families, civil partners (as defined in the Civil Partnership Act 2004) (if any), and persons connected with them, in the share capital of the Company at the date of this document, all of which are beneficial and on Admission, are:

Name	*Number of Ordinary Shares*	*Percentage of ordinary share capital*	*Total number of warrants held pursuant to the 2008 Warrant Instrument on Admission*[(ii)]
Sir Nicholas Bonsor[(i)]	nil	nil	nil
Stephen Komlosy	25,250,000	1.93	10,000,000
Miikka Haromo	nil	nil	nil

Notes:

(i) Sir Nicholas Bonsor has entered into an option agreement with Kenglo, pursuant to which Sir Nicholas has the right to acquire up to 10,000,000 Ordinary Shares from Kenglo at a price of 3.0 pence per Ordinary Share for a period of three years from 1 April 2010; and

(ii) Further information on the warrants held pursuant to the 2008 Warrant Instrument are set out in section 6 of Part VI above.

11.2. Except as disclosed in section 11.1, none of the Directors, nor any member of their respective immediate families including, for this purpose, civil partners (as defined in the Civil Partnership Act 2004) (if any), nor any person connected with them owns, controls or is beneficially or non-beneficially interested directly or indirectly in any shares or option to subscribe for, or any securities convertible into, shares of the Company.

11.3. None of the Directors, nor any member of their respective immediate families including for this purpose, civil partners (as defined in the Civil Partnership Act 2004) (if any), nor any person connected with them is interested in any related financial product referred to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares including a contract for difference or a fixed odds bet).

11.4. There are no outstanding loans granted by any member of the Group to any Director, nor has any guarantee been provided by any member of the Group for their benefit.

11.5. In addition to their directorships of the Company and the Directors are or have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships within the five years prior to the publication of this document:

Sir Nicholas Bonsor

Current	*Past*
Egerton International Limited	Arcelormittal Mining Serra Azul Limited
London Mining P.L.C.	Hermes Industries plc
Metallon Corporation plc	Leadership (UK) Limited
Mindgames Limited	Sabre Technical Services Europe Limited
Soulbury Enterprises Limited	Yachting Networks Limited
	Skyport Cargo plc

Stephen Komlosy

Current	*Past*
Avatar Systems Inc	Expresso Express Company Limited
City & Westminster Consultants LLP	Show Realisations Limited
City & Westminster Corporate Finance LLP	Perfect Wine Limited
Coolcharm Gold Mining Company Limited	General Trading Corporation Limited
K&M China Limited	
K&M Financial Group Limited	
K&M India Limited	
K&M Russia Limited	
Perfect Business Limited	
SFA Enterprises Limited	
Support for Africa	

Miikka Haromo

Current	*Past*
None	None

11.6. Save as set out in this section 11.6, no Director has:

11.6.1. had any convictions in relation to fraudulent offences or unspent convictions in relation to indictable offences;

11.6.2. had a bankruptcy order made against him or entered into an individual voluntary arrangement;

11.6.3. been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was acting in that capacity for that company or within the 12 months after he ceased to so act;

11.6.4. been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the 12 months preceding such event;

11.6.5. been subject to receivership in respect of any asset of such Director or of a partnership of which the Director was a partner at the time of or within 12 months preceding such event; or

11.6.6. been subject to any official public criticisms by any statutory or regulatory authority (including designated professional bodies) nor has such Director been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

11.6.7. Stephen Komlosy was the subject of an individual voluntary arrangement in 1993 which was completed and discharged in 1996. In the context of that individual voluntary arrangement, SAK Investments Limited, SAK Property Management Limited and Pebco Limited, companies of which Stephen Komlosy was a director, were placed into creditors' voluntary liquidation.

11.6.8. Stephen Komlosy was a director of: Trichord Leisure Limited when liquidators were appointed on 2 November 1988; Robert Stigwood Associates Limited which was the subject of a creditors' voluntary liquidation and formally dissolved in 1975; and Merchant Kapital Holdings A/S which was put into liquidation on 19 December 2003.

11.7. City & Westminster Corporate Finance LLP, of which Stephen Komlosy is a member, is negotiating an underlease as joint tenant with TomCo for the offices at Stanmore House, 29-30 St James's Street, London SW1A 1HB for a term from the date of the lease until 17 January 2013 and with joint liability for an annual rent of £75,000 to include all outgoings other than business rates.

11.8. No Director has been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.

11.9. In the case of those Directors who have roles as directors of companies which are not a part of the Group, although there are no current conflicts of interest, it is possible that the fiduciary duties owed by those Directors to companies of which they are directors from time to time may give rise to conflicts of interest with the duties owed to the Group. Except as mentioned above, there are no potential conflicts of interest between the duties owed by the Directors to the Company and their private duties or duties to third parties.

11.10. Except for the Directors, Paul Rankine and Nicholas Wright, the Board does not believe that there are any other senior managers who are relevant in establishing that the Company has the appropriate expertise and experience for the management of the Company's business.

12. Directors' service agreements, letters of appointment and other arrangements

12.1 Stephen Komlosy entered into a service agreement with the Company on 22 December 2006 appointing him as executive chairman, before becoming chief executive officer on 9 March 2010. The agreement was for an initial one year period automatically renewable and may be terminated by either party on twelve months' written notice. Stephen Komlosy is paid an annual salary of £12,000 under this agreement. Stephen Komlosy entered into a consultancy agreement with the Company on 29 April 2010 pursuant to which he provides such advice and assistance to the Company as may be required. The consultancy commenced on 1 December 2009, is for an initial one year period and shall continue until terminated by either party on the provision of twelve months' written notice.

The time commitment is at least 10 days per month for a monthly fee of £9,541.66. The fee shall be reviewed annually by the remuneration committee of the Company, and the first review took place in January 2011. When agreeing any increase in the fee, the remuneration committee shall ensure that the fee payable to Stephen Komlosy is commensurate with the industry norm for companies of a similar turnover, market cap and size as the Company and in any event shall not be lower than £100,000 per annum. Under the agreement Stephen shall be entitled to receive bonuses, see below and paragraph 12.4 for details.

By agreement dated 13 July 2011, the Company has agreed that Stephen will be entitled to a bonus of two times the annual fee payable under the consultancy agreement on the first to occur of: (a) a sale of a controlling interest in the Company, (b) merger of the Company with a third party company, or (c) the sale of the Oil Shale Leases. In addition the parties agreed that any Reserve Bonus (see paragraph 12.4) that Stephen is entitled to but which has not been paid by the Company shall be made on the first to occur of: (a) the Group achieving production of 5,000 boepd; or (b) sale of a controlling interest of the Company; or (c) merger of the Company with a third party company; or (d) sale by a member of the Group of the Oil Shale Leases. If the Reserve Bonus is due under (a) it shall be paid by the Company in cash. If it becomes due under (b), (c) or (d) it shall be paid by the Company in cash but if when it becomes due, the Company does not have sufficient working capital to pay it, the Company may elect to issue Ordinary Shares at market price as is equal to the amount of Reserve Bonus. The obligation to pay the Reserve Bonus as described above survives termination of Stephen's consultancy agreement.

12.2 Miikka Haromo entered into a consultancy agreement with the Company on 14 July 2011 appointing him as finance director of the Company. The service agreement commenced on 21 December 2010, is for an initial one year period and shall continue thereafter until terminated by the Company on twelve months' written notice or by Miikka on three months' written notice.

The time commitment is at least 8 days per month for an annual fee of £103,500. The fee shall be reviewed annually by the remuneration committee of the Company, with the first review to take place in January 2012. When agreeing any increase in the fee, the remuneration committee shall ensure that the fee payable to Miikka Haromo is commensurate with the industry norm for companies of a similar turnover, market cap and size as the Company. Under the agreement Miikka Haromo is entitled to receive bonuses, see below and paragraph 12.4 for details.

Miikka will be entitled to a bonus of two times the annual fee payable under the consultancy agreement on the first to occur of: (a) a sale of a controlling interest in the Company, (b) merger of the Company with a third party company, or (c) the sale of the Oil Shale Leases. In addition the parties agreed that any Reserve Bonus (see paragraph 12.4) that Miikka is entitled to but which has not been paid by the Company shall be made on the first to occur of: (a) the Group achieving production of 5,000 boepd; or (b) sale of a controlling interest of the Company; or (c) merger of the Company with a third party company; or (d) sale by a member of the Group of the Oil Shale Leases. If the Reserve Bonus is due under (a) it shall be paid by the Company in cash. If it becomes due under (b), (c) or (d) it shall be paid by the Company in cash but if when it becomes due, the Company does not have sufficient working capital to pay it, the Company may elect to issue Ordinary Shares at market price as is equal to the amount of Reserve Bonus. The obligation to pay the Reserve Bonus as described above survives termination of Miikka's consultancy agreement.

12.3 Sir Nicholas Bonsor entered into a service agreement with the Company on 9 March 2010 appointing him as non-executive chairman. The agreement is for an initial period of one year commencing on 11 February 2010 and may be terminated by either party on three months' written notice. The agreement provides for an annual fee of £63,250 for a time commitment of two days per month.

The Company has agreed that Sir Nicholas will be entitled to a bonus of 200 per cent. of the annual fee payable under the service agreement on the first to occur of: (a) a sale of a controlling interest in the Company, (b) merger of the Company with a third party company, or (c) the sale of the Oil Shale Leases.

12.4 The Company has adopted a bonus scheme which is incorporated as a schedule to the Consultancy Agreements of each of Stephen Komlosy, Miikka Haromo and Stuart Adam. The individuals are entitled to receive two bonuses as set out below:

- a bonus calculated as a percentage of the fee paid to them under their consultancy arrangements and linked to net production of oil by the Company ("**Production Bonus**"); and
- a bonus calculated as a percentage of the fee paid to them under their consultancy arrangements and linked to any increase in the Company's reserves ("**Reserve Bonus**").

Entitlement of a consultant to be paid a Production Bonus will be reviewed by the Directors twice a year and could potentially be payable twice a year if the targets set out below are reached. When boepd (barrels of oil equivalent a day) attributable to the Group's production exceeds the figures set out below for a continuous 3 month period then a Production Bonus is payable.

	Stephen Komlosy	*Miikka Haromo*	*Stuart Adam*
	%	*%*	*%*
Over 110 boepd	50	50	10
>250 boepd	75	75	15
>500 boepd	100	100	20
>1,000 boepd	200	200	25
>2,000 boepd	300	300	30
>5,000 boepd	400	400	40
>10,000 boepd	500	500	50
>20,000 boepd	1,000	1,000	100

The Production Bonus is payable once only on the achievement of each target and the amount payable is a total amount rather than a cumulative figure.

The Reserve Bonus would potentially be payable twice a year when the Company's reserves or resources exceed the figures set out below.

Barrel of oil equivalent based on an equivalence of 6,000 standard cubic feet of gas per barrel of oil.

	Stephen Komlosy	*Miikka Haromo*	*Stuart Adam*
	%	*%*	*%*
1,000,000 to 2,000,000	50	50	10
2,000,00 to 5,000,000	100	100	15
5,000,00 to 25,000,000	200	200	20
25,000,00 to 50,000,000	300	300	30
50,000,00 to 100,000,000	400	400	40
100,000,00 to 200,000,000	500	500	50
>200,000,000	1000	1000	100

The Reserve Bonus is payable once only on the achievement of each target and the amount payable is a total amount rather than a cumulative figure.

Any disagreement in relation to the calculation of the production, reserve or resources entitlement will be determined by a Competent Person.

None of the agreements referred to in paragraphs 12.1 to 12.3 of Part VI provide for any compensation payment on loss of office.

John May, a former director of the Company, is also entitled to a bonus calculated by reference to an increase in the Company's reserves. Details of John May's bonus are set out in paragraph 13 of Part VI.

Other than disclosed in this document, the Company has not entered into any service contracts in the six months before the date of the Admission Document.

13. Material contracts

The following material contracts have been entered into by the Company within the two years preceding the date of this document and include all material subsisting agreements which are included within, or which relate to, the assets and liabilities of the Company:

13.1. ***Licence Agreement with Red Leaf entered into by the Company on 24 March 2010, as amended by agreements effective 10 June and 31 October 2010.***

Red Leaf granted the Company a licence to use certain patents, know-how and the processes and techniques developed by Red Leaf for extraction of hydrocarbons from oil shale in relation to the Oil Shale Leases.

In consideration for the grant of the licence the Company has paid a licence fee of US$2,000,000, of which US$1,000,000 was paid on signature of the Licence Agreement and US$1,000,000 which was paid in January 2011.

As further consideration for the grant of the licence a royalty fee is payable at a rate of 6 per cent. on all gross revenues received by the Company pursuant to sales of kerogen oil produced using the EcoShale™ In-Capsule Process. Each instalment of the licence fee is non-refundable for any reason. Royalty fees are calculated and payable quarterly.

The agreement remains in force in perpetuity until terminated in accordance with its terms. The agreement may be terminated:

(a) by mutual agreement;

(b) on 30 days' written notice by the Company;

(c) by Red Leaf on 30 days' written notice following the later of (i) the sixth anniversary of the date on which Red Leaf provides to the Company the Front-End Engineering Design and design package for the EcoShale™ In-Capsule Process designed for Red Leaf's Seep Ridge project; and (ii) the second anniversary of the date on which Red Leaf has achieved a minimum annual oil production gross rate of an average 5,000 bopd from its EcoShale project at Seep Ridge and

(d) by Red Leaf on 30 days' notice for any ongoing breach of the Licence Agreement by the Company.

The Company and the Directors have undertaken to Westhouse that they will procure that a resolution is proposed at the Company's first general meeting falling after the date of this agreement to amend the articles of association to provide that any new Ordinary Shares issued by the Company will first be offered to existing Shareholders on a pre-emptive basis.

13.2. ***Investment Agreement between Kenglo, Stephen Komlosy, John May and the Company dated 11 December 2009, as varied by letter dated 23 February 2010.***

Under the agreement Kenglo subscribed for 97,000,000 Ordinary Shares at a price of 0.75p per Ordinary Share. For so long as it holds not less than 15 per cent. of the issued share capital of the Company from time to time, Kenglo has the right to appoint an additional director of TomCo. Under the Investment Agreement, the Company undertook not to take certain actions and the Company, Stephen Komlosy and John May undertook to procure that the Company shall not undertake various actions without the prior written consent of the director appointed by Kenglo. This undertaking terminates on Admission.

13.3. ***Convertible Loan Agreement between the Company and Kenglo dated 29 December 2009, as varied by a Deed of Variation dated 5 August 2010, by a Deed of Variation dated 7 January 2011 and a Deed of Variation dated 8 July 2011 ("2009 Convertible Loan")***

Under the agreement Kenglo made available a loan of £2,000,000 to the Company for working capital purposes and which can be called for repayment by Kenglo after 31 May 2011. The loan attracts interest at an annual rate of 12 per cent. which is payable on repayment of the loan.

13.4. ***Convertible Loan Agreement between the Company and Kenglo dated 5 August 2010 as varied by a Deed of Variation dated 8 July 2011 ("2010 Convertible Loan")***

Kenglo made a loan of £500,000 to the Company to be used for working capital purposes. The loan attracts interest at a rate of 12 per cent. p.a. which is payable on repayment of the loan. The loan may be converted by Kenglo at any time prior to the loan being repaid.

