An African Energy Company

ANNUAL REPORT & ACCOUNTS

30 June 2007

Company Registration No 5047425

CONTENTS

Directors' Report 3
Independent Auditor's Report 9
Group Income Statement 10
Statement of Changes in Equity 11
Group Balance Sheet 12
Company Balance Sheet 13
Group Cash Flow Statement 14
Company Cash Flow Statement 16
Notes to the Accounts 18
Corporate Directory 48

The Directors of Ophir present their annual report on the affairs of the Group together with the accounts and auditors' report for the year ended 30 June 2007.

Principal Activities

The principal activity of the Group is exploration for oil and gas.

Review of Operations and Future Developments

Since the publication of the last financial report in October 2006, the Company has continued to develop its portfolio of acreage in Africa through an ongoing programme of geoscientific analysis, acquisition of new data, enhancement of existing data and the signing of a new deepwater exploration contract in the maritime zone jointly administered by Senegal and Guinea Bissau.

Ophir currently has interests in 16 exploration projects in eight different jurisdictions in Africa.

Jurisdiction	Asset	Paying interest (%)	Beneficial interest (%)	Gross Area (km^2)
Equatorial Guinea (Operator)	Block R	100	80	2,681
Gabon (Operator)	Mbeli	100	90[1]	3,384
Gabon (Operator)	Ntsina	100	90[1]	3,299
Gabon (Operator)	Manga	100	85[1]	3,455
Gabon (Operator)	Gnondo	100	90[1]	2,574
Tanzania (Operator)	Block 1	100	88[2]	13,538
Tanzania (Operator)	Bock 3	100	85[2]	10,595
Tanzania (Operator) [3]	Block 4	100	85[2]	10,007
AGC (Sénégal/Guinéa Bissau Common Zone) (Operator)	Profond	100	83-88[3]	9,838
Somaliland (primarily onshore) (Operator)[4]	Berbera	75	75	16,270
SADR (Operator)[5]	Daora	50	50	17,540
SADR (Operator)[5]	Haouza	50	50	17,277
SADR (Operator)[5]	Mahbes	50	50	16,338
SADR (Operator)[5]	Mijek	50	50	23,172
Nigeria - Sao Tome e Principe JDZ	Block 3	4	4	666
Congo (Brazzaville)	Marine IX	35	31.5	1,044

Notes:

(1) The Government of Gabon has a 10 per cent. (15 per cent. in the case of Manga) beneficial interest from the start of production.

(2) TPDC has a 12 per cent. back-in right in Block 1 and a 15 per cent. back-in right in each of Blocks 3 and 4, in each case, from the start of production. A private partner currently has an entitlement to the equivalent of a 5 per cent. beneficial interest financed through the proceeds of production with the Group having a right to pro-rata cost recovery (relative to such interest) plus interest at a rate of LIBOR plus 3 per cent. Such entitlement should be deducted from the Company's beneficial interest in assessing its economic interest.

(3) Enterprise AGC has a 12 per cent. beneficial interest, with an option to increase such beneficial interest by a maximum of 5 per cent.

(4) The Berbera PSC was granted by the Government of Somaliland. Although a declaration of independence was made by Somaliland in 1991, it is yet to be recognised as a sovereign state by the UN. The Company's rights under this PSC remain uncertain pending recognition of sovereignty.

(5) Title remains subject to the approval of a UN Resolution granting the Saharawi Arab Democratic Republic ("SADR") international recognition as an independent and sovereign state.

The majority of the Company's interests lie offshore in water depths greater than 250 metres and are thus classified as "deepwater". The core strategy of the Company requires the creation of value for shareholders through the discovery and ultimately the production of oil and gas reserves. This requires access to suitable drilling equipment capable of operating in deepwater. According to market research conducted by Fearnley Offshore AS, 100% of the available deepwater rig fleet is currently being utilized and the level of utilization is expected to remain at or near 100% for several years.

To ensure reliable long-term access to suitable drilling equipment, the Company has entered into rig sharing agreements to secure access to two deepwater drill ships which will provide up to 430 days of drilling time split into four discrete drilling campaigns over a three to four year period commencing in Q1 2008.

Ophir's performance under the longer of the two rig share agreements accounting for c. 300 days of rig time is secured via a letter of credit facility provided by Standard Bank Plc. The Company has deposited approximately US$40 million in an account with Standard Bank as security for the letter of credit facility. The amount held as security will be drawn down progressively as Ophir meets its obligations under the relevant rig share agreements.

The Company has paid a deposit of approximately US$13.5 million as security of its performance under the shorter of the two rig sharing agreements covering approximately 135 days of rig time. The deposit will be offset against payments made under the relevant rig sharing agreement.

The first drilling campaign is due to commence in Q1 2008 and will result in the drilling of 2-3 wells in the Company's assets in Equatorial Guinea and 2-4 wells in Gabon. The Company proposes to finance these drilling activities through the issue of new shares and has retained JP Morgan Cazenove Limited to act as its Placing Agent.

Details of significant events since the balance sheet date are set out in Note 27 to the accounts.

Risks

As an exploration company in the oil and gas sector the Company operates in an inherently risky sector and faces a large number of risks including:

Discovery Risk:	Risk that no economically producible oil or gas will be discovered or found to be present in the Company's assets described in this report.
No Current Production:	The Company does not currently produce any oil or gas and there can be no assurance that the Company will ever do so.

Capital Intensive Business:	The drilling of wells to discover whether there is oil or gas is a highly capital intensive business and will require the Company to raise the capital in the future.
Political Risk:	Some of the countries in which the Company operates are in areas of the world where there is political uncertainty and where the rule of law is not necessarily enforced.
Competition:	There is a great deal of competition for every public round of bidding for exploration blocks throughout Africa.
Oil Price:	The Company's asset value and the economic viability of its exploration projects depend on the price of oil and the Company's ability to raise funds in the future is likely to be sensitive to the price of oil.
No Market for the Company's Shares:	Although the Directors intend to obtain a listing on a stock exchange at some stage in the future, none of the Company's shares are currently quoted.
Environmental Regulations:	The Company's operations are subject to the environmental risks inherent in the oil and gas industry.
Small Team of Professionals:	The Company is reliant on a small team of professionals for its success.

Directors and Secretary

The names of the Directors and Secretary of the Company during the financial year and since the end of the financial year are:

NAME	PARTICULARS
Tokyo Sexwale	Non Executive Chairman
Alan Stein	Managing Director
Jonathan Taylor	Technical Director
Mikki Xayiya	Non Executive Director
Nicholas Smith	Independent Non Executive Director (Appointed 10 October 2007)
Dennis McShane	Independent Non Executive Director (Appointed 10 October 2007)
Lyndon Powell	Independent Non Executive Director (Appointed 10 October 2007)
Mark Willcox	Non Executive Director (Resigned 10 October 07)
Peter Dolan	Non Executive Director (Resigned 10 October 07)
Raymond Godson	Company Secretary

Results and Dividends

The audited accounts for the year to 30 June 2007 are set out on pages 10 to 47. The Group recorded a loss for the year after taxation and minority interests of US$29,029,880 (year ended 30 June 2006: US$25,085,212).

No dividends were paid or declared by the Company during the financial year (year ended 30 June 2006: nil). The Directors do not propose to pay a dividend for the year ended 30 June 2007.

Change of company name

On 12 September 2007, the company re-registered as a public company and changed its name from Ophir Energy Company Limited to Ophir Energy plc.

Directors' Remuneration

The remuneration of the Directors for the year ended 30 June 2007 is set out in Note 5 to the Financial Statements.

Remuneration Policy

The Group's policy is to maintain levels of remuneration so as to attract, motivate and retain directors of the highest calibre who can contribute their experience and independent views to the Group's operations.

The elements of the remuneration package for executive directors comprising basic salary, discretionary bonus and non-cash benefits are reviewed annually with regard to personal performance, Company performance, changes in responsibilities and competitive market practices.

The Board as a whole determines remuneration of the executive and non-executive directors taking into account the remuneration practices of other international companies of similar size.

Pensions and Superannuation

The Company contributes 9% of executive directors' remuneration to private pension plans or superannuation funds.

Employment and Service Contracts

The Company has an agreement with Mvelaphanda for the provision of the services of Mr Sexwale as Non Executive Chairman of the Company.

Dr A Stein has an employment contract with Ophir Services Pty Ltd, a subsidiary of the Company. The contract does not provide for a specific term. Ophir Services Pty Ltd may terminate the contract by giving 90 days written notice to that effect provided that, on the termination date Dr Stein will be entitled to receive a sum equivalent to one (1) year's current salary. The notice period reflects the view of the Directors that the services of Dr Stein are key to the success of the Group.

Mr J Taylor has an employment contract with the Company. The contract does not provide for a specific term. The Company may terminate the contract by giving 90 days written notice to that effect provided that, on the termination date Mr Taylor will be entitled to receive a sum equivalent to one (1) year's current salary. The notice period reflects the view of the Directors that the services of Mr Taylor are key to the success of the Group.

Directors' Interests in Shares in the Company

NAME	NOTES	ORDINARY SHARES OF 1P EACH	
		30 JUNE 2007	30 JUNE 2006
Tokyo Sexwale	1	10,000,000	10,832,780
Alan Stein	2	1,825,948	1,825,948
Jonathan Taylor	3	1,709,080	1,709,080
Peter Dolan	4	1,144,225	1,144,335
Mikki Xayiya	5	10,000,000	10,832,780
Mark Willcox	6	10,000,000	10,832,780

NOTES:

1. *Mr T Sexwale holds a direct and non-beneficial 25 percent interest Mvelaphanda Holdings (Proprietary) Limited ("Mvelaphanda") which is the legal and beneficial owner of 10,000,000 ordinary shares in the Company. (10,000,000 ordinary shares at date of this report.) At 30 June 2006 Mvelaphanda had no beneficial interest in, but controlled the voting rights over a further 832,780 shares in the Company held by a third party. Mvelaphanda ceased to control the voting rights.*

2. *Dr A Stein and members of his family are the legal and beneficial owners of 1,424,285 ordinary shares in the Company. (1,424,285 ordinary shares at date of this report.) During the previous financial year Dr Stein and members of his family acquired 79,785 ordinary shares and Dr Stein sold 55,500 shares.*

   Dr Stein holds a 40 percent legal and beneficial interest in FIL Resources Limited ("FIL"), which is the legal and beneficial owner of 350,068 ordinary shares in the Company. (350,068 ordinary shares at the date of this report.) During the previous financial year FIL acquired 25,068 ordinary shares in the Company and sold 5,000 ordinary shares.