13.5. ***Agreement and Deed of Variation between the Company and Kenglo dated 15 July 2011***

Pursuant to the agreement, with effect from the Investment Date, the terms of the 2009 Convertible Loan and the 2010 Convertible Loan will be varied as follows:

(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 cent.) per annum. All accrued interest 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 per cent. 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 all of the 2010 Convertible Loan, with interest accrued, together with such amount of the 2009 Convertible Loan outstanding together with interest accrued thereon into Ordinary Shares 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 of the Takeover Code.

13.6. ***Loan Agreement between Kenglo and the Company dated 31 December 2010***

Under the agreement Kenglo made available a loan of £1,000,000 of which a Sterling equivalent to US$1,050,981.48 was applied to satisfy the Company's payment of the second instalment under the Red Leaf Licence and the remainder was to be used for working capital purposes.

The loan bears interest at an annual rate of 12 per cent. The loan and accrued interest will be repaid in full on the Investment Date and the security, a first priority charge over the entire issued share capital of TomCo US and an assignment of the benefit of the Red Leaf Assignment, will be released.

13.7. ***Deed of Assignment of warrants for Ordinary Shares between Kenglo, certain warrantholders and the Company, dated 17 November 2009.***

Under the agreement each of Stephen Komlosy, John May, Gerard Thompson, Douglas Wright, Stuart Adam and Nicholas Wright assigned to Kenglo warrants held by them for a price per warrant of 0.0014p. The aggregate number of warrants assigned was 103,000,000 which were all exercised by Kenglo on 11 December 2009.

13.8. ***Subscription Agreement between the Company, GEM Global Yield Fund Limited ("GEM") and GEM Investment Advisers, Inc. dated 19 January 2009.***

Under the Agreement GEM granted the Company an option to require it to subscribe for Ordinary Shares at an aggregate subscription price of up to £5,000,000, for a period ending on the earlier of 19 January 2012 and the date on which GEM has subscribed for Ordinary Shares with an aggregate subscription price of £5,000,000.

Delivery by the Company of a notice requiring GEM to subscribe for Ordinary Shares is conditional, amongst other things, on admission of the Company to AIM.

The subscription price for Ordinary Shares is 90 per cent. of the average closing bid price for Ordinary Shares for the 15 days preceding the delivery of a subscription notice.

13.9. ***Compromise Agreement between the Company and Luton Kennedy and Avenue and Avenue Energy dated 16 December 2010***

The agreement terminates the farm-in agreement, farm-out agreement and addendums thereto ("**Previous Agreements**") and all other agreements and arrangements between the parties in relation to the participating interest in the Israeli Licences for the exploration, development and production of hydrocarbon in their respective blocks.

As consideration for TomCo relinquishing its interest in the Israeli Licences, Avenue agreed to issue such number of shares as is equal to 10 per cent. of the issued share capital of Avenue Energy.

Each party unconditionally and irrevocably release each other from all claims against the other parties. The agreement contains an indemnity from Avenue in favour of TomCo in relation to all losses, costs, damages suffered or incurred by TomCo, its directors, officers, employees, shareholders, subsidiaries, attorneys, agents, representatives or insurers relating to the previous agreements and the Israeli Licences.

13.10. ***Engagement letter dated 25 January 2010 between the Company and Strand Hanson Limited***

The engagement letter appointed Strand Hanson as the Company's nominated advisor in relation to a re-admission of the Ordinary Shares to trading on AIM. The engagement was terminated in December 2010. The letter provides that if the appointment is terminated prior to Admission and within 12 months of termination: Admission or a similar transaction occurs, or the Company or a controlling interest in the Company is sold, then the Company shall pay the £100,000 fee to Strand Hanson.

13.11. ***Engagement Letter dated 13 May 2011 between the Company and Campbell O'Connor***

Pursuant to the letter Campbell O'Connor agreed to effect a placing at 3p per Ordinary Share to qualified investors under the EP and Council Directive 2003/71/EC or under equivalent legislation in any other EEA jurisdiction where the placing may lawfully be made. The placing and open offer was subsequently undertaken at 1p per Ordinary Share. Campbell O'Connor also agreed to act as receiving agent. The fee payable to Campbell O'Connor is £60,000 and they are entitled to commission at a rate of 5 per cent. on any of their existing or new clients applying for Ordinary Shares in the Open Offer. Campbell O'Connor has been paid the fee and commission of £13,027.26.

13.12. ***Engagement Letter dated 28 May 2011 between the Company and Optiva Securities Limited***

Pursuant to the letter Optiva is appointed as a placing agent in connection with the Open Offer and Placing to raise up to £5,000,000 at 3p per Ordinary Share, subsequently undertaken at 1p per Ordinary Share. Optiva agreed, amongst other things, to provide advice on presentation and promotion of TomCo to its shareholders and prospective investors and to assist in drafting of presentations, press releases or other public documents to be sent to shareholders and prospective investors. Optiva's fee for acting as placing agent is 5 per cent. of the funds raised and/or introduced by Optiva in the Placing and the Company will pay commission of £9,950 following Admission.

13.13. ***Introduction Agreement dated 15 July 2011 between the Company, the Directors and Westhouse***

Pursuant to the agreement, conditional upon, *inter alia*, Admission taking place no later than 4.30 p.m. on 21 July 2011 (or such later time and or date as the Company, the Directors and Westhouse may agree, being not later than 19 August 2011) Westhouse has agreed to assist the Company with Admission.

The Introduction Agreement contains warranties and indemnities from the Company and the Directors in favour of Westhouse together with provisions which enable Westhouse to terminate the Introduction Agreement in certain circumstances prior to Admission, including circumstances where any warranties are found to be untrue or inaccurate in any material respect. The liability of the Directors under the agreement is limited.

The Directors have undertaken that they will not dispose of Ordinary Shares save in accordance with the AIM Rules until one year from the date of Admission and then for a further 12 months will only dispose of Ordinary Shares through Westhouse.

13.14. ***Agreement dated 8 April 2011 between the Company and Gillford Capital Inc. ("Gillford")***

The letter appoints Gillford as the Company's exclusive agent in connection with a broker private placement of C$4,000,000 to C$6,000,000 of Ordinary Shares ("Offering"). The engagement commences on the later of the date of Admission or 31 May 2011 ("Effective Date"). Notwithstanding the Effective Date, Gillford is entitled to receive a work fee of C$25,000 plus harmonised sales tax due and payable on 8 April 2011 and the issue of warrants over 312,500 Ordinary Shares at C$0.08 per Ordinary Share exercisable for a period of 2 years from 8 April 2011. The work fee has not yet been paid and the warrants have not yet been issued.

Gillford is entitled to receive a fee of 8 per cent. of the gross proceeds received by the Company under the Offering and the Company shall grant it options equal to 8 per cent. of the total number of Ordinary Shares sold under the Offering. If following the date of commencement of the engagement, the Company completes a transaction without Gillford acting as lead agent or lead financial advisor which results in the Offering being terminated, the Company will pay a break fee to Gillford of C$150,000.

The engagement can be terminated by either party on 30 day's written notice with effect from 60 days after the Effective Date and the Company will serve notice to terminate the agreement 60 days after Admission.

13.15. ***Engagement letter dated 6 December 2011 between Westhouse and the Company***

Under the agreement, Westhouse agreed to act as the Company's nominated advisor and broker in connection with Admission. Westhouse's fees under this engagement letter include an advisory fee of £175,000 plus VAT, payable on admission.

13.16. ***Nominated Advisor and Broker Agreement dated 15 July 2011 between the Company and Westhouse***

Pursuant to the agreement, the Company has appointed Westhouse to act as Nominated Advisor and Broker to the Company for the purposes of the AIM Rules. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement is subject to termination on the giving of three months' notice.

13.17. ***Lock-In Deed dated 15 July 2011 between the Company, Westhouse and Kenglo***

Pursuant to the agreement, Kenglo has undertaken that it will not dispose of any Ordinary Shares save in accordance with the AIM Rules until one year from the date of Admission.

13.18. ***Subscription Letter from Dominic Redfern dated 30 June 2011***

Pursuant to the subscription letter Dominic Redfern irrevocably undertook to subscribe for 125,000,000 Ordinary Shares for £1,250,000. The Company allotted these Ordinary Shares on 14 July 2011 following receipt by the Company of £1,250,000.

13.19. ***Subscription Letter from Mark Donegan dated 30 June 2011***

Pursuant to the subscription letter Mark Donegan irrevocably undertook to subscribe for 100,000,000 Ordinary Shares for £1,000,000. The Company allotted Ordinary Shares on 14 July 2011 following receipt by the Company of £1,000,000 by 4.30 p.m.

13.20. ***Project Finance and Management Agreement between Capital Elements (UK) LLP ("Capital Elements") and the Company dated 30 June 2011***

Under the agreement Capital Elements has agreed to provide certain services to the Company for a monthly fee of £10,000 with effect from the date on which Dominic Redfern and Mark Donegan subscribe and pay for an aggregate of 225,000,000 Ordinary Shares for an aggregate subscription amount of £2,250,000. In addition, the Company shall pay to Capital Elements (a) a fee of 0.5 per cent. of all investments, whether debt or equity, raised by the Company with the assistance of Capital Elements during the period of the agreement, (b) a fee of 0.5 per cent. of the enterprise value of a sale of a controlling interest of the Company achieved with the assistance of Capital Elements during the period of the agreement. Capital Elements also has the right to appoint a director to the Board.

The agreement is for a period of 5 years and may be terminated at any time by Capital Elements on the provision of three months' written notice and by the Company on the provision of three months' notice at any time after the second anniversary of the agreement.

13.21. ***Compromise Agreement between the Company and John May dated 7 July 2011***

The agreement terminates the service agreement entered into between the Company and John May on 22 December 2006 with effect from 11 July 2011. John May was formerly the finance director of the Company. In full and final settlement of all and any claims that John May have against the Company whether under the service agreement, in relation to the termination of his appointment as a director or otherwise, John May will be issued 690,000 Ordinary Shares credited as fully paid and will be paid the sum of £10,208, which includes an amount in arrears due and backdated fees due to John May and payment in lieu of notice. The payment and issue of Ordinary Shares will occur on or before 18 July 2011.

13.22. ***Settlement Agreement between the Company and John J May Chartered Accountants dated 14 July 2011***

The agreement terminates the consultancy agreement entered into between the Company and John J May Chartered Accountants on 29 April 2010 with effect from 11 July 2011. In full and final settlement of all and any claims that John J May Chartered Accountants may have against the Company whether under the consultancy agreement or otherwise, John J May Chartered Accounts will be issued 4,485,000 Ordinary Shares credited as fully paid and will be paid the sum of £66,352, which includes an amount of arrears due and backdated fees due to John May and payment in lieu of notice. The payment and the issue of Ordinary Shares will occur on or before 18 July 2011. John J May Chartered Accountants will continue to be entitled to a Reserve Bonus of £517,500 which shall be paid by the Company on the first to occur of (a) the Group achieving production of 5,000 boepd; or (b) sale of a controlling interest of the Company; or (c) merger of the Company with a third party company; or (d) sale by a Group Company of the Oil Shale Leases. If payment becomes due under (a) it shall be paid by the Company in cash. If it becomes due under (b), (c) or (d) it shall be paid by the Company in cash but if when it becomes due, the Company does not have sufficient working capital to pay it, the Company may elect to issue such number of Ordinary Shares at market price as is equal to £517,500.

13.23. ***Compromise Agreement between the Company and Paul Hughes dated 14 July 2011***

The agreement terminates the service agreement entered into between the Company and Paul Hughes on 31 October 2006 with effect from 11 July 2011. Paul Hughes was formerly a non-executive director of the Company. In full and final settlement of all and any claims that Paul Hughes may have against the Company whether under the service agreement, in relation to the termination of his appointment as a director or otherwise, Paul Hughes will be issued 345,000 Ordinary Shares credited as fully paid and will be paid the sum of £5,250, which includes backdated fees due to Paul Hughes and payment in lieu of notice.

The payment and the issue of Ordinary Shares will occur on or before 18 July 2011. Paul Hughes will continue to be entitled to receive warrants over 2,278,647 Ordinary Shares which have been approved but not yet issued by the Company.

13.24. ***Consultancy Agreement between the Company and Stuart Adam dated 29 April 2010***

Under the agreement Stuart Adam acts as financial controller of the Company. The consultancy commenced on 1 December 2009, is for an initial one year period and shall continue until terminated by either party on the provision of twelve months' written notice.

The time commitment is at least 10 days per month for a monthly fee of £7,762.50. Under the agreement Stuart shall be entitled to receive bonuses, see paragraph 12.9 for details.

By agreement dated 13 July 2011, the Company has agreed that Stuart will be entitled to a bonus of two times the annual fee payable under the consultancy agreement on the first to occur of: (a) a sale of a controlling interest in the Company, (b) merger of the Company with a third party company, or (c) the sale of the Oil Shale Leases.

In addition the parties agreed that any Reserve Bonus (see paragraph 12.4) that Stuart is entitled to but which has not been paid by the Company shall be made on the first to occur of: (a) the Group achieving production of 5,000 boepd; or (b) sale of a controlling interest of the Company;

or (c) merger of the Company with a third party company; or (d) sale by a member of the Group of the Oil Shale Leases. If the Reserve Bonus is due under (a) it shall be paid by the Company in cash. If it becomes due under (b), (c) or (d) it shall be paid by the Company in cash but if when it becomes due, the Company does not have sufficient working capital to pay it, the Company may elect to issue Ordinary Shares at market price as is equal to the amount of Reserve Bonus. The obligation to pay the Reserve Bonus as described above survives termination of Stuart's consultancy agreement.

13.25. ***Consultancy Agreement between the Company and Greensand Associates Limited***

Under the agreement Greensand Associates Limited makes available Nicholas Wright to act as a special technology consultant to the Company. The agreement is for an initial period of 6 months and will continue thereafter until terminated by either party on 3 months written notice.

The fee is £1,000 and VAT per day for the first six days worked per month and a fee of £1,200 and VAT for each additional day worked each month. The Company has agreed to issue warrants which confer the right to subscribe in cash for 3,979,746 Ordinary Shares. Further details are set out in paragraph 6.5 of Part VI.

The agreement has not been signed by the parties but the Directors intend that it be entered into on or around Admission.

14. Working capital

14.1. In the opinion of the Directors having made due and careful enquiry, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next twelve months from the date of Admission.

15. Litigation

15.1. Save as set out in section 15.2 below, the Company is not involved in any governmental, legal or arbitration proceedings which have or, in the 2 years prior to the date of this document, may have had, a significant effect on the Company's financial position or profitability nor, so far as the Directors are aware, are any such proceedings pending or threatened by or against the Company.

15.2. ***Settlement Agreement dated 10 March 2011***

A law suit was brought by Karen Stanley and Michael Stanley as independent administrators of the estate of Michael Dewayne Stanley and Jennifer Musselwhite as wrongful death beneficiary against BHB Operating Inc. TomCo and Mark III Energy in the State of Texas in relation to the death Michael Dewayne Stanley. The defendants denied liability. The terms of the settlement are confidential but liability was not acknowledged by the defendants and no compensation was paid by any Group Company or its insurers.

The plaintiffs released, held harmless and indemnified the defendants and TomCo I LLC and TomCo II LLC from all claims and damages for personal injury damages as a result of the death of Michael Dewayne Stanley.

The motion to dismiss with prejudice and the agreed order to dismiss with prejudice was filed with the 88th District Court in Hardin County, Texas on 5 April 2011.

16. Intellectual property

Except for the Red Lead Licence there are no patents or intellectual property rights, licences or commercial or financial contracts or manufacturing processes which are material to the Group's business or profitability.

17. Premises

No member of the Group owns any premises.

18. Significant change

Except for the execution of the contracts set out in this document there has been no significant change in the financial or trading position of the Group since 31 March 2011, the date to which the most recent financial statements have been prepared.

19. General

19.1. No exceptional factors have influenced the Company's activities.

19.2. Except as disclosed in this document, there have been no significant authorised or contracted capital commitments at the date of publication of this document.

19.3. The cash expenses of the Admission are estimated at £430,000 (exclusive of VAT) and are payable by the Company.

19.4. Save as set out in this document, no member of the Group has any employees at the date of this document.

19.5. The Company's audit committee is comprised of Sir Nicholas Bonsor (Chairman) and Stephen Komlosy. The audit committee is to meet at least three times a year to consider the integrity of the financial statements of the Company, including its annual and interim accounts; the effectiveness of the Company's internal controls and risk management systems; auditor reports; and terms of appointment and remuneration for the auditor.

19.6. The Company's remuneration committee is comprised of Sir Nicholas Bonsor (Chairman) and Miikka Haromo. The remuneration committee is to meet at least twice a year and has as its remit the determination and review of, amongst others, the remuneration of executives on the Board and any share incentive plans of the Company.

19.7. Except as stated in this document and for the advisers named on page 8 of this document and trade suppliers, no person has received, directly or indirectly, from the Company within the 12 months preceding the date of this document or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more calculated by reference to the price of Ordinary Shares under the Placing and Open Offer or any other benefit with a value of £10,000 or more at the date of Admission.

19.8. Westhouse has given and not withdrawn its written consent to the issue of this document with references to their name in the form and context in which they appear.

19.9. The Competent Person, SRK, has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its report and letter and references to it and to its name in the form and context in which they respectively appear.

19.10. The provider of the Expert Opinion, GCA, has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its report and references to its name in the form and context in which they respectively appear.

19.11. Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.12. The Company's accounting reference date is 30 September.

19.13. BDO LLP audited the accounts of the Company for each of the three financial years ended 30 September 2008, 2009 and 2010.

19.14. The Ordinary Shares will be subject to the compulsory acquisition procedures set out in section 160 of the Act. Under that section, where there is a scheme or contract (as defined in the Act) involving the transfer of shares in the Company to another company (being the transferee company) and the transferee receives valid acceptances in respect of, or acquires, more than nine tenths in value of the shares to which the scheme or contract relates, that transferee company is entitled to acquire compulsorily those shares which have not been acquired or contracted to be acquired.

20. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of Wallace LLP at One Portland Place, London W1B 1PN for a period of one month from the date of this document:

20.1. the memorandum and articles of association of the Company;

20.2. the competent persons report and expert opinion set out in Parts IV and V respectively of this document;

20.3. the written consents of Westhouse, SRK and GCA referred to in section 19 of this Part VI; and

20.4. three years' published audited accounts of the Company, as set out in the appendix to this document.

21. Copies of this document

Copies of this document will be available to the public free of charge at the offices of Westhouse Securities Limited at 1 Angel Court, London EC2R 7HJ and at Wallace LLP at One Portland Place, London W1B 1PN during normal business hours on any weekday (Saturdays and public holidays excepted), until one month following the date of Admission.

Dated: 15 July 2011.

APPENDIX

Annual Report for the year ended 30 September 2008

ISLE OF MAN - COMPANY NUMBER 36210C
ENGLAND AND WALES - COMPANY NUMBER FC022829

TomCo Energy plc

Annual report and financial statements 2008

Board of Directors and Company Information

Isle of Man
Company number
36210C

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
Strand Partners Limited
26 Mount Row
London W1K 3SQ

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 2008.

Principal activity

The principal activity of the Group is that of holding oil shale leases for future development 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. Further information is included in going concern on page 5.

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 is predominantly in US dollars, movements in the US dollar/sterling exchange rate may significantly affect the Group's income statement. As a result of the Group having subsidiaries whose accounts are denominated in foreign currencies, movements in the US dollar/sterling exchange rates can also significantly affect the Group's balance sheet.

Financial instruments

It is not considered an appropriate policy for the Group to enter into any hedging activities or trade in any financial instruments. Further information on the Group and Company's financial instruments can be found in Note 24.

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 field and ensures where possible that all relevant legislation is met and appropriate insurance cover is in place.

Results and dividends

The income statement is set out on page 8. The Directors do not propose the payment of a dividend.

The Group made no charitable or political donations in the year.

Post Balance Sheet Events

Full details of post balance sheet events are disclosed in Note 27.

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 Amendment") 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 15 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.

Post Balance Sheet Events (continued)

A second addendum was entered into on 12 March 2010 ('Second Addendum') and at that time TomCo advanced a further $200,000 repayable if closing of the First Addendum had not occurred within eight calendar weeks.

On 16 December 2010, a Compromise Agreement between TomCo and Avenue was signed under which all Previous Agreements are 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 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. As a result, the likely impairment of the carrying value of the investment in Heletz at 31 December 2008 is £913,656 (2007: nil).

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 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 (Note 19) 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 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.

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.

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 Process, 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 Process. 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.

Directors

Directors who served on the Board during the year to 30 September 2008 were as follows:

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

* On 14 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 11 February 2010, Sir Nicholas Bonsor was appointed non executive chairman. There were no other board changes.

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

	30 September 2008		30 September 2007	
	Ordinary 0.5 pence shares	**Share warrants**	Ordinary 0.5 pence shares	Share warrants
J Ryan	46,000,000	9,886,692	46,000,000	7,386,692
H Crosby	41,780,632	9,886,692	41,780,632	7,386,692
G M Thompson*	21,344,059	17,386,692	21,344,059	7,386,692
S A Komlosy **	20,750,000	17,386,692	20,750,000	7,386,692
J J May FCA	20,750,000	17,386,692	20,750,000	7,386,692
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 23.

Payments of creditors

The Group and 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 Group and Company's creditor payment days as at 30 September 2008 for trade creditors was 36 days and 36 days respectively (2007: 13 days and 13 days respectively).

Going concern

In order to ensure the development of its assets the Group will require further funds to finance its committed work programme on the assets. The Directors are in advanced negotiations with a number of potential investors for the injection of sufficient new capital, via further equity raisings or debt finance, which would provide sufficient funds to allow the Group and Company to meet its commitments. The Directors are confident of being able to raise the necessary funding. However there can be no guarantee that the required funding will be raised within the necessary timeframe. Based on the above the Directors therefore consider it appropriate to continue to prepare the financial statements of the Company on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

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 during the year and at the date of the Directors report.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted 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 Directors are required by Isle of Man company law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the Group's profit, or loss for the year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Isle of Man

Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for preventing and detecting fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

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

BDO LLP were appointed as auditors during the year and have expressed their willingness to continue to act as auditors. A resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

John May

Company Secretary

31 January 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 2008, which comprise the consolidated income statement, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 15(1) of the Companies Acts 1982. 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 for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the Annual Report and financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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 and whether the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004 and whether in our opinion the information given in the Directors' report is consistent with the financial statements.

We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' report and the Chairman's statement.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group and Company's circumstances, consistently applied and adequately disclosed.

We planned 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the Group financial statements give a true and fair view in accordance with IFRS as adopted by the European Union of the state of the affairs of the Group and parent company as at 30 September 2008 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004.

In our opinion the information given in the Directors' report is consistent with the financial statements.

Emphasis of matter - Going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the Group and Company's ability to continue as going concerns

In order to ensure the development of its assets the Group will require further funds to finance its committed work programme on the assets. The Directors are in advanced negotiations with a number of potential investors for the injection of sufficient new capital, via further equity raisings or debt finance, which would provide sufficient funds to allow the Group and Company to meet its commitments. The Directors are confident of being able to raise the necessary funding. However there can be no guarantee that the required funding will be raised within the necessary timeframe therefore these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

BDO LLP

Chartered Accountants and Registered Auditors, London

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

1 February 2011

Consolidated income statement

for the financial year ended 30 September 2008

	Note	**2008** £'000	2007 Restated £'000
Revenue	2	**81**	68
Cost of sales	2	**(384)**	(49)
Gross (loss)/profit		**(303)**	19
Administrative expenses	5	**(1,334)**	(1,623)
Operating loss		**(1,637)**	(1,604)
Finance income	3	**164**	30
Finance costs	4	**(124)**	-
Loss before taxation	5	**(1,597)**	(1,574)
Taxation	6	**-**	-
Loss for the year attributable to equity shareholders		**(1,597)**	(1,574)

Earnings per share		**2008** Pence per share	2007 Restated Pence per share
Basic & Diluted Loss per share	8	**(0.32)**	(0.44)

The Company has elected to take exemption under the Companies Act 1931–2004 to not present the parent company's income statement. The loss for the parent company for the year was £2,059,665 (restated 2007: £1,110,578).

Balance sheets
as at 30 September 2008

	Note	**Group 2008**	**Company 2008**	Group 2007 Restated	Company 2007 Restated
		£'000	**£'000**	£'000	£'000
Assets					
Non-current assets					
Intangible assets	10	**6,309**	**-**	6,309	-
Property, plant and equipment	9,12	**978**	**28**	551	6
Investment in subsidiaries	13	**-**	**6,309**	-	6,309
Other receivables	16	**-**	**1,470**	-	1,054
Available-for-sale financial assets	14	**-**	**-**	49	49
		7,287	**7,807**	6,909	7,418
Current assets					
Inventories	15	**42**	**-**	-	-
Trade and other receivables	16	**211**	**76**	54	64
Cash and cash equivalents	17	**405**	**99**	136	101
		658	**175**	190	165
TOTAL ASSETS		**7,945**	**7,982**	7,099	7,583
Liabilities					
Current liabilities					
Trade and other payables	18	**(107)**	**(107)**	(93)	(115)
Convertible Loan	19	**(394)**	**(394)**	-	-
Derivative liability	19	**(26)**	**(26)**	-	-
		(527)	**(527)**	(93)	(115)
Net current assets/(liabilities)		**131**	**(352)**	97	50
Non-current liabilities					
Other liabilities	18	**-**	**(37)**	-	-
Convertible Loan	19	**(197)**	**(197)**	-	-
		(197)	**(234)**	-	-
TOTAL LIABILITIES		**(724)**	**(761)**	(93)	(115)
Total net assets		**7,221**	**7,221**	7,006	7,468
Shareholders' equity					
Share capital	21	**2,690**	**2,690**	2,217	2,217
Share premium	22	**7,489**	**7,489**	6,717	6,717
Warrant reserve		**1,015**	**1,015**	448	448
Retained deficit		**(3,973)**	**(3,973)**	(2,376)	(1,914)
Total equity		**7,221**	**7,221**	7,006	7,468

The accounts on pages 8 to 34 were approved and authorised for issue by the Board of Directors on 31 January 2011.

Stephen Komlosy	**John May**
Director	Director

Consolidated and Company statement of changes in equity

for the financial year ended 30 September 2008

		Attributable to the equity holders of the parent					Attributable to the equity holders of the parent				
		Group					Company				
	Note	Share capital	Share premium (restated)	Warrant reserve (restated)	Retained earnings (restated)	Total (restated)	Share capital	Share premium (restated)	Warrant reserve (restated)	Retained earnings (restated)	Total (restated)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2006		832	188	-	(802)	218	832	188	-	(802)	218
Loss for the financial year (as restated)	1.25	-	-	-	(1,574)	(1,574)	-	-	-	(1,112)	(1,112)
Total recognised income and expense for the year		-	-	-	(1,574)	(1,574)	-	-	-	(1,112)	(1,112)
Issue of share capital (as restated)	1.25	1,385	6,694	-	-	8,079	1,385	6,694	-	-	8,079
Costs of issue of share capital (as restated)	1.25	-	(165)	-	-	(165)	-	(165)	-	-	(165)
Recognition of share-based payments (as restated)	1.25	-	-	448	-	448	-	-	448	-	448
Restated balance at 1 October 2007		2,217	6,717	448	(2,376)	7,006	2,217	6,717	448	(1,914)	7,468
Loss for the financial year		-	-	-	(1,597)	(1,597)	-	-	-	(2,059)	(2,059)
Total recognised income and expense for the year		-	-	-	(1,597)	(1,597)	-	-	-	(2,059)	(2,059)
Issue of share capital		473	1,011	-	-	1,484	473	1,011	-	-	1,484
Costs of issue of share capital			(239)			(239)	-	(239)	-	-	(239)
Recognition of share-based payments		-	-	567	-	567	-	-	567	-	567
At 30 September 2008		**2,690**	**7,489**	**1,015**	**(3,973)**	**7,221**	**2,690**	**7,489**	**1,015**	**(3,973)**	**7,221**

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 income statement.

Consolidated cash flow statements

for the financial year ended 30 September 2008

	Note	Group 2008	Company 2008	Group 2007 Restated	Company 2007 Restated
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Loss after tax		**(1,597)**	**(2,059)**	(1,574)	(1,112)
Impairment of oil leases	9	**71**	**-**	119	-
Impairment of Group balances	16	**-**	**1,469**	-	-
Loss on disposal of oil & gas property	9	**99**	**-**	-	-
Impairment of investments	14	**56**	**56**	94	94
Depreciation and Amortisation	9, 12	**76**	**3**	42	1
Share-based payments	23	**402**	**402**	352	352
Finance income	3	**(4)**	**(4)**	(30)	(5)
Finance costs	4	**124**	**124**	-	-
Increase in inventories	15	**(42)**	**-**	-	-
(Increase)/decrease in trade and other receivables	16	**(157)**	**(446)**	32	(1,031)
Increase/(decrease) in trade and other payables	18	**(78)**	**(76)**	46	68
Currency translation differences		**(24)**	**-**	24	-
Cash used in operations		**(1,074)**	**(531)**	(895)	(1,633)
Cash flows from investing activities					
Purchase of equipment	9	**(25)**	**(25)**	(5)	(5)
Purchase of oil leases	9	**(660)**	**-**	(703)	-
Proceeds from disposal of oil & gas asset	9	**315**	**-**	-	-
Movement in intercompany loans	9, 16	**-**	**(1,139)**	-	-
Purchase of available for sale financial assets	14	**-**	**-**	(50)	(50)
Financial income	3	**4**	**4**	30	30
Net cash used in investing activities		**(366)**	**(1,160)**	(728)	(25)
Cash flows from financing activities					
Proceeds from issue of share capital	21	**1,232**	**1,232**	1,793	1,793
Proceeds from issue of loan note	19	**771**	**771**	-	-
Costs of loan note	19	**(75)**	**(75)**	-	-
Costs of issuing share capital	21	**(207)**	**(207)**	(117)	(117)
Loan interest paid	19	**(32)**	**(32)**	-	-
Net cash generated from financing activities		**1,689**	**1,689**	1,676	1,676
Net increase in cash and cash equivalents		**249**	**(2)**	53	18
Exchange gain/ (loss) on cash and cash equivalents		**20**	**-**	-	-
Cash and cash equivalents at beginning of financial year		**136**	**101**	83	83
Cash and cash equivalents at end of financial year		**405**	**99**	136	101

Notes to the financial statements
for the financial year ended 30 September 2008

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 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; (Note 9)
- Impairment of intangible assets and property, plant and equipment (Note 10);
- 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 19).
- Share based payments (Note 23);
- Contingent liabilities (Note 26);

The Group has consistently applied all applicable accounting standards.