   FIL is the legal and beneficial owner of Haroma Pty Ltd ("Haroma") which is the legal and beneficial owner of 51,595 ordinary shares in the Company. (51,595 ordinary shares at date of this report.) During the previous financial year Haroma acquired 26,595 ordinary shares.

3. *Mr J Taylor and members of his family are the legal and beneficial owners of a total of 1,709,080 ordinary shares in the Company. (1,709,080 ordinary shares at the date of this report.) During the previous financial year Mr Taylor and members of his family acquired 123,080 ordinary shares in the Company and sold a total of 34,000 ordinary shares.*

4. *Dr P Dolan is the legal and beneficial owner of 742,672 ordinary shares in the Company. (742,672 ordinary shares at date of this report) During the previous financial year Dr Dolan acquired 53,172 ordinary shares in the Company and sold 10,500 ordinary shares.*

5. *Mr M Xayiya holds a direct and non-beneficial 10 percent interest Mvelaphanda Holdings (Proprietary) Limited ("Mvelaphanda") which is the legal and beneficial owner of 10,000,000 ordinary shares in the Company. (10,000,000 ordinary shares at date of this report.) At 30 June 2006 Mvelaphanda had no beneficial interest in, but controlled the voting rights over a further 832,780 shares in the Company held by a third party. Mvelaphanda ceased to control the voting rights.*

6. *Mr M Willcox holds a direct and non-beneficial 10 percent interest Mvelaphanda Holdings (Proprietary) Limited ("Mvelaphanda") which is the legal and beneficial owner of 10,000,000 ordinary shares I nt he Company. (10,000,000ordinary shares at date of this report.) At 30 June 2006 Mvelaphanda had no beneficial interest in, but controlled the voting rights over a further 832,780 shares in the Company held by a third party. Mvelaphnda ceased to control voting rights.*

Directors' Interests in Options Granted Over Ordinary Shares in the Company

No Directors held interests in options granted over ordinary shares either at 30 June 2007 or in the period to the date of this report.

Supplier payment policy

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, providing that all terms and conditions have been complied with.

At 30 June 2007, the Group had an average of 46 days purchases outstanding in creditors (2006: 32 days)

Statement of Directors' Responsibilities

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those 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; and
- state whether applicable accounting standards have been followed.

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 Companies Act 1985. They are also responsible for the Group's system of internal financial control, for safeguarding the assets of the Group and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Financial Instruments

The Group's financial instruments comprise cash and liquid resources, and various items, such as trade creditors, which arise directly from its operations. It is, and has been throughout the year under review, the Group's policy that there is no trading in financial instruments.

The main risks currently coming from the Group's financial instruments are foreign currency risk, interest risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and monitors them on a regular basis.

No derivates or hedges were entered into during the year under review.

The Group's policy in respect of Financial Instruments is set out in Note 26 to the Accounts.

Going Concern

After making enquiries the Directors are satisfied that the Company has adequate resources to continue its operational existence for the foreseeable future. Accordingly the going concern basis has been adopted in preparing the financial statements (refer Note 2.1).

Auditors

Ernst & Young LLP were reappointed as auditor of the Company at the Annual General Meeting held on 29 September 2006.

A resolution to appoint the Company's auditor for the period until the date of the following Annual General Meeting will be proposed at the forthcoming Fourth Annual General Meeting.

By order of the Board

Alan Stein
Managing Director
16 November 2007

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OPHIR ENERGY PLC

We have audited the group and parent company financial statements (the "financial statements") for the year ended 30 June 2007 which comprise the Group Income Statement, the Group and Company Statement of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and the related Notes 1 to 28. 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 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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 other transactions is not disclosed. We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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's and 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's and the parent company's affairs as at 30 June 2007 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Emphasis of matter

While not qualifying our opinion, we draw attention to Note 2.1, which discloses that the financial statements have been prepared on the going concern basis. However, the Group will require additional funding to meet their exploration activity commitments. The validity of the going concern basis depends on the Group obtaining new funds and, as disclosed in Note 2.1, the directors consider that the Group is at an advanced stage in its plans to secure adequate future funding.

Ernst & Young LLP
Registered auditor
London 16 November 2007

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	YEAR ENDED 30 JUNE 2007 US$	YEAR ENDED 30 JUNE 2006 US$
Expenses			
General and administrative expenses		(7,345,821)	(12,945,885)
Pre licence exploration expenses		(3,226,624)	(9,592,141)
Foreign exchange losses		(5,817,775)	(1,849,587)
Other expenses		(243,586)	(122,067)
		(16,633,806)	(24,509,680)
Finance revenue	4(a)	1,804,665	548,210
Finance expense	4(b)	(14,200,739)	(1,123,742)
Operating loss before taxation		(29,029,880)	(25,085,212)
Taxation	7	-	-
Loss for the year		**(29,029,880)**	**(25,085,212)**
Loss after taxation attributable to:			
Equity holders of the parent	21	(29,029,880)	(25,070,231)
Minority interests		-	(14,981)
		(29,029,880)	**(25,085,212)**
Earnings per share			
Basic and diluted EPS on loss for the year (per share)	8	(23¢)	(32¢)

Statement of Changes in Equity
For The Year Ended 30 June 2007

	Notes	Group 2007 US$	Group 2006 US$	Company 2007 US$	Company 2006 US$
Opening equity		136,559,686	7,486,922	147,093,772	9,537,910
Currency translation differences	21(e)	981,530	2,390,579	14,840,616	(860,294)
Total income/(expense) for the year recognised direct in equity		981,530	2,390,579	14,840,616	(860,294)
Loss for the year		(29,029,880)	(25,085,212)	(25,870,005)	(13,336,260)
Total recognised income and expense for the year attributable to the equity holders of the parent		(28,048,350)	(22,694,633)	(11,029,389)	(14,196,554)
Less loss attributable to minority interests		-	14,981	-	-
Total recognised income and expense for the year		**(28,048,350)**	**(22,679,652)**	**(11,029,389)**	**(14,196,554)**
New shares issues	20/21(a)	14,101,027	142,574,265	14,101,027	142,574,265
Capital raising costs	21(a)	-	(3,801,806)	-	(3,801,806)
Cost of share-based payments	21(b)	4,643,354	12,310,583	4,643,354	12,310,583
Equity component of convertible bond issue	21(c)	-	669,374	-	669,374
Premium on acquisition of minority interest in controlled entity	21(d)	(500,000)	-	-	-
Total changes in equity for the year		(9,803,969)	129,072,764	7,714,992	137,555,862
Closing equity attributable to the equity holders		**126,755,717**	**136,559,686**	**154,808,764**	**147,093,772**

GROUP BALANCE SHEET
AS AT 30 JUNE 2007

	NOTES	AS AT 30 JUNE 2007 US$	AS AT 30 JUNE 2006 US$
Non-current assets			
Exploration and evaluation assets	9	122,568,925	104,591,004
Property, plant and equipment	10	727,880	347,391
Other financial assets	12	43,256,090	1,253,196
Other non-current assets	13	7,042,176	73,610,177
		173,595,071	**179,801,768**
Current assets			
Trade and other receivables	14	399,645	307,489
Other current assets	15	8,563,547	-
Cash and short term deposits	16	40,610,580	32,526,013
		49,573,772	**32,833,502**
Total assets		**223,168,843**	**212,635,270**
Current liabilities			
Trade and other payables	17	(8,345,753)	(6,736,768)
Convertible bond	19	(88,005,215)	-
		(96,350,968)	**(6,736,768)**
Non-current liabilities			
Provisions	18	(62,158)	(31,858)
Convertible bond	19	-	(69,306,958)
		(62,158)	**(69,338,816)**
Total liabilities		**(96,413,126)**	**(76,075,584)**
Net assets		**126,755,717**	**136,559,686**
Capital and reserves			
Called up share capital	20	585,451	553,467
Share premium account	21	163,374,296	149,305,253
Other reserves	21	17,141,716	12,998,362
Translation reserve	21	3,316,831	2,335,301
Accumulated losses	21	(57,662,577)	(28,632,697)
Total equity		**126,755,717**	**136,559,686**

Approved by the Board on 16 November 2007

T Sexwale
Chairman

A Stein
Managing Director

COMPANY BALANCE SHEET
AS AT 30 JUNE 2007

	NOTES	AS AT 30 JUNE 2007 US$	AS AT 30 JUNE 2006 US$
Non-current assets			
Exploration and evaluation assets	9	50,030	45,393
Property, plant and equipment	10	52,101	21,620
Investments in subsidiaries	11	185,948,573	109,739,834
Other financial assets	12	43,194,544	1,199,899
Other non-current assets	13	7,042,176	73,610,177
		236,287,424	**184,616,923**
Current assets			
Trade and other receivables	14	176,983	1,116,119
Other current assets	15	8,412,693	-
Cash and short term deposits	16	632,085	30,962,444
		9,221,761	**32,078,563**
Total assets		**245,509,185**	**216,695,486**
Current liabilities			
Trade and other payables	17	(2,695,206)	(294,756)
Convertible bond	19	(88,005,215)	-
Net current assets		**(90,700,421)**	**(294,756)**
Non-current liabilities			
Convertible bond	19	-	(69,306,958)
Total liabilities		**(90,700,421)**	**(69,601,714)**
Net assets		**154,808,764**	**147,093,772**
Capital and reserves			
Called up share capital	20	585,451	553,467
Share premium account	21	163,374,296	149,305,253
Other reserves	21	17,641,716	12,998,362
Translation reserve	21	13,980,322	(860,294)
Accumulated losses	21	(40,773,021)	(14,903,016)
Total equity		**154,808,764**	**147,093,772**