Going concern

In order to ensure the development of its assets the Group will require further funds to finance its committed work programme on the assets. The Directors are in advanced negotiations with a number of potential investors for the injection of sufficient new capital, via further equity raisings or debt finance, which would provide sufficient funds to allow the Group and Company to meet its commitments. The Directors are confident of being able to raise the necessary funding. Based on the above the Directors therefore consider it appropriate to continue to prepare the financial statements of the Company on a going concern basis. However there can be no guarantee that the required funding will be raised within the necessary timeframe therefore a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Based on the above the Directors therefore consider it appropriate to continue to prepare the financial statements of the Company on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

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)
• IFRIC 11	Group Treasury Share Transactions	1 March 2007

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

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)
• IFRIC 12	Service concession arrangements	1 Jan 2008
• IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction	1 Jan 2008
• IFRIC 13	Customer loyalty programmes	1 Jul 2008
• IAS 39/IFRS7	Reclassification of financial instruments – Effective date and transition	1 Jul 2008
• IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 Oct 2008

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
• IFRS 1	Additional exemptions for first-time adopters	1 Jan 2010
• IFRS 2	Amendment – Group Cash-settled Share Based payment transactions	1 Jan 2010
Various	Improvements to IFRSs (2009)	generally 1 Jan 2010
• IAS32	Amendment – Classification of Rights Issues	1 Feb 2010
• IFRIC19	Extinguishing Financial Liabilities with Equity Instruments	1 Apr 2010
• IFRS 1	Amendment – first time adopters of IFRS	1 Jul 2010
• IAS24	Revised – Related party disclosures	1 Jan 2011
• IFRIC 14 and IAS19	Amendment to IFRIC 14 – IAS 19 Limit on a defined benefit asset, Minimum funding requirements and their interaction	1 Jan 2011
• IFRS 7*	Disclosures – Transfers of Finance Assets	1 Jul 2011
• IFRS1*	Severe hyperinflation and remove of fixed dates for first time adopters	1 Jan 2013
Various *	Improvements to IFRSs (2010)	genereally 1 Jan 2011
• IAS 12*	Deferred tax –recovery of underlying assets	1 Jul 2012
• IFRS 9*	Financial instruments	1 Jul 2013

The adoption of IFRS 8 and the amendment to IAS 1 and IFRS 7 will affect the presentation and disclosure of the financial statements. The amendment to IAS 23 and IFRS 2 are not expected to have any financial effect in the year of adoption.

In addition the adoption of IFRS 3 Revised, which would materially affect the presentation and financial impact of a business combination, the above standards, interpretations and amendments will not significantly affect the Group's results or financial position. 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 2008. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for on the purchase basis. 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 income statement.

1.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and rewards that are different from those of other business segments. A geographical segment is engaged in providing products or

services within a particular economic environment that are subject to risks and reward that are different from those of segments operating in other economic environments.

1.4 Segmental reporting (continued)

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 further segmental analysis by business segments is required, the Group's secondary business segments are oil production and investing activities.

The Directors consider that no further segmentation is appropriate. The Group's revenue arises only within the US and Israel. The profit /(loss) before taxation arises only within the UK, US and Israel. Net assets are only 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. All 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 Interest income

Interest income is accounted for on an effective interest basis.

1.7 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.

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 and gas properties in Note 9.

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.

1.8 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.

1.9 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.

1.10 Asset disposals

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

1.11 Joint arrangements

The Group participates in Joint Ventures, for the joint exploration, development and production activities under contractual arrangements 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 Income Statement headings. The Group's principal licence interests in Israel are jointly controlled assets.

1.12 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 balance sheet date. Taxable profit differs from net profit as reported in the income statement 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 balance sheet 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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.13 Inventories

Inventories are stated at the lower of cost and net realisable value.

1.14 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 balance sheet date and income statement 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 income statement for that period.

1.15 Operating leases

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

1.16 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 in 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 the income statement is reclassified from the available-for-sale reserve to profit or loss.

1.17 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.

1.17 Loans and receivables (continued)

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 consolidated 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 statement of financial position.

1.18 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.

1.19 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.

1.20 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 income statement 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.

1.21 Share capital

Ordinary shares are classified as equity.

1.22 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 23.

1.23 Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provision for diminution in value.

1.24 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.

1.24 Financial risk management (continued)

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 and Israeli shekel. The Group holds equity investments that are either US companies or have US operations. The Group also holds cash in US dollar bank accounts. Through the Farm-in agreement with its joint venture partner in Israel, the Group is exposed to the Israeli shekel.

b) Interest rate risk

The Group has interest bearing assets in cash balances of £405,000 (2007:£136,000). Interest earned on cash balances is not significant. The Group has a fixed rate convertible loan note, which is described in Note 19, which is not subject to interest rate risk.

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.

1.25 Prior year adjustment

The prior year comparatives have been adjusted for a revisions in accounting policy and corrections as noted below, further detail is included in the relevant notes to the financial statements. The following line items with in the financial statements were affected:

		1 October 2007	Movement for the year		30 September 2007
		As reported	As previously reported	Prior year adjustment	As restated
		£'000	£'000	£'000	£'000
CONSOLIDATED INCOME STATEMENT					
Loss for the year	**1**	-	(1,212)	(362)	(1,574)
CONSOLIDATED BALANCE SHEET					
Intangible assets	**2**	-	5,347	962	6,309
CONSOLIDATED SHAREHOLDERS' EQUITY					
Share premium	**3**	188	5,405	1,124	6,717
Warrant reserve	**4**	-	272	176	448
Retained earnings	**5**	(802)	(1,236)	(338)	(2,376)
Total		(614)	4,441	962	4,789

1 Adjustment represents net effect on the income statement of the 2007 adjustments noted below.

2 Adjustment arose in respect of an error identified over the treatment of fair value of the consideration in the acquisition of The Oil Mining Company Inc; a reversal of previously charged depreciation in respect intangible assets which should not have been depreciated but had previously been treated as part of Property, plant and equipment; and a required correction of the costs incorrectly capitalised now charged to the income statement (Note 11).

3 Adjustment represents the net effect of the 2007 adjustments noted in 2 above.

4 Adjustment reflects the allocation of the full cost of warrants issued for share based payments in the year of vesting due to there being no performance criteria attached to the exercise of the warrants. The cost of the warrants had previously been amortised over 2 years.

5 Adjustment represents the net effect on retained deficit.

There was (0.09) pence per share impact on loss per share in respect of the comparative year as a result of the prior year adjustments. There is no impact on the consolidated cash flow statement as a result of the adjustments.

2. Segmental reporting - *Analysis by geographical segment*

Based on an analysis of risks and returns, the Directors consider that the Group has one primary business segment; geographical location, the table below is the analysis of the Group by geography its primary reporting segment.

Year ended 30 September	Israel 2008 £'000	United States 2008 £'000	United Kingdom 2008 £'000	Total 2008 £'000	United States 2007 £'000	United Kingdom 2007 £'000	Total 2007 Restated £'000
Continuing activities							
Revenue	-	81	-	81	68	-	68
Cost of sales	(314)	(51)	(19)	(384)	(49)	-	(49)
Gross profit/(loss)	(314)	30	(19)	(303)	19	-	19
Amortisation	-	(73)	(56)	(129)	(41)	-	(41)
Depreciation	-	-	(3)	(3)	-	(1)	(1)
Share based payments	-	-	(402)	(402)	-	(352)	(352)
Administrative expenses	(42)	(213)	(545)	(800)	(260)	(969)	(1,229)
Operating loss	(356)	(256)	(1,025)	(1,637)	(282)	(1,322)	(1,604)
Financial income	-	-	164	164	-	30	30
Finance costs	-	-	(124)	(124)	-	-	-
(Loss) for the year	(356)	(256)	(985)	(1,597)	(282)	(1,292)	(1,574)
Current and non-current assets:							
– property, plant and equipment	-	-	28	28	-	6	6
– intangible asset	-	6,309	-	6,309	6,309	-	6,309
– oil properties	914	36	-	950	545	-	545
– available-for-sale financial assets	-	-	-	-	49	-	49
Inventories	42	-	-	42	-	-	-
Trade and other receivables	122	10	79	211	15	39	54
Cash and cash equivalents	-	305	100	405	25	101	136
Total assets	1,078	6,660	207	7,945	6,943	146	7,099
Current liabilities:							
Trade and other payables	-	-	(107)	(107)	-	(93)	(93)
Convertible loan	-	-	(394)	(394)	-	-	-
Derivative liability	-	-	(26)	(26)	-	-	-
	-	-	(527)	(527)	-	(93)	(93)
Non-current liabilities:							
Convertible loan	-	-	(197)	(197)	-	-	-
	-	-	(197)	(197)	-	-	-
Total liabilities	-	-	(724)	(724)	-	(93)	(93)

2. Segmental reporting (continued) - *Analysis by business segment*

Furthermore the Directors consider that further segmental analysis by business segments is also required, the Group's secondary business segments are oil production and investing activities, which is included in the table below. The Directors consider that no further segmentation is appropriate.

Year ended 30 September	Oil production activities 2008	Exploration activities 2008	Central costs 2008	Total 2008	Oil production activities 2007 Restated	Exploration activities 2007 Restated	Central costs 2007 Restated	Total 2007 Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Continuing activities								
Revenue	81	-	-	81	68	-	-	68
Cost of sales	(377)	-	(7)	(384)	(49)	-	-	(49)
Gross profit/(loss)	(296)	-	(7)	(303)	19	-	-	19
Amortisation	(73)	-	(56)	(129)	(41)	-	-	(41)
Depreciation	-	-	(3)	(3)	-	-	(1)	(1)
Share based payments	-	-	(402)	(402)	-	-	(352)	(352)
Administrative expenses	(42)	-	(758)	(800)	(260)	-	(969)	(1,229)
Operating loss	(411)	-	(1,226)	(1,637)	(282)	-	(1,322)	(1,604)
Financial income	-	-	164	164	-	-	30	30
Finance costs	-	-	(124)	(124)	-	-	-	-
Loss for the year	(411)	-	(1,186)	(1,597)	(282)	-	(1,292)	(1,574)
Current assets:								
– property, plant and equipment	-	-	28	28	-	-	6	6
– intangible assets	-	6,309	-	6,309	-	6,309	-	6,309
– oil properties	950	-	-	950	545	-	-	545
– available-for-sale financial assets	-	-	-	-	-	-	49	49
Inventories	42	-	-	42	-	-	-	-
Trade and other receivables	132	-	79	211	15	-	39	54
Cash and cash equivalents	305	-	100	405	13	-	123	136
Total assets	1,429	6,309	207	7,945	573	6,309	217	7,099
Current liabilities:								
Trade and other payables	-	-	(107)	(107)	-	-	(93)	(93)
Convertible loan	(394)	-	-	(394)	-	-	-	-
Derivative liability	(26)	-	-	(26)	-	-	-	-
	(420)	-	(107)	(527)	-	-	(93)	(93)
Non current liabilities:								
Convertible loan	(197)	-	-	(197)	-	-	-	-
	(197)	-	-	(197)	-	-	-	-
Total liabilities	(617)	-	(107)	(724)	-	-	(93)	(93)

2. Segmental reporting (continued) – *Additional disclosures*

Year ended 30 September	Israel 2008 £'000	United States 2008 £'000	Israel 2007 £'000	United States 2007 £'000
Segmental analysis additions				
Intangible Oil & Gas properties	**-**	**-**	-	6,309
Oil & Gas properties	**907**	**-**	-	729
Other Property, plant and equipment	**-**	**-**	-	-

There were no significant additions in the year in the United Kingdom in either the current or prior year.

3. Finance income

	2008 £'000	2007 £'000
Interest on bank deposits	**4**	8
Gain on derivative element of loan note (Note 19)	**135**	-
Foreign exchange	**25**	-
Dividends received	**-**	22
	164	30

4. **Finance costs**

	2008 £'000	2007 £'000
Interest charged on loan note (Note 19)	**92**	-
Interest paid	**32**	-
	124	-

5. Loss before taxation

	2008	2007 Restated
The following items have been charged/(credited)in arriving at operating loss:	**£'000**	£'000
Depreciation of property, plant and equipment	**3**	1
Amortisation	**73**	41
Oil lease impairment	**71**	119
Available for sale financial asset impairment	**56**	94
Directors' fees and wages	**147**	139
Share-based payments charge – income statement	**402**	352
Auditors' remuneration:		
– audit services	**25**	-
Auditors' remuneration – prior year auditor		
– audit services	**-**	9
– non-audit services	**-**	14
Rentals payable in respect of land and buildings	**81**	52
Foreign exchange (gain)/loss	**(20)**	24

6. Taxation

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

Factors affecting the tax charge:

	2008	2007 Restated
	£'000	£'000
Loss on ordinary activities before tax	**(1,597)**	(1,574)
Loss on ordinary activities at standard rate of corporation tax in the UK of 30%	**(479)**	(472)
Effects of:		
Excess management expenses carried forward	**423**	434
Expenses not deductible for tax purposes	**56**	38
Tax charge for the financial year	**-**	-

The Group has tax losses in respect of excess management expenses of £1,941,491 (2007: £1,342,566) available for offset against future Company income. This gives rise to a potential deferred tax asset at the balance sheet date of £582,447 (2007: £402,770). 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. The Group, through its subsidiaries has available tax losses of £921,616 (2007: £452,100) and £356,413 (2007: nil) In the US and Israel respectively which are available to be carried forward and utilised against future profits in accordance with the tax laws of each jurisdiction.

7. 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 year, further details of which are included in note 23. The amounts paid for their services are detailed below:

	Fees	**Wages**	**Share-based payments**	**Total**	Fees	Share-based payments	Total
	2008	**2008**	**2008**	**2008**	2007	2007	2007
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
S A Komlosy	**38**	**3**	**79**	**120**	23	70	93
H Crosby	**-**	**-**	**20**	**20**	23	70	93
J Ryan	**-**	**-**	**20**	**20**	23	70	93
G M Thompson	**38**	**3**	**79**	**120**	23	70	93
J J May	**38**	**3**	**79**	**120**	23	70	93
P Hughes	**24**	**-**	**-**	**24**	24	-	24
Total employment costs	**138**	**9**	**277**	**424**	139	350	489

8. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	Earnings	Weighted average Number of shares	Per share Amount
Financial year ended 30 September 2008	**£'000**	**'000**	**Pence**
Basic and Diluted EPS			
Earnings attributable to ordinary shareholders	**(1,597)**	**493,476**	**(0.32)**
Financial year ended 30 September 2007	£'000	'000	Pence
Basic and Diluted EPS			
Earnings attributable to ordinary shareholders	(1,574)	359,746	(0.44)

The warrants which were in issue at the year end (Note 23) are considered anti-dilutive. The convertible loan note (Note 19) is also potentially anti-dilutive. As the options and warrants would be anti dilutive a separate diluted loss per share is not presented. Subsequent to the year end the Group issued shares, detailed in Note 21 and there were significant movements in the outstanding warrants (Note 23).

9. Group property, plant and equipment

Cost	**Oil properties** £'000	**Fixtures, fittings and equipment** £'000	**Total** £'000
At 1 October 2006	-	2	2
Additions	729	5	734
Impairment	(119)	-	(119)
Exchange difference	(24)	-	(24)
Restated at 30 September 2007	586	7	593
Additions	907	25	932
Disposal	(490)	-	(490)
Impairment	(71)	-	(71)
Exchange difference	56	-	56
At 30 September 2008	**988**	**32**	**1,020**
Depreciation			
Charge in year	(41)	(1)	(42)
Restated at 30 September 2007	**(41)**	**(1)**	**(42)**
Charge in year	(73)	(3)	(76)
Disposal	76	-	76
At 30 September 2008	**(38)**	**(4)**	**(42)**
Net book value			
At 30 September 2008	**950**	**28**	**978**
Restated at 30 September 2007	545	6	551
At 30 September 2006	-	2	2

The Company held interests in production wells in the USA comprising two separate wells, "Flusche" and "Rock Crossing", and a 50% holding in the Mark III leases, "Saratoga and Abel" in Lubbock County, Texas, which have 8 producing wells and preliminary estimated Reserves of 28,960 barrels. In March 2008 the Flusche well ceased to produce and was plugged, consequently an impairment charge of £71,000 (2008 - £Nil) was recorded.

On 27 August 2008, the Company announced the sale of its 50% interest in the Abel and Saratoga leases, located in South Texas, for £314,563 (US$575,000) in cash. The bill of sale for this transaction was entered into on 22 August 2008, with a retrospective effective date of 1 May 2008.

On 2nd April 2008 TomCo announced that it had completed the Farm-in of interests in two petroleum licenses (the "Heletz fields"), onshore Israel from Avenue Group Inc (AVNU.OB), a New York based USA listed Oil & Gas Company, ("Avenue"). The interests acquired are a 50% interest in the Heletz-Kokhav License and a 25% interest in the Iris License (the "Licenses"), which include the original Heletz-Kokhav oilfield opened in 1955 by BP ("Heletz"). The concessions were awarded to Avenue by the Israel Petroleum Commission and are extendable 3-year production and development licenses which can be extended to 30-year production leases once production from the field has increased to an estimated 300 barrels of oil per day ("bpd").

9. Group property, plant and equipment (continued)

The completion terms were:

1. At completion TomCo paid a US$1 million cash fee to Avenue Group Inc ("Avenue") in respect to the transfer of the 50% and 25% interests in the Heletz oil fields from Avenue to Luton Kennedy Limited ("LKL").
2. TomCo issued to Avenue 12,618,615 ordinary shares of 0.5p each in the Company ("TomCo Shares") valued at approximately US$500,000 at 2p per share with a one year sale restriction.
3. TomCo paid US$107,000 to Avenue in respect to 50% of costs incurred prior to completion in relation to the Licenses.
4. Over the three year Phase 1 period of the Licenses TomCo and LKL will pay up to a maximum of US$4.5 million of oil field development costs.

On 16 December 2010, a Compromise Agreement between TomCo and Avenue was signed under which all Previous Agreements are 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 (Note 27).

10. Intangible assets

	Oil & Gas exploration assets (restated)
	£'000
Cost and net book value	
Acquired in 2007 (Note 11)	**6,309**
At 30 September 2007 and 2008	**6,309**

The Oil & Gas assets 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 unevaluated Oil & Gas properties at the reporting date, the Directors concluded that, although no exploration activity has been undertaken during the year ended 30 September 2008, 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.

11. Acquisitions in prior year

On 16 January 2007, the company acquired the entire issued share capital of The Oil Mining Company Inc. through the issue of 200,000,000 new Ordinary shares at a price of 2.5p. The fair value price in 2007 was initially calculated with reference to the placing price at the time of the acquisition. This was subsequently adjusted and the calculation of the fair value of the consideration was adjusted to reflect the actual open market price of the shares on AIM at the date of acquisition of 3.1p. The overall impact resulted in a restatement to the valuation of oil & gas exploration assets of £1.2 million. There was no Income Statement impact of this adjustment. Costs associated with the acquisition amounted to £108,969, resulting in a total revised purchase consideration of £6,308,969.

In addition, the oil & gas exploration asset was reclassified at acquisition from tangible oil & gas properties to oil & gas exploration properties in accordance with IFRS 6, which resulted in the reversal of previously charged depreciation of £217,000, which reduced the loss in 2007 and had a corresponding impact on net equity.

The assets and liabilities as of 16 January 2007 arising from the acquisition are therefore restated as follows:

	Fair value At acquisition (restated) £'000
Intangible assets acquired and consideration	**6,309**

12. Company property, plant and equipment

Cost	Fixtures, fittings and equipment £'000	Total £'000
At 1 October 2006	2	2
Additions	5	5
At 30 September 2007	7	7
Additions	25	25
At 30 September 2008	**32**	**32**
At 1 October 2006	-	-
Depreciation	(1)	(1)
At 30 September 2007	(1)	(1)
Charge in year	(3)	(3)
At 30 September 2008	**(4)**	**(4)**
Net book value		
At 30 September 2008	**28**	**28**
At 30 September 2007	6	6
At 30 September 2006	2	2

13. Company investment in subsidiaries

Shares in Group undertakings

	Total Restated
Cost	**£'000**
At 30 September 2007 and 2008	**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 and TomCo III LLC, both incorporated in Delaware, USA. TomCo II is enagaged in the exploration and extraction of oil and gas through joint investment in oil leases. TomCo III is dormant. During 2009, the registration of TomCo III was not renewed.

14. Available-for-sale financial assets

	Unlisted investments £'000
At 1 October 2006	124
Additions	50
Exchange difference	(1)
At 30 September 2007	173
Exchange difference	7
At 30 September 2008	**180**
Provisions	
At 1 October 2006	30
Provided in year	94
At 30 September 2007	124
Provided in year	56
At 30 September 2008	180
Fair value	
At 30 September 2008	**-**
At 30 September 2007	49
At 30 September 2006	94

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	49

The Directors have provided in full for all the investments in Equity Securities due to the uncertain future of the Companies.

15. Inventories

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Inventories	42	-	-	-

16. Trade and other receivables

	Group 2008 £'000	**Company 2008 £'000**	Group 2007 £'000	Company 2007 £'000
Current Receivables				
Amounts owed by Group undertakings	**-**	**-**	-	26
Trade receivables	**15**	**12**	-	-
Other receivables	**134**	**12**	11	9
Prepayments	**62**	**52**	43	29
	211	**76**	54	64
Non-Current Receivables				
Amounts owed by Group undertakings	**-**	**1,470**	-	1,054
Total Receivables	**211**	**1,546**	54	1,118

As at 30 September 2008 there were no receivables considered past due (2007: £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 £1,469,588. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable including cash and cash equivalents as disclosed in Note 24. In the opinion of the directors the carrying value of the financial assets approximates to their fair value.

17. Cash and cash equivalents

	Group 2008 £'000	**Company 2008 £'000**	Group 2007 £'000	Company 2007 £'000
Cash at bank and in hand	**405**	**99**	136	101

	2008	2007
Effective variable interest rate on short term bank deposits (%)	**1.0**	5.88

18. Trade and other payables

Current	**Group 2008 £'000**	**Company 2008 £'000**	Group 2007 £'000	Company 2007 £'000
Amount owed to Group undertaking	**-**	**-**	-	20
Trade payables	**75**	**75**	30	30
Other payables	**13**	**13**	12	12
Accruals	**19**	**19**	51	53
	107	**107**	93	115
Non-Current Payables				
Amounts owed to Group undertakings	**-**	**37**	-	-
Total Payables	**107**	**144**	93	115

All 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.

19. Financial liabilities

	Group 2008 £'000	**Company 2008 £'000**	Group 2007 £'000	Company 2007 £'000
Current:				
Convertible loan	**394**	**394**	-	-
Derivative element	**26**	**26**	-	-
	420	**420**	-	-
Non current:				
Convertible loan	**197**	**197**	-	-
	197	**197**	-	-
Total	**617**	**617**	-	-

At completion of the acquisition of Heletz on 2 April 2008 (see note 9), 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. The Company has also issued to Trafalgar 7,000,000 warrants (Note 23) with a three years term and an exercise price of 1.63p. Additionally, TomCo paid a fee of €25,000 (£12,500) to Trafalgar which was satisfied by the issue of 1,179,562 ordinary shares of the Company at a price of 1.66p per share. As at 30 September 2008, if the Loan Note had been converted, it would equate to 38,580,250 shares.

As the conversion option is denominated in foreign currency terms 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 Note does not meet the definition of a compound financial instrument. Instead the note (the host contract) is a hybrid financial instrument and the option to convert is an embedded derivative. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the note reduced by the fair value of the embedded derivatives and is subsequently carried at each reporting date at amortised cost.

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 profit or loss as they arise.

These principles have been reflected as follows:

	Group and Company 2008 £000
Proceeds from issue of convertible loan	771
Loan transaction costs	(111)
Net Proceeds from convertible loan	660
Convertible loan debt portion – amortised cost	499
Derivative financial instruments – fair value	161
	660
Convertible loan debt portion at inception	499
Interest charged	92
Closing convertible loan debt portion – amortised cost	591
Derivative financial instruments – conversion option at inception	161
Fair value movement – gain	(135)
Closing derivative financial instruments conversion option	26

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:

	30 September 2008	At inception
Option term	1.5 years	2 years
Share price	0.92p	1.79p
Exercise price	2.0p	2.24p
Risk free rate	5%	5%
Expected volatility	55%	55%
Exchange rate	£1: €1.2644	£1: €1.296

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 transaction in the same instrument.

20. Deferred tax assets and liabilities

Unrecognised losses

The Group 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.

	2008	2007
	£'000	£'000
Losses carried forward	**1,941**	1,343

21. Share capital

	2008	2007
	£	£
Authorised		
1,000,000,000 ordinary shares of £0.005 each	**5,000,000**	5,000,000
	5,000,000	5,000,000
Issued and fully paid		
Brought forward	**2,217,255**	831,673
Allotted during year:		
January 2007	**-**	1,271,190
February 2007	**-**	100,050
March 2007	**-**	14,342
March 2008	**406,324**	-
April 2008	**66,667**	-
	472,991	1,385,582
538,049,151 ordinary shares of £0.005 each (2007: 443,451,000 ordinary shares of £0.005 each)	**2,690,246**	2,217,255

Post balance sheet, following passing of a resolution at an EGM, the authorised share capital of the Company was increased from £5,000,000 to £7,500,000 by the creation of 500,000,000 new ordinary shares of 0.5p each ranking pari passu in all respects with the existing ordinary shares (Note 27)

Post balance sheet, the company has also issued 221,500,000 ordinary shares (nominal value: £1,107,500) at an average price of £0.0068. The total number of ordinary shares in issue post balance sheet are 759,549,151 (nominal value: £3,797,745).

22. Share premium

	2008	2007
		Restated
	£000	£000
At 1 October	**6,717**	188
Premium on shares issued in the year (Note 21)	**1,011**	6,714
Expenses of issue	**(239)**	(185)
At 30 September	**7,489**	6,717

23. Share-based payments

At 30 September 2008, the following share warrants granted for services and shares are outstanding in respect of the ordinary shares:

	2008 number	**2008 Weighted average exercise price pence**	2007 number	2007 Weighted average exercise price pence
Outstanding at 1 October	**45,802,479**	**2.5**	2,868,372	0.817
Granted during the year	**101,678,656**	**2.4**	45,802,479	2.5
Exercised during the year	**-**	**-**	(2,868,372)	0.817
Outstanding at 30 September	**147,481,135**	**2.4**	45,802,479	2.5
Exercisable at 30 September	**147,481,135**	**2.4**	45,802,479	2.5

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.

During the year, following an issue of equity raising £1.2 million before expenses, 80,800,000 warrants were issued under the following conditions: for each 2 shares placed, one warrant was attached to subscribe for a new ordinary share at 2.5 pence with a duration of 13 months; and a further warrant at an exercise price of 5 pence 13 months from the date of exercise of the first warrant, conditional on the first warrant being exercised. The estimated fair value of the first share of 40,400,000 warrants charged to share premium was £109,223 with no charge to the income statement. No value is ascribed to the further warrant, it being conditional on the first being exercised. Subsequent to the balance sheet date, all the 80,800,000 warrants have expired.

54,278,656 warrants for services provided were granted with an estimated fair value charged to the profit and loss account of £401,730. A further 7,000,000 warrants were granted as part of the convertible loan note (Note 19).

The warrants outstanding at 30 September 2008 had a weighted average exercise price of 2.2 pence and a weighted average remaining contractual life of 3.5 years.

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

	2008	2007
Weighted average share price (pence)	**1.75**	2.6
Weighted average exercise price (pence)	**2.4**	2.5
Expected volatility	**55%**	40%
Risk-free rate	**5%**	5.5%
Weighted average remaining contractual life (years)	**2.67**	3.8

Expected volatility was determined by calculating the historical volatility of the Company's share price using Bloomberg 1 year volatility curve. 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.

Following year end, of the 147,481,135 warrants outstanding at the year end, 40,400,000 have lapsed. The company has granted a further 142,096,667 warrants of which 103,000,000 have been exercised.

24. 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 are disclosed in Note 19.

Currency risk

The Group has four overseas subsidiaries; three 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 balance sheet date on the sterling denominated balances would, all other variables held constant, not result in a significant exchange gain or loss in the year.

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.

Liquidity risk

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

	Group	**Company**	Group	Company
	2008	**2008**	2007	2007
Current	**£'000**	**£'000**	£'000	£'000
British Pounds	**100**	**99**	123	97
US Dollars	**306**	**1**	13	4
Euros	**(1)**	**(1)**	-	-
Total	**405**	**99**	136	101

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 note (Note 19) is due for repayment within 2 years. However, as disclosed in Note 27, following the subscription of 200,000,000 ordinary shares in the Company netting £1,352,500 for the Company before expenses the original loan note was repaid in full.

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.

24 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

The Group considers its capital to comprise its ordinary share capital, share premium, retained earnings and the funding provided through loan notes issued as reported in the Group Balance Sheet.

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, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

25. 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 during the year are summarised below:

Funding provided to Luton Kennedy Limited	£440,488	(2007: £-)
Inter-group receivable outstanding at year end	£1,470,580	(2007: £1,054,574)
Inter-group payable outstanding at year end	£37,109	(2007: £25,812)
Expenses paid by the parent company on behalf of subsidiaries	£106,491	(2007: £122,040)

26. Contingent Liabilities

Following the Compromise Agreement signed on 16 December 2010 with Avenue (Note 27), the Group has no contingent liabilities.

27. Post balance sheet events

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 Amendment") 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 15 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.

Post Balance Sheet Events (continued)

A second addendum was entered into on 12 March 2010 ('Second Addendum') and at that time TomCo advanced a further $200,000 repayable if closing of the First Addendum had not occurred within eight calendar weeks.

On 16 December 2010, a Compromise Agreement between TomCo and Avenue was signed under which all Previous Agreements are 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 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. As a result, the likely impairment of the carrying value of the investment in Heletz at 31 December 2008 is £913,656 (2007: nil).

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 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 (Note 19) 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 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.

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.

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 Process, 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 Process. 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.

ISLE OF MAN - COMPANY NUMBER 36210C
ENGLAND AND WALES - COMPANY NUMBER FC022829

TomCo Energy plc

Annual report and financial statements 2009

Board of Directors and Company Information

Isle of Man
Company number
36210C

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
Strand Partners Limited
26 Mount Row
London W1K 3SQ

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 2009.