Approved by the Board on 16 November 2007

T Sexwale
Chairman

A Stein
Managing Director

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	YEAR ENDED 30 JUNE 2007 US$	YEAR ENDED 30 JUNE 2006 US$
Operating activities			
Operating loss before taxation		(29,029,880)	(25,085,212)
Adjustments to reconcile operating loss before tax to net cash flows from operating activities			
Depreciation and impairment of property, plant and equipment		226,937	90,069
Amortisation of geological databases		23,522	36,020
Loss on disposal of assets		8,909	-
Provision for employee entitlements		133,212	98,423
Foreign currency exchange losses		3,466,191	3,788,441
Share-based payments		4,242,975	11,944,344
Interest expense – convertible bond		11,426,265	1,123,742
Working capital adjustments			
Increase in trade and other payables		1,506,073	175,982
Increase in trade and other receivables		(1,613,527)	(201,013)
Cash utilised in operations		(9,609,323)	(8,029,204)
Income taxes paid		-	-
Net cash flow used in operating activities		**(9,609,323)**	**(8,029,204)**
Investing activities			
Purchases of property, plant and equipment		(563,707)	(183,022)
Exploration expenditure		(17,978,983)	(93,287,115)
Prepayment under share purchase agreement		75,000,000	(75,000,000)
Funds placed on deposit		(41,602,515)	(1,197,570)
Acquisition of minority interest	11(c)	(500,000)	-
Net cash flow from/(used in) investing activities		**14,354,795**	**(169,667,707)**

	NOTES	YEAR ENDED 30 JUNE 2007 US$	YEAR ENDED 30 JUNE 2006 US$
Financing activities			
Issue of ordinary shares		16,675	142,574,265
Issue costs		-	(3,801,806)
Proceeds from issue of convertible bond		-	69,360,408
Transaction costs on convertible bond		-	(541,698)
Net cash flow from financing activities		**16,675**	**207,591,169**
Increase in cash and cash equivalents for the year		**4,762,147**	**29,894,258**
Effect of exchange rates on cash and cash equivalents		3,322,420	755
Cash and cash equivalents at the beginning of the year		32,526,013	2,631,000
Cash and cash equivalents at the end of the year	**16**	**40,610,580**	**32,526,013**

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	YEAR ENDED 30 JUNE 2007 US$	YEAR ENDED 30 JUNE 2006 US$
Operating activities			
Operating loss before taxation		(25,870,005)	(13,336,260)
Adjustments to reconcile operating loss before tax to net cash flows from operating activities			
Depreciation and loss on disposal of property, plant and equipment		14,468	18
Loss on disposal of assets		1,020	-
Impairment allowance on intercompany loans		409,620	(168,663)
Provision for employee entitlements		21,394	22,527
Share-based payments		4,242,975	11,944,344
Foreign currency exchange losses		5,621,784	50,618
Interest expense – convertible bond		11,426,265	1,123,742
Working capital adjustments			
Increase in trade and other payables		1,943,742	132,912
Increase in trade and other receivables		(1,380,177)	(159,888)
Cash utilised in operations		(3,568,914)	(390,650)
Income taxes paid		-	-
Net cash used in operating activities		**(3,568,914)**	**(390,650)**
Investing activities			
Purchases of property, plant and equipment		(43,761)	(21,638)
Loans to subsidiaries		(64,403,922)	(109,837,446)
Prepayment under share purchase agreement		75,000,000	(75,000,000)
Funds placed on deposit		(41,594,266)	(1,197,570)
Net cash used in investing activities		**(31,041,949)**	**(186,056,654)**
Financing activities			
Issue of ordinary shares		16,675	142,574,265
Issue costs		-	(3,801,806)
Proceeds from issue of convertible bond		-	69,360,408
Transaction costs on convertible bond		-	(541,699)
Repayment of intercompany borrowings		1,101,121	9,679,694
Net cash from financing activities		**1,117,796**	**217,270,862**

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	YEAR ENDED 30 JUNE 2007 US$	YEAR ENDED 30 JUNE 2006 US$
(Decrease) / increase in cash and cash equivalents for the year		**(33,493,067)**	**30,823,558**
Effect of exchange rates on cash and cash equivalents		3,162,708	208
Cash and cash equivalents at the beginning of the year		30,962,444	138,678
Cash and cash equivalents at the end of the year	**16**	**632,085**	**30,962,444**

NOTES TO THE ACCOUNTS

1 Authorisation of financial statements and statement of compliance with IFRSs

Ophir Energy plc (the Company and ultimate parent of the Group) is a limited company incorporated in England and its registered offices are situated at 6/7 Pollen Street, London, W1S 1NJ.

The Group's and Company's financial statements for the year ended 30 June 2007 were authorised for issue by the board of the directors on 10th October 2007 and the balance sheets were signed on the board's behalf by Mr T Sexwale and Dr A Stein.

The Group's and Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 1985.

The principal accounting policies adopted by the Group and by the Company are set out in Note 2.

The Company has taken advantage of the exemption provided under section 230 of the Companies Act 1985 not to publish its individual income statement and related notes.

2 Accounting policies

2.1 Fundamental Accounting Concept

The directors are of the opinion that the Company currently has sufficient funds to meet its obligations and commitments as they fall due in the foreseeable future.

The Group is currently conducting exploration activities using funds from capital raised during prior years in the form of share capital and the convertible bond (refer Note 19). Whilst the commitments of the Group for the following financial years (Note 23) exceed its current cash resources the Directors are confident that the Group will raise sufficient additional funding to support those current and future commitments. The Directors are in the process of raising new funds through a private placement of shares. The Directors also have other options to raise funds or reduce commitments should further funds beyond the placement be required. On this basis, the Directors believe that the adoption of the going concern basis is justified and no adjustments are required to the carrying value of assets.

However, should the Group be unable to raise sufficient funds to meet those commitments, through any of the options being investigated, this could then affect the carrying value of assets and require adjustments to ensure that they are carried at no more than recoverable amount.

On this basis, the Directors believe that the adoption of the going concern basis is justified.

2.2 Basis of preparation

This is the first year in which the Group has prepared its financial statements under IFRS and the comparatives for the year ended 30 June 2006 have been restated from United Kingdom generally accepted accounting practice (UK GAAP) to comply with IFRS. Reconciliations to IFRSs from the previously published UK GAAP financial statements are summarised in Note 28.

These financial statements have been prepared on a historical cost basis unless otherwise noted.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2007. These policies have been consistently applied during the year and the comparative year.

2.3 Accounting Standards

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards and interpretations with an effective date after the date of these financial statements that have not been applied in the preparation of these financial statements:

International Accounting Standards (IAS/IFRSs)		**Effective date**
IFRS 7	Financial Instruments: Disclosures	1 January 2007
IFRS 8	Operating Segments	1 January 2009
IAS 1	Amendment – Presentation of Financial Statements: Capital Disclosures	1 January 2007
IAS 23	Amendment – Borrowing Costs	1 January 2009
International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 10	Interim Financial Reporting and Impairment	1 November 2006
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 14	IAS19 – The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements	1 July 2008

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's accounting policies in the period of initial application.

Upon adoption of IFRS 7, the Group will have to disclose additional information about its financial instruments, their significance and the nature and extent of risks that they give rise to. More specifically the Group will need to disclose the fair value of its financial instruments and its risk exposure in greater details. There will be no effect on reported income or net assets.

2.4 Presentation Currency

The functional currency of the Company is sterling. The directors have determined it appropriate that these financial statements be presented in US dollars, the functional currency of most companies within the Group and the currency commonly used in the international oil and gas industry. The Group's policy on foreign currencies is set out in Note 2.7.

2.5 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and the entities it controls (its subsidiaries) drawn up to 30 June each year.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising therefrom, are eliminated.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocation of the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Group are allocated their share of net profit after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.
Acquisitions of minority interests are accounted for using the entity concept method.

2.6 Interests in Joint ventures

The Group has a number of contractual arrangements with other parties which represent joint ventures. A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Where a Group Company undertakes its activities under joint venture arrangements the Group's share of jointly controlled assets, liabilities and related income and expenses are included in the financial statements in their respective classification categories.

The Group's interests in joint ventures, which are in the form of jointly controlled assets, are identified in Note 22.

2.7 Foreign currency translation

Each entity in the Group determines its own functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All exchange differences are taken to the income statement.

The assets and liabilities of the Company and those foreign operations whose functional currency is other than that of the presentation currency of Ophir Energy plc are translated into the presentation currency, at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the weighted average exchange rates for the year. The resulting exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

2.8 Oil & Gas Expenditure

Exploration & Evaluation Assets

All costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs and other direct costs of exploration (drilling, trenching, sampling and technical feasibility and commercial viability activities) and appraisal are accumulated and capitalised as exploration and evaluation ("E&E") assets, on a licence by licence basis. Costs (other than payments to acquire the legal right to explore) incurred prior to acquiring rights to explore are charged directly to the income statement.

E&E assets are not amortised prior to the conclusion of appraisal activities.

At completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered, then, following development sanction, the carrying value of the relevant E&E asset will be reclassified as a development and production asset, subject to the carrying value of the relevant E&E asset being assessed for impairment, and where appropriate, an impairment charge will be recognised.

If after completion of appraisal activities in an area, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if the Company decides not to continue exploration and evaluation activity, then the costs of such unsuccessful exploration and evaluation is written off to the income statement in the period the relevant events occur.