Principal activity

The principal activity of the Group is that of holding oil shale leases for future development 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. Further information is included in going concern on page 5.

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 is predominantly in US dollars and Israeli shekels, movements in the exchange rate of those currencies against sterling may significantly affect the Group's income statement. As a result of the Group having subsidiaries whose accounts are denominated in foreign currencies, movements in the US dollar and Israeli shekel against the sterling exchange rates can also significantly 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 income statement is set out on page 8. The Directors do not propose the payment of a dividend.

The Group made no charitable or political donations in the year (2008: nil).

Post Balance Sheet Events

Full details of post balance sheet events are disclosed in Note 26.

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 Amendment") 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 15 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 12 March 2010 ('Second Addendum') and at that time TomCo advanced a further $200,000 repayable if closing of the First Addendum had not occurred within eight calendar weeks.

On 16 December 2010, a Compromise Agreement between TomCo and Avenue was signed under which all Previous Agreements are 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 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. As a result, the likely impairment of the carrying value of the investment in Heletz at 31 December 2009 is £887,746 (2008: £913,656).

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 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 (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 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.

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.

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Directors

Directors who served on the Board during the year to 30 September 2009 were as follows:

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

* On 14 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 11 February 2010, Sir Nicholas Bonsor was appointed non executive chairman. There were no other board changes.

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

	30 September 2009		30 September 2008	
	Ordinary 0.5 pence shares	**Share warrants**	Ordinary 0.5 pence shares	Share warrants
J Ryan	46,000,000	9,886,692	46,000,000	9,886,692
H Crosby	41,780,632	9,886,692	41,780,632	9,886,692
G M Thompson*	25,844,059	37,386,692	21,344,059	17,386,692
S A Komlosy **	25,250,000	37,386,692	20,750,000	17,386,692
J J May FCA	25,250,000	37,386,692	20,750,000	17,386,692
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 creditors

The Group and 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 Group and Company's creditor payment days as at 30 September 2009 for trade creditors was 85 days and 85 days respectively (2008: 36 days and 36 days respectively).

Going concern

In order to ensure the development of its assets the Group will require further funds to finance its committed work programme on the assets. The Directors are in advanced negotiations with a number of potential investors for the injection of sufficient new capital, via further equity raisings or debt finance, which would provide sufficient funds to allow the Group and Company to meet its commitments. The Directors are confident of being able to raise the necessary funding. However there can be no guarantee that the required funding will be raised within the necessary timeframe. Based on the above the Directors therefore consider it appropriate to continue to prepare the financial statements of the Company on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

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.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union ("EU") and with those parts of the Companies Acts 1931 to 2004 applicable to companies reporting under IFRS. The Directors are required by Isle of Man company law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the Group's profit, or loss for the year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Isle of Man

Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for preventing and detecting fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

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

BDO LLP were appointed as auditors during the period and have expressed their willingness to continue to act as auditors. A resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

John May

Company Secretary

31 January 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 2009, which comprise the consolidated income statement, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 15(1) of the Companies Act 1982. 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 for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the Annual Report and financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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 and whether the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004 and whether in our opinion the information given in the Directors' report is consistent with the financial statements.

We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' report and the Chairman's statement.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group and Company's circumstances, consistently applied and adequately disclosed.

We planned 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the Group financial statements give a true and fair view in accordance with IFRS as adopted by the European Union of the state of the affairs of the Group and parent company as at 30 September 2009 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004.

In our opinion the information given in the Directors' report is consistent with the financial statements.

Emphasis of matter - Going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the Group and Company's ability to continue as going concerns.

In order to ensure the development of its assets the Group will require further funds to finance its committed work programme on the assets. The Directors are in advanced negotiations with a number of potential investors for the injection of sufficient new capital, via further equity raisings or debt finance, which would provide sufficient funds to allow the Group and Company to meet its commitments. The Directors are confident of being able to raise the necessary funding. However there can be no guarantee that the required funding will be raised within the necessary timeframe therefore these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company was unable to continue as a going concern.

BDO LLP

Chartered Accountants and Registered Auditors, London

1 February 2011

Consolidated income statement

for the financial year ended 30 September 2009

	Note	**2009** £'000	2008 £'000
Revenue	2	**135**	81
Cost of sales	2	**(458)**	(384)
Gross loss		**(323)**	(303)
Administrative expenses	5	**(970)**	(1,334)
Operating loss		**(1,293)**	(1,637)
Finance income	3	**41**	164
Finance costs	4	**(444)**	(124)
Loss on ordinary activities before taxation	5	**(1,696)**	(1,597)
Taxation	6	**-**	-
Loss for the year attributable to equity shareholders		**(1,696)**	(1,597)

Loss per share		**2009 Pence per share**	2008 Pence per share
Basic & Diluted Loss per share	8	**(0.31)**	(0.32)

All amounts derive wholly from continuing activities.

The Company has elected to take exemption under the Companies Act 1931–2004 to not present the parent company's income statement. The loss for the parent company for the year was £1,696,646 (2008: £2,059,665).

Balance sheets
as at 30 September 2009

	Note	**Group 2009**	**Company 2009**	Group 2008	Company 2008
	Note	**£'000**	**£'000**	£'000	£'000
Assets					
Non-current assets					
Intangible assets	9	**6,309**	**-**	6,309	-
Property, plant and equipment	10,11	**910**	**22**	978	28
Investment in subsidiaries	12	**-**	**6,309**	-	6,309
Other receivables	15		**1,014**		1,470
		7,219	**7,345**	7,287	7,807
Current assets					
Inventories	14	**139**	**-**	42	-
Trade and other receivables	15	**71**	**71**	211	76
Cash and cash equivalents	16	**-**	**-**	405	99
		210	**71**	658	175
TOTAL ASSETS		**7,429**	**7,416**	7,945	7,982
Liabilities					
Current liabilities					
Trade and other payables	17	**(764)**	**(714)**	(107)	(107)
Convertible loan	18	**(809)**	**(809)**	(394)	(394)
Derivative liability	18	**(2)**	**(2)**	(26)	(26)
		(1,575)	**(1,525)**	(527)	(527)
Net current (liabilities)/ assets		**(1,365)**	**(1, 454)**	131	(352)
Non current liabilities					
Other liabilities	17	**-**	**(37)**	-	(37)
Convertible loan	18	**-**	**-**	(197)	(197)
		-	**(37)**	(197)	(234)
TOTAL LIABILITIES		**(1,575)**	**(1,562)**	(724)	(761)
Total net assets		**5,854**	**5,854**	7,221	7,221
Shareholders' equity					
Share capital	20	**2,798**	**2,798**	2,690	2,690
Share premium	21	**7,539**	**7,539**	7,489	7,489
Warrant reserve	22	**1,077**	**1,077**	1,015	1,015
Retained earnings		**(5,560)**	**(5,560)**	(3,973)	(3,973)
Total equity		**5,854**	**5,854**	7,221	7,221

The accounts on pages 8 to 33 were approved by the Board of Directors on 31 January 2011.

Stephen Komlosy — Director

John May — Director

Consolidated and Company statement of changes in equity

for the financial year ended 30 September 2009

		Attributable to the equity holders of the parent – Group					Attributable to the equity holders of the parent – Company				
	Note	Share capital	Share premium	Warrant reserve	Retained earnings	Total	Share capital	Share premium	Warrant reserve	Retained earnings	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Restated balance at 1 October 2007		2,217	6,717	448	(2,376)	7,006	2,217	6,717	448	(1,914)	7,468
Loss for the financial year		-	-	-	(1,597)	(1,597)	-	-	-	(2,059)	(2,059)
Total recognised income and expense for the period		-	-	-	(1,597)	(1,597)	-	-	-	(2,059)	(2,059)
Issue of share capital		473	1,011	-	-	1,484	473	1,011	-	-	1,484
Costs of issue of share capital			(239)			(239)	-	(239)	-	-	(239)
Recognition of share-based payments		-	-	567	-	567	-	-	567	-	567
Balance at 30 September 2008		**2,690**	**7,489**	**1,015**	**(3,973)**	**7,221**	**2,690**	**7,489**	**1,015**	**(3,973)**	**7,221**
Loss for the financial year	2	-	-	-	(1,696)	(1,696)	-	-	-	(1,696)	(1,696)
Total recognised income and expense for the period		-	-	-	(1,696)	(1,696)	-	-	-	(1,696)	(1,696)
Issue of share capital	20	108	50	-	-	158	108	50	-	-	158
Lapsed warrants in year	22	-	-	(109)	109	-	-	-	(109)	109	-
Recognition of share-based payments	22	-	-	171	-	171	-	-	171	-	171
At 30 September 2009		**2,798**	**7,539**	**1,077**	**(5,560)**	**5,854**	**2,798**	**7,539**	**1,077**	**(5,560)**	**5,854**

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 earnings	Cumulative net gains and losses recognised in the consolidated income statement.

Consolidated cash flow statements
for the financial year ended 30 September 2009

	Note	**Group 2009 £'000**	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Cash flows from operating activities					
Loss after tax	2	**(1,696)**	**(1,696)**	(1,597)	(2,059)
Impairment of oil leases		**-**	**-**	71	-
Impairment of Group balances		**-**	**694**	-	1,469
Impairment of available for sale financial assets	13	**-**	**-**	56	56
Loss on disposal of oil & gas property		**-**	**-**	99	-
Amortisation	10	**64**	**-**	73	-
Depreciation	10,11	**6**	**6**	3	3
Share-based payments	22	**321**	**321**	402	402
Finance income	3	**-**	**-**	(4)	(4)
Finance costs	4	**444**	**444**	124	124
(Increase) in inventories	14	**(97)**	**-**	(42)	-
Decrease/(increase) in trade and other receivables	15	**140**	**18**	(157)	(446)
Increase/(decrease) in trade and other payables	17	**675**	**168**	(78)	(76)
Currency translation differences		**-**	**-**	(24)	-
Cash used in operations		**(143)**	**(45)**	(1,074)	(531)
Cash flows from investing activities					
Purchase of equipment	10	**-**	**-**	(25)	(25)
Loans to group companies		**-**	**670**	-	317
Purchase of oil leases	10	**(232)**	**-**	(660)	-
Proceeds from disposal of oil & gas asset		**-**	**-**	315	-
Movement in intercompany loans		**-**	**(694)**	-	(1,139)
Financial income	3	**-**	**-**	4	4
Net cash from investing activities		**(232)**	**(25)**	(366)	(1,160)
Cash flows from financing activities					
Proceeds from issue of share capital	20	**-**	**-**	1,232	1,232
Proceeds from issue of loan note	18	**-**	**-**	771	771
Costs of loan note	18	**-**	**-**	(75)	(75)
Costs of issuing share capital	20	**-**	**-**	(207)	(207)
Loan repayment	18	**(146)**	**(146)**	-	-
Loan interest paid	18	**(53)**	**(53)**	(32)	(32)
Net cash generated from financing activities		**(199)**	**(199)**	1,689	1,689
Net (decrease)/ increase in cash and cash equivalents		**(574)**	**(268)**	249	(2)
Exchange gain on cash and cash equivalents		**-**	**-**	20	-
Cash and cash equivalents at beginning of financial period		**405**	**99**	136	101
Cash and cash equivalents at end of financial period		**(169)**	**(169)**	405	99

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

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 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; (Note 9)
- Impairment of intangible assets and property, plant and equipment (Note 10);
- 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);
- Contingent liabilities (Note 25);

The Group has consistently applied all applicable accounting standards.

Going concern

In order to ensure the development of its assets the Group will require further funds to finance its committed work programme on the assets. The Directors are in advanced negotiations with a number of potential investors for the injection of sufficient new capital, via further equity raisings or debt finance, which would provide sufficient funds to allow the Group and Company to meet its commitments. The Directors are confident of being able to raise the necessary funding. Based on the above the Directors consider it appropriate to continue to prepare the financial statements of the Company on a going concern basis. However there can be no guarantee that the required funding will be raised within the necessary timeframe therefore a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

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)
• IFRIC 11	Group Treasury Share Transactions	1 March 2007

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

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)
• IFRIC 12	Service concession arrangements	1 Jan 2008
• IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction	1 Jan 2008
• IFRIC 13	Customer loyalty programmes	1 Jul 2008
• IAS 39/IFRS7	Reclassification of financial instruments – Effective date and transition	1 Jul 2008
• IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 Oct 2008

1.2 Future changes in accounting standards (continued)

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
• IFRS 1	Additional exemptions for first-time adopters	1 Jan 2010
• IFRS 2	Amendment – Group Cash-settled Share Based payment transactions	1 Jan 2010
Various	Improvements to IFRSs (2009)	generally 1 Jan 2010
• IAS32	Amendment – Classification of Rights Issues	1 Feb 2010
• IFRIC19	Extinguishing Financial Liabilities with Equity Instruments	1 Apr 2010
• IFRS 1	Amendment – first time adopters of IFRS	1 Jul 2010
• IAS24	Revised – Related party disclosures	1 Jan 2011
• IFRIC 14 and IAS19	Amendment to IFRIC 14 – IAS 19 Limit on a defined benefit asset, Minimum funding requirements and their interaction	1 Jan 2011
• IFRS 7*	Disclosures – Transfers of Finance Assets	1 Jul 2011
• IFRS1*	Severe hyperinflation and remove of fixed dates for first time adopters	1 Jan 2013
Various *	Improvements to IFRSs (2010)	genereally 1 Jan 2011
• IAS 12*	Deferred tax –recovery of underlying assets	1 Jul 2012
• IFRS 9*	Financial instruments	1 Jul 2013

The adoption of IFRS 8 and the amendment to IAS 1 and IFRS 7 will affect the presentation and disclosure of the financial statements. The amendment to IAS 23 and IFRS 2 are not expected to have any financial effect in the year of adoption.

In addition the adoption of IFRS 3 Revised, which would materially affect the presentation and financial impact of a business combination, the above standards, interpretations and amendments will not significantly affect the Group's results or financial position. 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 2009. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for on the purchase basis. 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 income statement.

1.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and rewards that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and reward that are different from those of segments operating in other economic environments.

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 further segmental analysis by business segment is required; the Group's secondary business segments are oil production and investing acitivities. The Directors consider that no further segmentation is appropriate. 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 Israel and is recognised when the oil is received by the customer, and are net of taxes and royalty interests.

1.6 Interest income

Interest income is accounted for on an effective interest basis.

1.7 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.

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 10.

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.

1.8 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.

1.9 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.

1.10 Asset disposals

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

1.11 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 Income Statement headings. The Group's principal licence interests in Israel are jointly controlled assets.

1.12 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 balance sheet date. Taxable profit differs from net profit as reported in the income statement 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 balance sheet 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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.13 Inventories

Inventories are stated at the lower of cost and net realisable value.

1.14 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 balance sheet date and income statement 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 income statement for that period.

1.15 Operating leases

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

1.16 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 is taken to profit or loss.

1.17 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 income statement. 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 income statement (operating loss).

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

1.18 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.

1.19 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.

1.20 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 income statement 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.

1.21 Share capital

Ordinary shares are classified as equity.

1.22 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.

1.23 Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provision for diminution in value.

1.24 Financial risk management

Financial risk factors

The Group's 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 and Israeli shekel. The Group holds equity investments that are either US companies or have US operations. The Group also holds cash in US dollar bank accounts. Through the Farm-in agreement with its joint venture partner in Israel, the Group is exposed to the Israeli shekel.

b) Interest rate risk

The Group has interest bearing assets in cash balances of £169,000 overdrawn (2008:£405,000 asset). Interest earned on cash balances is not significant. The Group has a fixed rate convertible loan note, which is described in Note 18. Interest charged against overdraft 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.

2. Segmental reporting - *Analysis by geographical segment*

Based on an analysis of risks and returns, the Directors consider that the Group has one primary business segment; geographical location, the table below is the analysis of the Group by geography its primary reporting segment.

Year ended 30 September	Israel 2009 £'000	United States 2009 £'000	United Kingdom 2009 £'000	Total 2009 £'000	Israel 2008 £'000	United States 2008 £'000	United Kingdom 2008 £'000	Total 2008 £'000
Continuing activities								
Revenue	**130**	**5**	**-**	**135**	-	81	-	81
Cost of sales	**(437)**	**(6)**	**(15)**	**(458)**	(314)	(51)	(19)	(384)
Gross (loss)/profit	**(307)**	**(1)**	**(15)**	**(323)**	(314)	30	(19)	(303)
Amortisation	**(26)**	**(38)**	**-**	**(64)**	-	(73)	(56)	(129)
Depreciation	**-**	**-**	**(6)**	**(6)**	-	-	(3)	(3)
Share based payments	**-**	**-**	**(171)**	**(171)**	-	-	(402)	(402)
Administrative expenses	**(21)**	**-**	**(708)**	**(729)**	(42)	(213)	(545)	(800)
Operating loss	**(354)**	**(39)**	**(900)**	**(1,293)**	(356)	(256)	(1,025)	(1,637)
Financial income	**-**	**-**	**41**	**41**	-	-	164	164
Finance costs	**-**	**-**	**(444)**	**(444)**	-	-	(124)	(124)
(Loss) for the year	**(354)**	**(39)**	**(1,303)**	**(1,696)**	(356)	(256)	(985)	(1,597)
Current assets:								
– property, plant and equipment	**-**	**-**	**22**	**22**	-	-	28	28
– intangible asset	**-**	**6,309**	**-**	**6,309**	-	6,309	-	6,309
– oil properties	**888**	**-**	**-**	**888**	914	36	-	950
Inventories	**139**	**-**	**-**	**139**	42	-	-	42
Trade and other receivables	**-**	**-**	**71**	**71**	122	10	79	211
Cash and cash equivalents	**-**	**-**	**-**	**-**	-	305	100	405
Total assets	**1,027**	**6,309**	**93**	**7,429**	1,078	6,660	207	7,945
Current liabilities:								
Trade and other payables	**(50)**	**-**	**(714)**	**(764)**	-	-	(107)	(107)
Convertible loan	**-**	**-**	**(809)**	**(809)**	-	-	(394)	(394)
Derivative liability	**-**	**-**	**(2)**	**(2)**	-	-	(26)	(26)
	(50)	**-**	**(1,525)**	**(1,575)**	-	-	(527)	(527)
Non-current liabilities:								
Convertible loan	**-**	**-**	**-**	**-**	-	-	(197)	(197)
	-	**-**	**-**	**-**	-	-	(197)	(197)
Total liabilities	**(50)**	**-**	**(1,525)**	**(1,575)**	-	-	(724)	(724)

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

2. Segmental reporting (continued) - *Analysis by business segment*

Furthermore the Directors consider that further segmental analysis by business segments is also required, the Group's secondary business segments are oil production and investing activities, which is included in the table below. The Directors consider that no further segmentation is appropriate.

Year ended 30 September	**Oil production activities 2009**	**Exploration activities 2009**	**Central costs 2009**	**Total 2009**	Oil production activities 2008	Exploration activities 2008	Central costs 2008	Total 2008
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Continuing activities								
Revenue	**135**	**-**	**-**	**135**	81	-	-	81
Cost of sales	**(443)**	**-**	**(15)**	**(458)**	(377)	-	(7)	(384)
Gross loss	**(308)**	**-**	**(15)**	**(323)**	(296)	-	(7)	(303)
Amortisation	**(64)**	**-**	**-**	**(64)**	(73)	-	(56)	(129)
Depreciation	**-**	**-**	**(6)**	**(6)**	-	-	(3)	(3)
Share based payments	**-**	**-**	**(171)**	**(171)**	-	-	(402)	(402)
Administrative expenses	**(21)**	**-**	**(708)**	**(729)**	(42)	-	(758)	(800)
Operating loss	**(393)**	**-**	**(900)**	**(1,293)**	(411)	-	(1,226)	(1,637)
Financial income	**-**	**-**	**41**	**41**	-	-	164	164
Finance costs	**-**	**-**	**(444)**	**(444)**	-	-	(124)	(124)
Loss for the year	**(393)**	**-**	**(1,303)**	**(1,696)**	(411)	-	(1,186)	(1,597)
Current assets:								
– property, plant and equipment	**-**	**-**	**22**	**22**	-	-	28	28
– intangible assets	**-**	**6,309**	**-**	**6,309**	-	6,309	-	6,309
– oil properties	**888**	**-**	**-**	**888**	950	-	-	950
Inventories	**139**	**-**	**-**	**139**	42	-	-	42
Trade and other receivables	**-**	**-**	**71**	**71**	132	-	79	211
Cash and cash equivalents	**-**	**-**	**-**	**-**	305	-	100	405
Total assets	**1,027**	**6,309**	**93**	**7,429**	1,429	6,309	207	7,945
Current liabilities:								
Trade and other payables	**(50)**	**-**	**(714)**	**(764)**	-	-	(107)	(107)
Convertible loan	**-**	**-**	**(809)**	**(809)**	(394)	-	-	(394)
Derivative liability	**-**	**-**	**(2)**	**(2)**	(26)	-	-	(26)
	(50)	**-**	**(1,525)**	**(1,575)**	(420)	-	(107)	(527)
Non current liabilities:								
Convertible loan	**-**	**-**	**-**	**-**	(197)	-	-	(197)
					(197)	-	-	(197)
Total liabilities	**(50)**	**-**	**(1,525)**	**(1,575)**	(617)	-	(107)	(724)

3. Finance income

	2009	2008
	£'000	£'000
Interest on bank deposits	**-**	4
Gain on derivative element of loan note (Note 18)	**24**	135
Foreign exchange	**17**	25
	41	164

4. Finance costs

	2009	2008
	£'000	£'000
Interest on loan note (Note 18)	**291**	124
Bank overdraft charges	**20**	-
Foreign exchange	**133**	-
	444	124

5. Loss before taxation

	2009	2008
The following items have been charged/(credited)in arriving at operating loss:	**£'000**	£'000
Depreciation of property, plant and equipment	**6**	3
Amortisation	**64**	73
Oil lease impairment	**-**	71
Investment impairment	**-**	56
Directors' fees and wages	**174**	147
Share-based payments charge – income statement	**171**	402
Auditors' remuneration:		
– audit services	**30**	25
Rentals payable in respect of land and buildings	**37**	81
Foreign exchange gain	**-**	(20)

6. Taxation

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

Factors affecting the tax credit:

	2009	2008
	£'000	£'000
Loss on ordinary activities before tax	**(1,696)**	(1,597)
Loss on ordinary activities at standard rate of corporation tax in the UK of 28% (2008 - 30%)	**(475)**	(479)
Effects of:		
Excess management expenses carried forward	**298**	423
Expenses not deductible for tax purposes	**177**	56
Tax charge for the financial year	**-**	-

The Company has tax losses in respect of excess management expenses of £2,574,638 (2008: £1,941,491) available for offset against future Company income. This gives rise to a potential deferred tax asset at the balance sheet date of £772,391 (2008: £582,447). 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. The Group, through its subsidiaries has available tax losses of £1,236,403 (2008: £921,616) and £683,819 (2008: £356,413) in the US and Israel respectively which are available to be carried forward and utilised against future profits in accordance with the tax laws of each jurisdiction.

7. 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 year. Further details of which are included in Note 22. The amounts paid for their services are detailed below:

	Fees	**Wages**	**Share-based payments**	**Total**	Fees	Wages	Share-based payments	Total
	2009	**2009**	**2009**	**2009**	2008	2008	2008	2008
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
S A Komlosy	**45**	**5**	**60**	**110**	38	3	79	120
H Crosby	**-**	**-**	**-**	**-**	-	-	20	20
J Ryan	**-**	**-**	**-**	**-**	-	-	20	20
G M Thompson	**45**	**5**	**60**	**110**	38	3	79	120
J J May	**45**	**5**	**60**	**110**	38	3	79	120
P Hughes	**24**	**-**	**-**	**24**	24	-	-	24
Total employment costs	**159**	**15**	**180**	**354**	138	9	277	424

8. 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 earnings and weighted average number of shares used in the calculations are set out below.

	Losses	Weighted average Number of shares	Per share Amount
Financial year ended 30 September 2009	**£'000**	**'000**	**Pence**
Basic and Diluted EPS			
Losses attributable to ordinary shareholders	**(1,696)**	**541,505**	**(0.31)**
Financial year ended 30 September 2008	£'000	000	Pence
Basic and Diluted EPS			
Losses attributable to ordinary shareholders	(1,597)	493,476	(0.32)

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. Subsequent to the year end the Group issued shares, detailed in Note 20 and there were significant movements in the outstanding warrants (Note 22).

9. Intangible assets

	Oil & Gas exploration assets (restated) £'000
Cost and net book value at	
30 September 2007, 2008 and 2009	**6,309**

The intangible asset comprises 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 unevaluated Oil & Gas properties at the reporting date, the Directors concluded that, although no exploration activity has been undertaken during the year ended 30 September 2009, 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.

10. Group property, plant and equipment

	Oil properties	Fixtures, fittings and equipment	Total
Cost	**£'000**	**£'000**	**£'000**
Restated at 30 September 2007	586	7	593
Additions	907	25	932
Disposal	(490)	-	(490)
Impairment	(71)	-	(71)
Exchange difference	56	-	56
At 30 September 2008	988	32	1,020
Exchange difference	2	-	2
At 30 September 2009	**990**	**32**	**1,022**
Depreciation			
Restated at 30 September 2007	(41)	(1)	(42)
Charge in year	(73)	(3)	(76)
Disposal	76	-	76
At 30 September 2008	(38)	(4)	(42)
Charge in year	(64)	(6)	(70)
At 30 September 2009	**(102)**	**(10)**	**(112)**
Net book value			
At 30 September 2009	**888**	**22**	**910**
At 30 September 2008	950	28	978
At 30 September 2007	545	6	551

The Group held interests in production wells in the USA comprising two separate wells, "Flusche" and "Rock Crossing", and a 50% holding in the Mark III leases, "Saratoga and Abel" in Lubbock County, Texas. In March 2008 the Flusche well ceased to produce and was plugged. The costs of Flusche and Rock Crossing have been depreciated in full. The Group sold its interest in Mark III in August 2008.

On 2nd April 2008 TomCo announced that it had completed the Farm-in of interests in two petroleum licenses (the "Heletz fields"), onshore Israel from Avenue Group Inc (AVNU.OB), a New York based USA listed Oil & Gas Company, ("Avenue"). The interests acquired were a 50% interest in the Heletz-Kokhav License and a 25% interest in the Iris License (the "Licenses"), In December 2009, following the issuance of certain preferred stock by Avenue Energy Israel to debenture holders, TomCo's participation interest percentage was reduced by 9% (to 45.5% in relation to Heletz-Kochav Licence and 22.75% in relation to Iris Licence).

On 16 December 2010, a Compromise Agreement between TomCo and Avenue was signed under which all Previous Agreements are 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 (Note 26).

11. Company property, plant and equipment

	Total
	Fixtures, fittings and equipment
Cost	**£'000**
At 1 October 2007	7
Additions	25
At 30 September 2008 and 2009	**32**
At 1 October 2007	(1)
Depreciation	(3)
At 30 September 2008	**(4)**
Depreciation	(6)
At 30 September 2009	**(10)**
Net book value	
At 30 September 2009	**22**
At 30 September 2008	28
At 30 September 2007	6

12. Company investment in subsidiaries

Shares in Group undertakings

	Total
	Restated
Cost	**£'000**
At 30 September 2008 and 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 and TomCo III LLC, both incorporated in Delaware, USA. TomCo II is engaged in the exploration and extraction of oil and gas through joint investment in oil leases.

During 2009, the registration of TomCo III was not renewed.

13. Available-for-sale financial assets

Cost or valuation	Unlisted investments £'000
At 30 September 2007	173
Exchange difference	7
At 30 September 2008 and at 30 September 2009	**180**

Provisions	
At 1 October 2007	124
Increase in provision	56
At 30 September 2008 and at 30 September 2009	180

Fair value	
At 30 September 2009	**-**
At 30 September 2008	-
At 30 September 2007	49

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	49

The Directors have provided in full for all the investments in equity securities due to the uncertain futures of the Companies.

14. Inventories

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Inventories	139	-	42	-
	139	-	42	-

15. Trade and other receivables

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Trade receivables	**10**	**10**	15	12
Other receivables	**7**	**7**	134	12
Prepayments and accrued income	**54**	**54**	62	52
	71	**71**	211	76
Non-Current Receivables				
Amounts owed by Group undertakings	**-**	**1,014**	-	1,470
Total Receivables	**71**	**1,085**	211	1,546

As at 30 September 2009 there were no receivables considered past due (2008: £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 £644,720 (2008: £1,469,588). 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. In the opinion of the directors the carrying value of the financial assets approximates to their fair value.

16. Cash and cash equivalents

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Cash at bank and in hand	**-**	**-**	405	99
		2009		2008
Effective variable interest rate on short term bank deposits (%)		**-**		1.0

17. Trade and other payables

Current	**Group 2009 £'000**	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Trade payables	**332**	**332**	75	75
Other payables	**84**	**34**	13	13
Accruals	**179**	**179**	19	19
Bank overdraft	**169**	**169**	-	-
	764	**714**	107	107
Non-Current Payables				
Amounts owed to Group undertakings	**-**	**37**	-	37
Total Payables	**764**	**751**	107	144

All 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

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Current:				
Loan note	**688**	**688**	394	394
Derivative element	**2**	**2**	26	26
	690	**690**	420	420
Non current:				
Loan note	**-**	**-**	197	197
	-	**-**	197	197
Total	**690**	**690**	617	617

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. The Company has also issued to Trafalgar 7,000,000 warrants (Note 22) with a three years term and an exercise price of 1.63p. Additionally, TomCo paid a fee of €25,000 (£12,500) to Trafalgar which was satisfied by the issue of 1,179,562 ordinary shares of the Company at a price of 1.66p per share. As at 30 September 2009, if the Loan Note had been converted, it would equate to 37,887,398 (2008: 38,580,250) shares.

As the conversion option is denominated in foreign currency terms 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 Note does not meet the definition of a compound financial instrument. Instead the note (the host contract) is a hybrid financial instrument and the option to convert is an embedded derivative. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the note reduced by the fair value of the embedded derivatives and is subsequently carried at each reporting date at amortised cost.

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 profit or loss as they arise.