Impairment

The carrying value of E&E assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The future recoverability of capitalised E&E assets is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related E&E asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes which could impact the cost of production, future legal changes (including changes to environmental restoration obligations) and changes to world oil prices.

2.9 Property, Plant and Equipment

Property, plant and equipment, which comprises furniture and fittings and computer equipment, is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation

Depreciation is provided on property, plant and equipment calculated using the diminishing balance method at rates to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset over expected useful lives ranging from 3 to 10 years.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2.10 Leases

The group has leases where the lessor retains substantially all the risks and benefits of ownership of the asset. Such leases are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the lease term.

2.11 Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

2.12 Cash and short term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

2.13 Interest bearing borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when liabilities are derecognised as well as through the amortisation process.

Compound financial instruments

Compound financial instruments that contain both a liability and an equity component are accounted for by assigning an initial fair value to the liability component using a market rate for an equivalent liability with similar terms. The remainder of the proceeds are allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.

2.14 Income taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Current income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise deferred income tax is recognised in the income statement.

2.15 Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

2.16 Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obligated to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

2.17 Pensions and other post retirement benefits

The Group does not operate its own pension plan but makes pension or superannuation contributions to private funds of its employees which are defined contribution plans. The cost of providing such benefits are expensed in the income statement as incurred.

2.18 Employee Benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2.19 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received net of direct issue costs.

2.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Interest income

Interest income is recognised as interest accrues using the effective interest method-that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

2.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be prepared for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

All other borrowing costs are expensed in the income statement in the period in which they are incurred.

2.22 Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined with reference to the market value of the underlying shares using a pricing model appropriate to the circumstances such as a binomial model or the Black Scholes Model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

For equity-settled share-based payment transactions with third parties, the goods or services received are measured at the date of receipt by reference to their fair value with a corresponding entry in equity. If the Group cannot reliably estimate the fair value of the goods or services received, their value is measured by reference to the fair value of the equity instruments granted.

2.23 Investment in subsidiaries

The Company holds monetary balances with its subsidiaries of which settlement is neither planned nor likely to occur in the foreseeable future. Such balances are considered to be part of the Company's net investment in its subsidiaries.

2.24 Key estimates and assumptions

The Group has used estimates and assumptions in deriving certain figures within the financial statements. Such accounting estimates may not equate with the actual results which will only be known in time. The key areas of estimation are noted below with further details of the assumptions used listed in the relevant Note.

Item	Notes
Oil and gas expenditure	2.8, 9
Share-based payments	2.22, 6, 21
Deferred tax	2.14, 7

3 Segment information

The Company and the Group operates in a single geographic segment, Africa, and a single industrial segment, oil and gas exploration.

		GROUP	
		YEAR ENDED 30 JUNE 2007 US$	YEAR ENDED 30 JUNE 2006 US$
4	**Operating loss before taxation**		
	The Group operating loss from continuing operations before taxation is stated after charging/(crediting):		
(a)	Revenue		
	Interest	(1,804,665)	(548,210)
(b)	Expenditure		
	Audit of the financial statements	239,764	61,056
	Other fees to auditors:		
	- local statutory audits for subsidiaries	21,315	-
	- taxation services	10,358	-
	- other services[1]	2,428	73,067
		273,865	134,123
	Amortisation of intangible non-current assets	23,522	36,020
	Depreciation of property plant & equipment	226,937	90,069
	Net foreign currency exchange losses	5,817,775	1,849,587
	Operating lease payments - minimum lease payments	368,346	188,663
	Pre licence exploration expenses	3,226,624	9,592,141
	Share-based payments charge	4,242,975	11,944,344
	Finance Expense		
	- Interest on convertible bond	11,426,265	1,123,742
	- Letter of credit fees	2,774,474	-
		14,200,739	1,123,742

[1]Excludes an amount of US$130,078 in respect of corporate finance fees included in prepayments.

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the Company has not been separately presented in these accounts. The Company's loss for the financial year amounted to US$25,870,005 (30 June 2006 - US$13,336,260)

	GROUP	
	YEAR ENDED 30 JUNE 2007 US$	YEAR ENDED 30 JUNE 2006 US$

5 Staff costs and Directors emoluments

(a) Staff Costs

Employee costs (including payments to executive directors) during the year comprised:

Wages and salaries	2,535,656	1,512,440
Social security costs	142,359	79,677
Contributions to pension plans and superannuation funds	291,215	176,693
Share-based payments	4,242,975	11,944,344
	7,212,205	13,713,154

(b) Directors' emoluments

The directors of the Company are considered to be the key management personnel.

(i) Aggregate remuneration		
Short term employee benefits	602,607	510,299
Post-employment benefits	71,917	44,785
Share-based payments	-	1,326,949
	674,524	1,882,033
(ii) Amounts paid to director related entities (refer Note 24)	319,539	344,158
(iii) Amount paid to the highest paid director Remuneration paid to the highest paid director includes superannuation contributions of US$47,254 (2006 – US$23,223).	318,842	783,254

	Number	Number
Number of directors to who retirement benefits are accruing in respect of services under money purchase schemes	2.0	2.0
Number of directors who exercised share options	-	2.0
Average number of persons employed (full time equivalents):		
Administration	5.5	3.8
Operations/Exploration	8.8	5.5
	14.3	9.3

6 Share-based payments

The company has operated two incentive plans for employees

(a) Ophir Energy Company Foundation Incentive Scheme

Ophir Energy Company Foundation Incentive Scheme was established on 12 May 2004 shortly after the formation of the Company to attract new employees on start up. The plan provided for a total of 1,450,000 options to acquire ordinary shares at 1p per share to be issued to eligible employees. The Scheme was terminated on 24 November 2005 and all options issued under the scheme have fully vested.

(b) Ophir Energy Company 2006 Share Option Plan

On 5 April 2006 the Board resolved to establish the Ophir Energy Company Limited 2006 Share Option Plan.

Any employee of the Company or any Subsidiary or any director of the Company or any Subsidiary who is required to devote to his duties substantially the whole of his working time is eligible to participate under the plan. At the grant date the board of directors determine the vesting terms, if any, subject to the proviso that no more than one half of the option becomes exercisable on the first, and, second anniversaries of the date of grant and any performance conditions are satisfied. Options have a life of 10 years from the date of grant.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2007 Number	2007 WAEP	2006 Number	2006 WAEP
Outstanding options as at 1 July	1,705,000	US$4.49 (£2.28)	350,000	US$0.02 (£0.01)
Granted during the year	455,000	US$18.41 (£9.20)	1,625,000	US$4.71 (£2.39)
Exercised during the year	(278,090)	US$0.02 (£0.01)	(270,000)	US$0.02 (£0.01)
Outstanding options as at 30 June	1,881,910	US$8.93 (£4.46)	1,705,000	US$4.49 (£2.28)

The weighted average fair value of options granted during the year was US$9.33 (2006: US$6.43). The range of exercise prices for options outstanding at the end of the year was US$0.02 to US$18.41 (2006: US$0.02 to US$14.53).

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the years ended 30 June 2007 and 30 June 2006.

	2007	2006
Dividend yield (%)	0.00	0.00
Volatility (%)	50.00	55.00
Risk-free interest rate (%)	5.70	4.20 to 4.80
Expected life of option (years)	2.00 to 4.00	5.00
Weighted average share price (US$)	18.41	8.88

(c) Share-based payments to suppliers of goods and services

	2007 Number	2007 WAEP	2006 Number	2006 WAEP
Outstanding options as at 1 July	1,615,250	US$1.25 (£0.63)	-	-
Granted during the year	-	-	1,615,250	US$1.14 (£0.63)
Exercised during the year	(600,000)	US$0.02 (£0.01)	-	-
Outstanding options as at 30 June	1,015,250	US$1.98 (£0.99)	1,615,250	US$1.14 (£0.63)

The fair value of options granted to suppliers of goods and services is determined by reference to the fair value of goods and services at the date they are received.

		GROUP	
		YEAR ENDED 30 JUNE 2007 US$	YEAR ENDED 30 JUNE 2006 US$
7	**Taxation**		
(a)	**Income tax expense**		
	Current Income Tax:		
	UK corporation tax	-	-
	Foreign tax	-	-
	Total current income tax	-	-
	Deferred tax:		
	Origination and reversal of temporary differences	-	-
	Tax charge in the income statement	**-**	**-**
(b)	**Reconciliation of the total tax charge**		
	The tax benefit not recognised in the income statement is reconciled to the standard rate of corporation tax in the UK of 30% (2006: 30%). The differences are reconciled below:		
	Loss on operations before taxation	(29,029,880)	(25,085,212)
	Loss on operations before taxation multiplied by the UK standard rate of corporation tax of 30% (2006: 30%)	(8,708,964)	(7,525,564)
	Non-deductible expenditure	8,390	6,745
	Share-based payments	1,261,368	3,583,303
	Expenditure in tax exempt jurisdictions	964,801	3,524,558
	Unrecognised deferred tax assets	6,462,542	692,527
	Utilisation of previously unrecognised deferred tax assets	-	(281,569)
	Other	11,863	-
	Total tax expense in the income statement	**-**	**-**

(c) Unrecognised tax losses

The Group has tax losses arising in both the UK and Australia totalling approximately US$24,607,327 (2006: US$2,558,991) that are available to carry forward to offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as there is not sufficient certainty that taxable income will be realised in the future due to the nature of the Group's exploration activities and the long lead times in either developing or otherwise realising exploration assets.

	Group 2007 US$	Group 2006 US$

8 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders is based on the following data:

Earnings		
Earnings for the purposes of diluted earnings per share (Loss for the year attributable to equity holders)	(29,029,880)	(25,070,231)
Number of shares		
Basic weighted average number of shares	123,536,156	79,472,480

The weighted average number of shares has been adjusted for all periods presented to take into account the 1 for 4 share split that occurred after year end. Refer Note 27.

There were 2,897,160 outstanding share options at 30 June 2007 (2006: 3,320,250) and 4,754,191 ordinary shares that would be issued on conversion of the convertible bond, which were anti-dilutive. These figures are stated before taking into account the 1 for 4 share split.

	Group 2007 US$	Group 2006 US$	Company 2007 US$	Company 2006 US$

9 Exploration and evaluation assets

Capitalised exploration expenditure at the beginning of the year	104,591,004	6,144,542	45,393	90,220
Foreign currency translation	22,460	51,184	4,637	-
Exploration expenditure incurred during the financial year	17,978,983	98,370,765	-	-
Acquisition of exploration interests	-	60,533	-	-
Reclassification to investments on restructure of interests	-	-	-	(44,827)
Less: amortisation of right to access geological data base	(23,522)	(36,020)	-	-
Capitalised exploration expenditure at the end of the year	122,568,925	104,591,004	50,030	45,393

Other than amortisation of the Group's right to access geological database no amortisation of intangible assets was provided during the year. The gross carrying amount of exploration and evaluation assets at 30 June 2007 was $122,628,467 (2006: $104,627,024) with associated accumulated amortisation of $59,542 (2006: $36,020).

		Group		Company	
		2007 US$	2006 US$	2007 US$	2006 US$
10	**Property, plant and equipment**				
	Furniture and office equipment				
	Cost				
	Balance at beginning of year	483,153	313,244	21,638	-
	Foreign currency translation	73,641	(13,113)	2,210	-
	Additions	563,707	183,022	43,761	21,638
	Disposals	(18,970)	-	(1,022)	-
	Balance at end of year	1,101,531	483,153	66,587	21,638
	Accumulated depreciation				
	Balance at beginning of year	135,762	47,689	18	-
	Foreign currency translation	21,013	(1,996)	2	-
	Disposals	(10,061)	-	(2)	-
	Depreciation charge for the year	226,937	90,069	14,468	18
	Balance at end of year	373,651	135,762	14,486	18
	Book value				
	At beginning of year	347,391	265,555	21,620	-
	At end of year	727,880	347,391	52,101	21,620

		GROUP 2007 US$	2006 US$
11	**Investments in subsidiaries**		
(a)	**Subsidiary companies**		
	Shares at cost		
	Balance at beginning of year	10	10
	Acquisitions	-	-
	Balance at end of year	10	10
	Non current loans to subsidiaries		
	Balance at beginning of year	110,758,767	-
	Advances during the year		
	Ophir Holdings Limited	75,459,378	108,943,050
	Ophir Services Pty Ltd	1,214,389	1,815,717
	Balance at end of year	187,432,534	110,758,767
	Allowance for diminution of value		
	Balance at the beginning of the year	(1,018,943)	-
	Additional allowance	(465,028)	(1,018,943)
	Balance at end of year	(1,483,971)	(1,018,943)
	Total	185,948,573	109,739,834
	Book value		
	At beginning of year	109,739,834	10
	At end of year	185,948,573	109,739,834

Loans to subsidiaries are unsecured, interest free and repayable on demand. The parent company has indicated that it does not intend to demand repayment in the foreseeable future.

Loans to subsidiaries are denominated in Sterling.

(b) The Parent Company and the Group have investments in the following subsidiary undertakings:

	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	CLASS OF SHARES	HOLDING	BOOK VALUE OF INVESTMENT 2007 (US$)	BOOK VALUE OF INVESTMENT 2006 (US$)
Subsidiaries of Ophir Energy plc						
Ophir Services Pty Ltd	Australia [1]	Exploration	Ordinary	100%	2	2
Ophir Holdings Limited	Jersey C.I.[2][4]	Exploration	Ordinary	100%	8	8
Ophir Asia Limited	Jersey C.I.[2]	Dormant	Ordinary	100%	-	-
					10	10

	Country of Incorporation	Principal Activity	Class of Shares	Holding 2007	Holding 2006
Subsidiaries of Ophir Holdings Limited					
Ophir AGC (Profond) Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	-
Ophir Congo (Marine IX) Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	100%
Ophir Equatorial Guinea Holdings Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	100%
Ophir Gabon (Gnondo) Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	100%
Ophir Gabon (Manga) Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	100%
Ophir Gabon (Mbeli) Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	100%
Ophir Gabon (Ntsina) Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	100%
Ophir JDZ Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	50%
Ophir Somaliland (Berbera) Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	-
Ophir Tanzania (Block 1) Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	100%
Ophir Tanzania (Block 3) Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	100%
Ophir Tanzania (Block 4) Limited	Jersey C.I.[2]	Exploration	Ordinary	100%	100%
Rova Energy Corporation Ltd	UK	Exploration	Ordinary	-	75%
Subsidiary of Ophir Equatorial Guinea Holdings Limited					
Ophir Equatorial Guinea (Block R) Limited[4]	Jersey C.I.[2]	Exploration	Ordinary	100%	100%
Subsidiary of Ophir JDZ Limited					
Ophir Energy Company Nigeria (JDZ) Limited	Nigeria[3]	Exploration	Ordinary	100%	100%

The registered offices of the Company's subsidiaries are:
[1]Level 2, Arcadia Chambers, 1 Roydhouse Street, Subiaco 6008, Western Australia
[2]Channel House, Green Street, St. Helier JE4 5UW, Jersey C.I.
[3]9th Floor, St Nicholas House, Catholic Mission Street, Lagos, Nigeria
[4]Shares encumbered, refer Note 19
All subsidiaries have a functional currency of US Dollars with the exception of Ophir Services Pty Ltd which has an Australian Dollar financial currency.

(c) Changes in the composition of the Group and acquisition of minority interests

(i) The following companies were incorporated during the year:

	Date of Incorporation 2007	Date of Incorporation 2006
Ophir Asia Limited	16 August 2006	
Ophir Somaliland (Berbera) Limited	16 August 2006	
Ophir AGC (Profond) Limited	31 July 2006	
Ophir Congo (Marine IX) Limited		26 October 2005
Ophir Tanzania (Block 3) Limited		8 May 2006
Ophir Tanzania (Block 4 Limited		8 May 2006
Ophir Equatorial Guinea Holdings Limited		16 May 2006
Ophir JDZ Limited		5 August 2005
Ophir Energy Company Nigeria (JDZ) Limited		9 December 2005

(ii) Ophir JDZ Limited

On 29 March 2007 the Company exercised its right to acquire the remaining 50% of the share capital of Ophir JDZ Limited for a consideration of US$500,000. The sole asset of Ophir JDZ Limited was a 4% interest in Block 3 of the Nigeria-São Tomé/Principe Joint Development Zone ("the JDZ").

(iii) Restructure of investment in Rova Energy Corporation Limited ("Rova")

On 5 October 2004 the Company entered into an Asset Purchase Agreement with Mvelaphanda to acquire certain exploration interests. Pursuant to the Agreement, on 6 September 2005, Mvelaphanda transferred its 75% interest in Rova to the Company. The sole asset of Rova Energy Corporation was a 100% interest in the Berbera Production Sharing Contract ("PSC") in Somaliland.

On 15 February 2007, the Group restructured its 75% interest in the Berbera PSC by acquiring a direct 75% interest in the Berbera PSC in exchange for the transfer of its shares in Rova to the minority shareholder.

The transaction was completed on 9 May 2007 on which date Rova ceased to be a subsidiary of the Company.

	Group		Company	
	2007 US$	2006 US$	2007 US$	2006 US$
12 Other financial assets				
Security deposits	43,256,090	1,253,196	43,194,544	1,199,899

(i) Interest bearing security deposits are pledged to banks as security for letters of credit issued by the banks on behalf of the Company in relation to its drilling and exploration commitments.

13 Other non-current assets				
Prepayments	7,042,176	-	7,042,176	-
Prepayment under share purchase agreement	-	73,610,177	-	73,610,177
	7,042,176	73,610,177	7,042,176	73,610,177

(i) The company made an initial payment of US$75 million in May 2006 to acquire a company that is the sole participating in an oil and gas project in Kazakhstan, subject to undertaking due diligence on the project. At the completion of the due diligence period the Company elected to put the shares back to the vendors and received repayment of the US$75 million in this financial year.

14 Trade and other receivables				
Other debtors	399,645	307,489	176,983	167,323
Amounts owed by subsidiary undertakings	-	-	-	999,069
Less: Allowance for impairment	-	-	-	(50,273)
	399,645	307,489	176,983	1,116,119

Refer to Note 2.11 for terms and conditions.

15 Other current assets				
Prepayments	8,563,547	-	8,412,693	-

Refer to Note 2.16 for terms and conditions.

		Group		Company	
		2007 US$	2006 US$	2007 US$	2006 US$
16	**Cash and short term deposits**				
	Cash	20,610,580	32,526,013	632,085	30,962,444
	Short-term deposits	20,000,000	-	-	-
	Cash and short term deposits	40,610,580	32,526,013	632,085	30,962,444
17	**Trade and other payables**				
	Amounts falling due within one (1) year				
	Trade creditors	3,173,606	1,916,649	93,813	61,264
	Accruals	4,940,928	4,691,812	2,112,737	201,544
	Employee provisions for annual leave	231,219	128,307	53,342	31,948
	Amounts owed to subsidiary undertakings	-	-	435,314	-
		8,345,753	6,736,768	2,695,206	294,756
18	**Provisions**				
	Amounts falling due after more than one (1) year				
	Employee provisions for long service leave	62,158	31,858	-	-

Refer to Note 2.16 for terms and conditions.

19	**Convertible bond**				
	Amounts falling due within one (1) year				
	Convertible bond	88,005,215	-	88,005,215	-
	Amounts falling due after more than one (1) year				
	Convertible bond	-	69,306,958	-	69,306,958

On 19 May 2006 the Company issued a two (2) year zero coupon redeemable convertible bond maturing on 18 May 2008.