On inception these principles were reflected as follows:

	Group and Company 2008 £'000
Proceeds from issue of convertible loan	771
Loan transaction costs	(111)
Net Proceeds from convertible loan	660
Convertible loan debt portion – amortised cost	499
Derivative financial instruments – fair value	161
	660

Subsequent to inception the instrument is accounted for as follows:

	Group and Company 2009	Group and Company 2008
Convertible loan debt portion – amortised cost	**£'000**	£'000
Brought forward/ at inception	**591**	499
Interest charged	**258**	92
Repayment	**(139)**	-
Foreign exchange movement	**132**	-
Interest paid	**(33)**	-
Carried forward	**809**	591
Derivative financial instruments – conversion option		
Brought forward/ at inception	**26**	161
Fair value movement – gain	**(24)**	(135)
Carried forward	**2**	26

18. Financial liabilities (continued)

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:

	30 September 2009	30 September 2008	At inception 2008
Option term	**0.5 years**	1.5 years	2 years
Share price	**0.92p**	0.92p	1.79p
Exercise price	**2.0p**	2.0p	2.24p
Risk free rate	**5%**	5%	5%
Expected volatility	**55%**	55%	55%
Exchange rate	**£1: €1.09975**	£1: €1.2644	£1: €1.296

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 transaction in the same instrument.

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.

	2009	2008
	£'000	£'000
Losses carried forward	**2,575**	1,941

20. Share capital

	2009	2008
	£	£
Authorised		
1,000,000,000 ordinary shares of £0.005 each	**5,000,000**	5,000,000
	5,000,000	5,000,000
Issued and fully paid		
Brought forward	**2,690,246**	2,217,255
Allotted during year:		
March 2008	**-**	406,324
April 2008	**-**	66,667
March 2009	**7,500**	-
August 2009	**100,000**	-
	107,500	472,991
559,549,151 ordinary shares of £0.005 each (2008: 538,049,151 ordinary shares of £0.005 each)	**2,797,746**	2,690,246

Post balance sheet, the company has issued 200,000,000 ordinary shares (nominal value: £1,000,000) at an average price of £0.0073. The total number of ordinary shares in issue post balance sheet is 759,549,151 (nominal value: £3,797,745).

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.

Under the terms of the SEDA and subject to conditions:

1. GEM receives an arrangement fee of £50,000 (payable by way of deduction from future draw downs).

2. The Company may issue a Subscription Notice ("Notice") requesting GEM to subscribe for a number of Shares up to a maximum of 500 per cent. of the average daily trading volume in the 15 trading days immediately preceding the date of the Notice at a price equal to 90 per cent. of the average closing bid price of the Shares over the 15 trading days immediately following that date. GEM retains the right to buy between 50 per cent. and 200 per cent. of any requested amount of Shares.

3. The Company has issued warrants to GEM over 34,666,667 shares (Note 22) which are exercisable at 1.5 pence per share. The warrants are exercisable for a period of three years from the date of issue.

At 30 September 2009, £4,992,500 of the facility remained undrawn.

21. Share premium

	2009	2008
	£000	£000
At 1 October	**7,489**	6,717
Premium on shares issued in the year (Note 20)	**50**	1,011
Expenses of issue	**-**	(239)
At 30 September	**7,539**	7,489

22. Share-based payments

At 30 September 2009, the following share warrants granted for services and shares are outstanding in respect of the ordinary shares:

	2009 number	**2009 Weighted average exercise price pence**	2008 number	2008 Weighted average exercise price pence
Outstanding at 1 October	**147,481,135**	**2.5**	45,802,479	2.5
Granted during the year	**138,096,667**	**1.31**	101,678,656	2.4
Lapsed during the year	**(40,400,000)**	**-**	-	-
Outstanding at 30 September	**245,177,802**	**1.3**	147,481,135	2.4
Exercisable at 30 September	**245,177,802**	**1.9**	147,481,135	2.4

22. Share-based payments (continued)

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.

During 2008, following an issue of equity raising £1.2 million before expenses, 80,800,000 warrants were issued under the following conditions: for each 2 shares placed, one warrant was attached to subscribe for a new ordinary share at 2.5 pence with a duration of 13 months; and a further warrant at an exercise price of 5 pence 13 months from the date of exercise of the first warrant, conditional on the first warrant being exercised. During the year all the 80,800,000 warrants have lapsed.

103,430,000 warrants for services provided were granted with an estimated fair value charged to the income statement of £149,319. A further 34,666,667 warrants were granted as part of a fee for a credit line facility (Note 20), with an estimated fair value of £21,276 charged to the income statement. Following the year end, 103,000,000 warrants were exercised.

The warrants outstanding at 30 September 2009 had a weighted average exercise price of 1.31 pence and a weighted average remaining contractual life of 3.75 years.

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

	2009	2008
Weighted average share price (pence)	**0.38**	1.75
Weighted average exercise price (pence)	**1.31**	2.4
Expected volatility	**55%**	55%
Risk-free rate	**5%**	5%
Weighted average remaining contractual life (years)	**3.75**	2.67

Expected volatility was determined by calculating the historical volatility of the Company's share price using Bloomberg 1 year volatility curve. 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.

Following year end, of the 245,177,802 warrants outstanding at the year end, 103,000,000 have been exercised and a further 4,000,000 have been granted.

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 balance sheet 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.

23. Financial instruments (continued)

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.

Liquidity risk

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

	Group	**Company**	Group	Company
	2009	**2009**	2008	2008
Current	**£'000**	**£'000**	£'000	£'000
British Pounds	**(10)**	**(10)**	100	99
US Dollars	**(159)**	**(159)**	306	1
Euros	**-**	**-**	(1)	(1)
Total	**(169)**	**(169)**	405	99

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 note (Note 18) is due for repayment within 2 years. However, as disclosed in Note 26, following the subscription of 200,000,000 ordinary shares in the Company netting to £1,352,500 for the Company before expenses the original loan note was repaid in full.

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.

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

The Group considers its capital to comprise its ordinary share capital, share premium, retained earnings and the funding provided through loan notes issued as reported in the Group Balance Sheet.

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, 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 during the year are summarised below:

Funding provided to Luton Kennedy Limited	£231,703	(2008: £440,488)
Inter-group receivable outstanding at year end	£1,013,935	(2008: £1,470,580)
Inter-group payable outstanding at year end	£36,515	(2008: £37,109)
Expenses paid by the parent company on behalf of subsidiaries	£27,043	(2008: £106,491)

25. Contingent Liabilities

Following the Compromise Agreement signed on 16 December 2010 with Avenue (Note 26), the Group has no contingent liabilities.

26. Post balance sheet events

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 Amendment") 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 15 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 12 March 2010 ('Second Addendum') and at that time TomCo advanced a further $200,000 repayable if closing of the First Addendum had not occurred within eight calendar weeks.

On 16 December 2010, a Compromise Agreement between TomCo and Avenue was signed under which all Previous Agreements are 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 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. As a result, the likely impairment of the carrying value of the investment in Heletz at 31 December 2009 is £887,746.

26. Post Balance Sheet Events (continued)

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 (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 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.

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.

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 Process, 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 Process. 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.

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
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1525 West W.T. Harris Boulevard
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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.

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

	Note	Group						Company					
		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)**

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

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.

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.

	United States	**United Kingdom**	**Total**	Israel	United States	United Kingdom	Total
Year ended 30 September	**2010**	**2010**	**2010**	2009	2009	2009	2009
	£'000	**£'000**	**£'000**	£'000	£'000	£'000	£'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	**Wages**	**Share-based payments**	**Total**	Fees	Wages	Share-based payments	Total
	2010	**2010**	**2010**	**2010**	2009	2009	2009	2009
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'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 first 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.

TOMCO ENERGY PLC
(“Tomco” or the “Company”)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 March 2011

Tomco Energy Plc, the US focused petroleum exploration and production company, announces its interim results for the six months ended 31 March 2011.

HIGHLIGHTS:

- Nine core-holes totalling 1,698 ft drilled on Holliday Block property in Unitah County during October - November 2010. The holes were all successfully logged, and site re-habilitation is now complete.
- Updated Mineral Resource Estimate for the Holliday Block property 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.
- Signed compromise agreement with Avenue Energy Israel terminating the Farm-Out Agreement, the Joint Operating Agreement and Addenda ("Original Agreements"), relinquishing the Group’s interests in the two Heletz Licenses

CHAIRMAN’S STATEMENT & REVIEW OF OPERATIONS

A great deal of work has been done in the period under review to prepare the Company for its return to the AIM market and to prepare the company for the future success of our plans to enter into production at our target Oil Shale lease in the Holliday Block in Unitah County in Utah.

SRK the independent firm of geologists completed the Company’s 9 core hole drilling programme at the Holliday Block reporting an up-grade of our recourses at that lease from “inferred” to 123 million barrels potential “Indicated” under the JORC Code.

This up-grade in our resources has been a major positive factor in the post reporting date Placing & Open Offer undertaken by the Company in order to raise the funds needed for the Company to complete its programme for the pre production development of the Holliday Block over the next eighteen months and to return to AIM. 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 (Notes 5, 7).

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.

The Company has also dealt with the legacy matter of the Israeli operation and has completed a compromise agreement with Avenue Group Inc and Avenue Energy Israel Ltd whereby the Company ceases to have any liabilities for that operation and has settled on a 10% interest in the issued share capital of the operating and lease owning company, Avenue Israel Ltd.

INDEPENDENT REVIEW REPORT TO TOMCO ENERGY PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2011 which comprises the condensed consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. 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.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

BDO LLP
Chartered Accountants and Registered Auditors
55 Baker Street
London W1U 7EU
UK
4 July 2011

Condensed consolidated statement of comprehensive income
For the period ended 31 March 2011

	Unaudited Six months ended 31 March 2011
	£'000
Revenue	**8**
Cost of sales	**(2)**
Gross profit	**6**
Administrative expenses	**(521)**
Operating loss	**(515)**
Finance income	**-**
Finance costs	**(209)**
Loss on ordinary activities before taxation	**(724)**
Taxation	**-**
Loss from continuing operations	**(724)**
Loss for the year and total comprehensive income attributable to equity shareholders of the parent	**(724)**

	Note	Unaudited Six months ended 31 March 2011
Loss per share attributable to the equity shareholders of the parent		
Basic & Diluted Loss per share	4	**(0.09)**

Condensed consolidated statement of financial position

As at 31 March 2011

	Note	Unaudited Six months ended 31 March 2011 £'000
Assets		
Non-current assets		
Intangible assets		**7,923**
Property, plant and equipment		**15**
		7,938
Current assets		
Trade and other receivables		**38**
Cash and cash equivalents		**259**
		297
TOTAL ASSETS		**8,235**
Liabilities		
Current liabilities		
Trade and other payables		**(315)**
Convertible loan	5	**(3,865)**
		(4,180)
Net current liabilities		**(3,883)**
TOTAL LIABILITIES		**(4,180)**
Total net assets		**4,055**
Shareholders' equity		
Share capital		**3,798**
Share premium		**7,907**
Warrant reserve		**928**
Retained deficit		**(8,578)**
Total equity		**4,055**

The financial information on pages 3 to 9 was approved and authorised for issue by the Board of Directors on 1 July 2011 and is signed on its behalf by:

Stephen Komlosy

Director

John May

Director

Condensed consolidated statement of changes in equity
For the six months ended 31 March 2011

	Share capital	**Share premium**	**Warrant reserve**	**Retained deficit**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Opening balance at 1 October 2010 (audited)	**3,798**	**7,907**	**928**	**(7,854)**	**4,779**
Total comprehensive loss for the period	-	-	-	(724)	(724)
At 31 March 2011 (unaudited)	**3,798**	**7,907**	**928**	**(8,578)**	**4,055**

Condensed consolidated statement of cash flows
For the period ended 31 March 2011

	Unaudited Six months ended 31 March 2011 £'000
Cash flows from operating activities	
Loss after tax	**(724)**
Depreciation	**2**
Finance costs	**209**
Increase in trade and other payables	**70**
Cash used in operations	**(443)**
Cash flows from investing activities	
Purchase of technology licence	**(647)**
Investment in oil & gas assets	**(263)**
Net cash used in investing activities	**(910)**
Cash flows from financing activities	
Proceeds from issue of loan note	**1,000**
Net cash generated from financing activities	**1,000**
Net (decrease) in cash and cash equivalents	**(353)**
Cash and cash equivalents at beginning of financial period	**612**
Cash and cash equivalents at end of financial period	**259**

UNAUDITED NOTES FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 March 2011

1. Accounting Policies

Basis of Preparation

The condensed interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The condensed interim financial information has been prepared using the accounting policies which will be applied in the Group's statutory financial information for the year ended 30 September 2011.

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 7).

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.

2. Financial reporting period

The condensed interim financial information for the period 1 October 2010 to 31 March 2011 is unaudited. In the opinion of the Directors the condensed interim financial information for the period presents fairly the financial position, results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied.

The financial information contained in this interim report does not constitute statutory accounts as defined by the Isle of Man Companies Act 2006. A copy of the statutory accounts for the year ended 30 September 2010 has yet to be delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under the provisions of the Isle of Man Companies Act 2006.

3. Revenue

Revenue is attributable to one continuing activity, which is oil production from a wholly-owned subsidiary of the Group, located in the United States.

4. Loss per share

Basic earnings per share amounts are calculated by dividing the loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding for the period.

Diluted earnings per share amounts are calculated by dividing any profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary share outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

4. Loss per share (continued)

The following reflects the loss and share data used in the basic and diluted earnings per share calculations:

	Six months ended 31 March 2011 £'000 (Unaudited)
Net loss attributable to equity holders used in basic calculation	(724)
Add back interest and accretion charge in respect of convertible loan notes	150
Net loss attributable to equity holders used in dilutive calculation	(574)
Basic weighted average number of shares	759,549,151
Dilutive potential ordinary shares	
Shares related to convertible notes	283,830,100
Employee and Director share option plans	94,857,650
Diluted weighted average number of shares	1,138,236,901

The calculation of the diluted EPS assumes all criteria giving rise to the dilution of the EPS are achieved and all outstanding share options are exercised. During the period ended 31 March 2011 the Group reported a loss, therefore, because the effect of the dilutive shares related to convertible loan notes and outstanding share options are anti-dilutive, the diluted loss per share equals the basic loss per share for this period.

5. Financial liabilities

In January 2010, TomCo issued a Convertible Loan of £2m to Kenglo One Limited with an initial term of two years with an interest rate of 12% per annum. The terms of this Agreement were varied in August 2010 and 31 December 2010, extending the repayment date and defining the conversion price 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. In August 2010, TomCo issued a further Convertible Loan of £500,000 to Kenglo One Limited on the same terms as those varied for the initial Convertible Loan.

On 31 December 2010, TomCo entered into a further Loan Agreement with Kenglo One Limited relating to an advance of £1 million 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 and an assignment of the benefit of the Licence Agreement with Red Leaf Resources Inc. The outstanding balance on the loan at 31 March 2011 was £1,026,328.

The financial liabilities recognised in the balance sheet are calculated as follows:

	Six months ended 31 March 2011 £'000 (Unaudited)
Convertible Loans	
Liability at 1 October 2010	**2,689**
Interest expense	**150**
Liability at 31 March	**2,839**
Loans	
Liability	**1,000**
Interest expense	**26**
Liability at 31 March	**1,026**
Total financial liabilities at 31 March	**3,865**

6. Interim dividends

No interim dividend has been declared.

7. Subsequent events

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 first 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