The bond is mandatorily convertible into ordinary shares in the Company on admission of all or any of the ordinary share capital to the official list of a stock exchange. In the event that the Company has not gained admission to a stock exchange by 18 May 2008, the bond shall, on that date at the option of the bondholder, be converted into 5,415,369 ordinary shares or be redeemed at a face value of £49,821,394 (US$88,645,005).

The number of shares to be issued on mandatory conversion will be determined on the date of listing of the Company's ordinary shares (prorated as applicable), up to a total of 4,673,524 ordinary shares if listing occurs within 12 months of the date of issue and up to a total of 5,415,369 ordinary shares if listing occurs within 24 months.

At the date of issue of the convertible bond, the value of the liability component was determined by using an estimated market interest rate for a similar non-convertible debt. The fair value of the equity component, being the difference between the market value of the convertible bond and the fair value of similar non-convertible debt, has been included in shareholders' equity. Transaction costs (including the fair value of the guarantee at the date of issue) have been divided between the equity and debt components with the latter being amortised over the life of the convertible bond using the effective interest rate method.

The interest rates applicable to the convertible bond are fixed over the life of the bond and the effective rate including borrowing costs over the life of the facility is 15.14%.

The bond ranks equally with all other present and future direct subordinated and secured creditors.

The Group has guaranteed the performance of the bondholder to a major bank (the bank that provided the underlying finance to the bondholder) and provided security in the form of security interests over the shares held by the Company in Ophir Holdings Limited and the shares held by Ophir Equatorial Guinea Holdings Limited in Ophir Equatorial Guinea (Block R) Limited. The financial guarantee liability at the date of issue of the Convertible Bond was valued by an independent expert who determined its fair value at that date to be approximately US$60,000.

	GROUP		COMPANY	
	2007 US$	2006 US$	2007 US$	2006 US$
20 Called up share capital				
(a) Authorised				
100,000,000 ordinary shares of 1p each	1,804,404	1,804,404	1,804,404	1,804,404
(b) Called up, allotted and fully paid				
30,294,946 ordinary shares in issue at the beginning of the year of 1p each (2006: 19,806,000)	553,467	357,380	553,467	357,380
765,000 ordinary shares issued 1p each during the year (2006: 9,914,821)	15,309	185,354	15,309	185,354
878,090 ordinary shares issued 1p each during the year on exercise of options (2006: 574,125)	16,675	10,733	16,675	10,733
31,938,036 ordinary shares of 1p each (2006: 30,294,946)	585,451	553,467	585,451	553,467

The balances classified as called up, allotted and fully paid share capital represents the nominal value of the total number of issues shares of the company of 1p each.

Fully paid shares carry one vote per share and carry the right to dividends.

(c) Options over shares

Details of the Company's Employee option plans are set out in Note 6.

As at 30 June 2007, the following options to acquire fully paid ordinary shares at the stated exercise price were outstanding:

	Number of Options		Exercise
	2007	2006	Price
Options issued to employees under the Ophir Energy Company Foundation Incentive Scheme (refer Note 6) with expiry dates:			
15 February 2015	80,000	80,000	US$0.02 (£0.01)
23 November 2015	809,410	1,087,500	US$0.02 (£0.01)
10 April 2016	12,500	12,500	US$0.02 (£0.01)
	901,910	1,180,000	
Options issued to employees under the Ophir Energy Company 2006 Option Plan (refer Note 6) with expiry dates of:			
29 May 2016	262,500	262,500	US$16.01 (£8.00)
29 May 2016	262,500	262,500	US$16.01 (£8.00)
29 June 2017	227,500	-	US$16.01 (£8.00)
29 June 2017	227,500	-	US$16.01 (£8.00)
	980,000	525,000	
Total employee options	1,881,910	1,705,000	

	Number of Options		Exercise
	2007	2006	Price
Options issued to third parties with expiry dates of:			
29 June 2007[1]	-	300,000	US$4.00 (£2.00)
23 November 2007[1]	-	200,000	US$4.00 (£2.00)
29 June 2008	500,000	-	US$4.00 (£2.00)
15 February 2014	400,000	1,000,000	US$0.02 (£0.01)
1 June 2009	115,250	115,250	US$0.02 (£0.01)
	1,015,250	1,615,250	

[1]Expiry date extended to 29 June 2008 during the 2006/7 financial year

		Group		Company	
		2007 US$	2006 US$	2007 US$	2006 US$
21	**Reserves**				
(a)	**Share premium account**				
	Balance at beginning of year	149,305,253	10,728,881	149,305,253	10,728,881
	Capital raising costs	-	(3,801,806)	-	(3,801,806)
	Premium on issue of shares	14,069,043	142,378,178	14,069,043	142,378,178
	Balance at end of year	163,374,296	149,305,253	163,374,296	149,305,253
	Other reserves				
(b)	**Option premium reserve**				
	Balance at beginning of year	12,328,988	18,405	12,328,988	18,405
	Issue of options during the year	4,643,354	12,310,583	4,643,354	12,310,583
	Balance at end of year	16,972,342	12,328,988	16,972,342	12,328,988
(c)	**Equity component on convertible bond**				
	Balance at beginning of year	669,374	-	669,374	-
	Issue of convertible bond	-	669,374	-	669,374
	Balance at end of year	669,374	669,374	669,374	669,374
(d)	**Consolidation reserve**	(500,000)	-	-	-
	Total other reserves	17,141,716	12,998,362	17,641,716	12,998,362
(e)	**Translation reserve**				
	Balance at beginning of year	2,335,301	(55,278)	(860,294)	-
	Translation gain/(loss) for the year	981,530	2,390,579	14,840,616	(860,294)
	Balance at end of year	3,316,831	2,335,301	13,980,322	(860,294)
(f)	**Accumulated losses**				
	Balance at beginning of year	(28,632,697)	(3,562,466)	(14,903,016)	(1,566,756)
	Loss for the year	(29,029,880)	(25,070,231)	(25,870,005)	(13,336,260)
	Balance at end of year	(57,662,577)	(28,632,697)	(40,773,021)	(14,903,016)

Notes:

[a]The share premium account represents the total net proceeds on issue of the Company's shares in excess of their nominal value of 1p per share.

[b]The option premium reserve represents the cost of share-based payments to directors, employees and third parties.

[c]This balance represents the equity component of the convertible bond, net of costs and tax as a result of the separation of the instrument into its debt and equity components.

[d]The consolidation reserve represents a premium on acquisition of a minority interest in a controlled entity. Refer to Note 11(c)(ii).

[e]The foreign currency translation reserve is used to record unrealised exchange differences arising from the translation of the financial statements of entities within the Group that have a functional currency other than US dollars.

22 Interests in jointly controlled assets

The Group has the following interests in jointly controlled assets:

COUNTRY	ASSET	EQUITY (%)
AGC (Operator)	Profond	88
Congo (Brazzaville)	Marine IX	31.5
Equatorial Guinea (Operator)	Block R	80
Nigeria - São Tomé/Principe JDZ	Block 3	4
SADR (Operator)	Daora	50
SADR (Operator)	Haouza	50
SADR (Operator)	Mahbes	50
SADR (Operator)	Mijek	50
Somaliland (primarily onshore) (Operator)	Berbera	75

Capital commitments relating to these projects are disclosed in Note 23(b). There are no contingent liabilities associated with these projects.

23 Expenditure commitments

(a) Lease commitments

At 30 June 2007 the Group was committed to making the following future minimum lease payments in respect of operating leases over land and buildings with lease termination dates between 1 and 2 years:

Due within one (1) year	125,966	320,062		
Due later than one (1) year but within five (5) years	83,615	166,650	-	-
	209,581	486,712	-	-

(b) Exploration expenditure commitments

In acquiring its oil and gas interests the Group has pledged that various work programmes will be undertaken on each permit/interest. The exploration commitments above are an estimate of the cost of performing these work programmes and includes commitments under rig share agreements.

Due within one (1) year	121,139,080	3,541,788	52,325,000	-
Due later than one (1) year but within two (2) years	53,844,495	2,465,630	49,400,000	-
Due later than two (2) years but within five (5) years	107,820,884	30,416,187	109,000,000	-
	282,804,459	36,423,605	210,725,000	-

E&E commitments include US$965,900 relating to jointly controlled assets.

24 Related party transactions

(a) Identity of related parties

The Company has related party relationships with its subsidiaries (refer Note 11), its directors and companies associated with its directors identified in the following paragraph.

(b) Payments to director related entities

The Company made payments on totalling US$126,215 (2006: US$166,688) to Dolan & Associates Limited, a company associated with Dr P Dolan, for the provision of the services of Dr Dolan and serviced office facilities in the United Kingdom under a consultancy agreement.

The Company made payments of US$193,324 (2006: US$177,470) to Mvelaphanda under an Exclusivity Agreement signed in October 2005. The Agreement provides, inter alia, for the provision of services of Mr Sexwale as non-executive chairman of the Company. A payment of US$40,000 was made to Mvelaphanda during the year, being reimbursement of expenses incurred on behalf of Ophir Energy (US$10,000 remains unpaid as at 30 June 2007).

Other transactions with the Directors of the Group (who are also considered the only key management personnel of the Group) are set out in Note 5(b).

25 Borrowing facilities

The Company and the Group had no borrowing facilities as at 30 June 2007 (2006: Nil).

26 Financial risk management & financial instruments

Strategy and objectives

The Group's financial instruments comprise cash and short term deposits and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group has not entered into any derivatives transactions to date.

As the Group moves into a development and production phase the Group's exposure to commodity price risk, foreign currency risk and credit risk are expected to increase. The Board will set appropriate policies to manage these risks dependent on market conditions and requirements at that time.

The main risks arising from the Group's financial instruments are foreign currency risk and interest rate risk.

(a) Significant accounting policies

Details of significant accounting policies and methods adopted in respect of each class of financial assets, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(b) Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Company or Group. The Group does not require collateral where credit is extended to third parties. The Group measures credit risk on a fair value basis.

The Company and Group's maximum exposure to credit risk of third parties is the aggregate of the carrying value of its cash and short term deposits and other receivables.

(c) Interest rate risk

Cash at bank is held in call accounts at floating interest rates based on the relevant inter-bank rates. Cash held on deposit earns interest at rates set in advance for periods ranging from one to three months. The average rate of interest for the Group at 30 June 2007 was 4.9% (2006: 2.4%). The average rate of interest for the Company at 30 June 2007 was 5.1% (2006: 2.3%).

During the year ended 30 June 2006 the Company issued a two (2) year redeemable convertible bond maturing on 18 May 2008 (Refer Note 19). The interest rates applicable to the convertible bond was fixed over the life of the bond. The effective rate including borrowing costs over the life of the facility is 15.14%.

No other financial assets or liabilities of the Group or Company are interest bearing.

(d) Foreign currency risk

The Group through its principal subsidiaries, Ophir Services Pty Ltd and Ophir Holdings Limited, operates in both Australia and Africa. Most of the expenses of Ophir Services Pty Ltd are denominated in Australian dollars and those of Ophir Holdings Limited in US dollars.

As at 30 June 2007 the Group and Company did not have any hedging mechanisms to protect its sterling financial statements from movements in other currencies. (2006: nil)

(e) Financial assets

The Group has no financial assets other than cash at bank, cash held on deposit and other receivables.

As at year end the Group's Financial Assets amounted to: (denominated in United States Dollars)

	Group		Company	
	30 June 2007 US$	30 June 2006 US$	30 June 2007 US$	30 June 2006 US$
Denominated in Pounds Sterling	569,507	31,039,856	367,439	30,995,127
Denominated in Australian dollars	226,796	504,799	-	-
Denominated in United States dollars	83,110,993	2,267,237	43,499,815	1,199,899

(f) Financial liabilities

Other than short-term creditors and the convertible bond the Group and Company do not have any financial liabilities.

(h) Derivative instruments

Neither the Company nor Group made use of derivative instruments during the year.

(i) Disclosure of fair values

Except for the convertible bond which had a fair value of US$87,357,096 at 30 June 2007 (US$69,306,958 at 30 June 2006), there is no difference between fair value and book values, for either the Company or Group. This fair value is calculated by discounting the expected future cash flows at prevailing market interest rates.

27 Subsequent Events

At an Extraordinary General Meeting of the Company held on 26 July 2007, resolutions were duly passed resolving that:

(a) the Company's authorised share capital be increased from £1,000,000 to £5,000,000 by the creation of an additional 400,000,000 Ordinary Shares of 1p each;

(b) each of the issued and unissued Ordinary Shares of 1p each in the Company be subdivided into four Ordinary Shares of 0.25p each; and

(c) the Company's share premium account be reduced by £85,000,000 by the creation of a special reserve.

On 12 September 2007, the company re-registered as a public limited company and changed its name from Ophir Energy Company Limited to Ophir Energy plc.

28 Transition to International Financial Reporting Standards (IFRS)

For all periods up to and including the year ended 30 June 2006, the Group prepared its financial statements in accordance with United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 30 June 2007, are the first the Group has prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Accordingly, the Group has prepared financial statements in accordance with IFRS applicable for periods beginning on or after 1 January 2006 and the significant accounting policies meeting those requirements are described in Note 2. In preparing these financial statements, the Group has started from an opening balance sheet as at 1 July 2005, the Group's date of transition to IFRS, and made those changes in accounting policies and other restatements required by IFRS 1 "First time adoption of International Financial Reporting Standards" (IFRS 1) for the first-time adoption of IFRS. This note explains the principal adjustments made by the Group in restating its UK GAAP balance sheet as at 1 July 2005 and its previously published UK GAAP financial statements for the year ended 30 June 2006.

As UK GAAP financial statements were previously presented in pounds sterling the reconciliations to IFRS set out below have also been presented in sterling with US dollar equivalents provided. Where necessary reclassifications between captions have been made, including the reclassification of a prepayment under a share purchase agreement of $73,610,177 from current to non-current assets.

Exemptions applied

IFRS1 allows first-time adopters certain exemptions from the general requirement to apply IFRS retrospectively. The Group has taken the following exemption:

IFRS2 *Share-based Payments* has not been applied to any share-based payments that were granted before 7 November 2002 or granted after 7 November 2002 that vested before the date of transition to IFRS on 1 July 2005.

Reconciliations

The following reconciliations provide a quantification of the effect of Ophir's transition to IFRS. These reconciliations provide details on the impact of the transition on:

Group
Group income statement for the year ended 30 June 2006;
Reconciliation of the Group equity and net assets at 30 June 2006;
Reconciliation of Group equity and net assets at 1 July 2005.

Company
Reconciliation of the Company equity and net assets at 30 June 2006;
Reconciliation of Company equity and net assets at 1 July 2005.

The IFRS cash flow statement has been prepared under IAS 7 "Cash Flow Statements". Other than the reclassification of cash flow items and the impact of the change in the presentation currency, there are no significant differences between the Group's cash flow statement under UK GAAP and IFRS.

Summary of Adjustments

The following adjustments have been made in the transition of the Company and Group accounts from UK GAAP to IFRS.

(a) Share-based Payments (IFRS2)

The Group operates long term incentive plans under which equity-settled share-based awards are granted to employees. In accordance with the requirements of IFRS 2, awards are measured at fair value at the date of grant and recognised on a straight-line basis over the related vesting period. Fair value is measured using an option pricing model taking into consideration management's estimate of the expected life of the option.

For equity settled share-based payments with third parties, the goods or services received are measured at the date of receipt by reference to their fair value. If the Group cannot reliably estimate the fair value of goods or services received, their value is measured by reference to the fair value of the equity instruments granted using an option pricing model.

Under UK GAAP issues of options were previously accounted for in accordance with UITF17 and the intrinsic value of the awarded shares at grant date was recognised over the performance period.

The change has resulted in an additional charge to the Group Income Statement of US$3,836,595 for the year ended 30 June 2006 (adjustment at 1 July 2005 US$17,683 credit).

(b) Exploration for and Evaluation of Mineral Resources (IFRS6)

Under UK GAAP all costs incurred prior to obtaining a licence were capitalised to Intangible Assets. Expenditure incurred prior to obtaining legal rights to explore are specifically excluded from the scope of IFRS 6 and as such general guidance under IFRS regarding asset recognition must be applied. In all cases this has resulted in these costs being expensed as incurred.

During the year ended 30 June 2006, the Group had capitalised transaction costs of US$546,857 relating to the convertible bond. Exploration and evaluation assets in the Group and other receivables in the Company have therefore been reduced for these costs which have instead been accounted for in accordance with IAS 39 (refer (c) below).

The change in policy resulted in additional writedowns of US$2,019,288 at 1 July 2005 and US$7,705,894 for the year ended 30 June 2006.

(c) Financial Instrument Recognition and Measurement (IAS 39)

Under IAS 39 financial instruments are recorded net of transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Equity balances are not remeasured subsequent to initial recognition. With respect to compound financial liabilities instruments, costs are apportioned between the debt and equity components. Previously under UK GAAP transaction costs were capitalised.

Accordingly borrowing costs of US$546,857 previously capitalised under UK GAAP have been apportioned between debt and equity and an amount of US$541,699, being the portion attributed to debt has been classified as part of the Company's convertible note and are being amortised over the life of the bond. (Refer Note 19.)

(d) Other

The Group has introduced an accrual of US$12,803 at 1 July 2005 increasing by US$20,011 at 30 June 2006 relating to employee entitlements for annual and long service leave as required by IAS 19 "Employee Benefits".

Transition to International Financial Reporting Standards (IFRS) (cont)

	UK GAAP £	UK GAAP US$	IFRS 2 *(Note 1)* US$	IFRS 6 *(Note 2)* US$	IAS 39 *(Note 3)* US$	IAS 19 *(Note 4)* US$	IFRS US$
(i) Group reconciliation of income statement as at 30 June 2006							
Expenses							
General and administrative expenses	(5,121,639)	(9,089,279)	(3,836,595)	-	-	(20,011)	(12,945,885)
Pre licence exploration expenses	(1,062,865)	(1,886,247)	-	(7,705,894)	-	-	(9,592,141)
Foreign exchange losses	(1,044,890)	(1,854,348)	-	4,761			(1,849,587)
Other expenses	(68,782)	(122,067)	-	-	-	-	(122,067)
Operating loss	(7,298,176)	(12,951,941)	(3,836,595)	(7,701,133)	-	(20,011)	(24,509,680)
Finance revenue	308,906	548,210	-	-	-	-	548,210
Finance expense	(527,474)	(936,099)	-	-	(187,643)	-	(1,123,742)
Loss before taxation	(7,516,744)	(13,339,830)	(3,836,595)	(7,701,133)	(187,643)	(20,011)	(25,085,212)
Taxation	-	-	-	-	-	-	-
Loss after taxation	(7,516,744)	(13,339,830)	(3,836,595)	(7,701,133)	(187,643)	(20,011)	(25,085,212)
Loss attributed to minority interests	2,074	3,680	-	11,301	-	-	14,981
Loss for the financial year	**(7,514,670)**	(13,336,150)	(3,836,595)	(7,689,832)	(187,643)	(20,011)	(25,070,231)

Transition to International Financial Reporting Standards (IFRS) (cont)

	UK GAAP £	UK GAAP US$	IFRS 2 *(Note 1)* US$	IFRS 6 *(Note 2)* US$	IAS 39 *(Note 3)* US$	IAS 19 *(Note 4)* US$	IFRS US$
(ii) Group reconciliation of equity as at 30 June 2006							
Non-current assets							
Exploration and evaluation assets	63,177,944	114,713,307	-	(10,122,303)	-	-	104,591,004
Property, plant and equipment	191,324	347,391	-	-	-	-	347,391
Other financial assets	690,193	1,253,196	-	-	-	-	1,253,196
Other non-current assets	40,540,545	73,610,177	-	-	-	-	73,610,177
	104,600,006	189,924,071	-	(10,122,303)	-	-	179,801,768
Current assets							
Trade and other receivables	169,349	307,489	-	-	-	-	307,489
Cash and short term deposits	17,913,587	32,526,013	-	-	-	-	32,526,013
	18,082,936	32,833,502	-	-	-	-	32,833,502
Total assets	122,682,942	222,757,573	-	(10,122,303)	-	-	212,635,270
Current liabilities							
Trade and other payables	(3,710,246)	(6,736,768)	-	-	-	-	(6,736,768)
Non-current liabilities							
Provisions	-	-	-	-	-	(31,858)	(31,858)
Convertible bond	(38,367,133)	(69,663,875)	143,703	403,155	(189,941)	-	(69,306,958)
	(38,367,133)	(69,663,875)	143,703	403,155	(189,941)	(31,858)	(69,338,816)
Total liabilities	(42,077,379)	(76,400,643)	143,703	403,155	(189,941)	(31,858)	(76,075,584)
Net assets	80,605,563	146,356,930	143,703	(9,719,148)	(189,941)	(31,858)	136,559,686
Capital and reserves							
Called up share capital	302,950	553,467	-	-	-	-	553,467
Share premium account	81,724,749	149,305,253	-	-	-	-	149,305,253
Other reserves	5,134,389	9,040,906	3,962,614	-	(5,158)	-	12,998,362
Translation reserve	1,809,712	2,330,211	-	1,274	2,860	956	2,335,301
Accumulated losses	(8,372,604)	(14,884,208)	(3,818,911)	(9,709,121)	(187,643)	(32,814)	(28,632,697)
Equity shareholders' funds	80,599,196	146,345,629	143,703	(9,707,847)	(189,941)	(31,858)	136,559,686
Minority interests	6,367	11,301	-	(11,301)	-	-	-
Equity	80,605,563	146,356,930	143,703	(9,719,148)	(189,941)	(31,858)	136,559,686

Transition to International Financial Reporting Standards (IFRS) (cont)

	UK GAAP £	UK GAAP US$	IFRS 2 *(Note 1)* US$	IFRS 6 *(Note 2)* US$	IAS19 *(Note 4)* US$	IFRS US$
(iii) Group reconciliation of equity as at 30 June 2005						
Non-current assets						
Exploration and evaluation assets	4,524,390	8,163,830	-	(2,019,288)	-	6,144,542
Property, plant and equipment	147,171	265,555	-	-	-	265,555
Other financial assets	30,828	55,626	-	-	-	55,626
	4,702,389	8,485,011	-	(2,019,288)	-	6,465,723
Current assets						
Trade and other receivables	59,009	106,476	-	-	-	106,476
Cash and short term deposits	1,458,099	2,631,000	-	-	-	2,631,000
	1,517,108	2,737,476	-	-	-	2,737,476
Total assets	**6,219,497**	**11,222,487**	**-**	**(2,019,288)**	**-**	**9,203,199**
Current liabilities						
Trade and other payables	(944,066)	(1,703,474)	-	-	-	(1,703,474)
Non-current liabilities						
Provisions	-	-	-	-	(12,803)	(12,803)
Total liabilities	**(944,066)**	**(1,703,474)**	**-**	**-**	**(12,803)**	**(1,716,277)**
Net assets	**5,275,431**	**9,519,013**	**-**	**(2,019,288)**	**(12,803)**	**7,486,922**
Capital and reserves						
Called up share capital	198,060	357,380	-	-	-	357,380
Share premium account	5,945,940	10,728,881	-	-	-	10,728,881
Other reserves	20,000	36,088	(17,683)	-	-	18,405
Translation reserve	(30,635)	(55,278)	-	-	-	(55,278)
Accumulated losses	(857,934)	(1,548,058)	17,683	(2,019,288)	(12,803)	(3,562,466)
Total equity	**5,275,431**	**9,519,013**	**-**	**(2,019,288)**	**(12,803)**	**7,486,922**

Transition to International Financial Reporting Standards (IFRS) (cont)

	UK GAAP £	UK GAAP US$	IFRS 2 *(Note 1)* US$	IAS 39 *(Note 2)* US$	IFRS US$
(iv) Company reconciliation of equity as at 30 June 2006					
Non-current assets					
Exploration and evaluation assets	25,000	45,393	-	-	45,393
Property, plant and equipment	11,907	21,620	-	-	21,620
Investments in subsidiaries	60,438,826	109,739,834	-	-	109,739,834
Other financial assets	660,840	1,199,899	-	-	1,199,899
Other non-current assets	40,540,545	73,610,177	-	-	73,610,177
	101,677,118	**184,616,923**	**-**	**-**	**184,616,923**
Current assets					
Trade and other receivables	836,735	1,519,273	143,703	(546,857)	1,116,119
Cash and short term deposits	17,052,457	30,962,444	-	-	30,962,444
	17,889,192	32,481,717	143,703	(546,857)	32,078,563
Totals assets	**119,566,310**	**217,098,640**	**143,703**	**(546,857)**	**216,695,486**
Current liabilities					
Trade and other payables	(162,336)	(294,756)	-	-	(294,756)
Non-current liabilities					
Convertible bond	(38,367,133)	(69,663,874)	-	356,916	(69,306,958)
Total liabilities	**(38,529,469)**	**(69,958,630)**	**-**	**356,916**	**(69,601,714)**
Net assets	**81,036,841**	**147,140,010**	**143,703**	**(189,941)**	**147,093,772**
Capital and reserves					
Called up share capital	302,949	553,467	-	-	553,467
Share premium account	81,724,749	149,305,253	-	-	149,305,253
Other reserves	5,134,389	9,040,906	3,962,614	(5,158)	12,998,362
Translation reserve	-	(863,154)	-	2,860	(860,294)
Accumulated losses	(6,125,246)	(10,896,462)	(3,818,911)	(187,643)	(14,903,016)
Total equity	**81,036,841**	**147,140,010**	**143,703**	**(189,941)**	**147,093,772**

Transition to International Financial Reporting Standards (IFRS) (cont)

	UK GAAP £	UK GAAP US$	IFRS 2 *(Note 2)* US$	IFRS US$
(v) Company reconciliation of equity as at 30 June 2005				
Non-current assets				
Exploration and evaluation assets	50,000	90,220	-	90,220
Property, plant and equipment	-	-	-	-
Investments in subsidiaries	5	10	-	10
	50,005	**90,230**	**-**	**90,230**
Current assets				
Trade and other receivables	5,236,253	9,448,319	-	9,448,319
Cash and short term deposits	76,856	138,678	-	138,678
	5,313,109	9,586,997	-	9,586,997
Totals assets	**5,363,114**	**9,677,227**	**-**	**9,677,227**
Current liabilities				
Trade and other payables	(77,210)	(139,317)	-	(139,317)
Net assets	**5,285,904**	**9,537,910**	**-**	**9,537,910**
Capital and reserves				
Called up share capital	198,060	357,380	-	357,380
Share premium account	5,945,940	10,728,881	-	10,728,881
Other reserves	20,000	36,088	(17,683)	18,405
Accumulated losses	(878,095)	(1,584,439)	17,683	(1,566,756)
Total equity	**5,285,905**	**9,537,910**	**-**	**9,537,910**

CORPORATE DIRECTORY

DIRECTORS

Tokyo Sexwale
Non-Executive Chairman

Alan Stein
Managing Director

Jonathan Taylor
Technical Director

Peter Dolan
Non-Executive Director

Mikki Xayiya
Non-Executive Director

Mark Willcox
Non-Executive Director

COMPANY SECRETARY

Raymond Godson

UK REGISTERED OFFICE

6/7 Pollen Street
London W1S 1NJ
United Kingdom

AUDITORS

Ernst & Young LLP
Registered Auditors
1 More London Place
London SE1 2AF
United Kingdom

SOLICITORS

England:
Linklaters
One Silk Street
London EC2Y 8HQ
United Kingdom

Australia:
Clayton Utz
250 St George's Terrace
Perth WA 6000
Australia

BANKERS

England:
HSBC Bank plc
70 Pall Mall
London SW1 5EY
United Kingdom

England:
Standard Bank plc
25 Dowgate Hill
London EC4R 2SB
United Kingdom

Australia:
HSBC Bank Australia Limited
188 - 190 St George's Terrace
Perth WA 6000
Australia

OPHIR OFFICES

118 Piccadilly
Mayfair
London W1J 7NW
United Kingdom

Tel: +44 (0)20 7569 6863
Fax: +44 (0)20 7569 6864

1 Roydhouse Street
Subiaco WA 6008
PO Box 463
West Perth WA 6872
Australia

Tel: +61 (0)8 9212 9600
Fax: +61 (0)8 9212 9699

23 Glenhove Road
Melrose Estate 2196
PO Box 3047
Johannesburg 2041
South Africa

Tel: +27 (0)11 327 5430
Fax: +27 (0)11 327 5431

Ophir Energy plc
118 Piccadilly
Mayfair
London W1J 7NW
United Kingdom

Tel: +44 (0)20 7569 6863
Fax: +44 (0)20 7569 6864

Ophir Energy
1 Roydhouse Street
Subiaco WA 6008
PO Box 463
West Perth WA 6872
Australia

Tel: +61 (0)8 9212 9600
Fax: +61 (0)8 9212 9699

Ophir Energy plc
23 Glenhove Road
Melrose Estate 2196
PO Box 3047
Johannesburg 2041
South Africa

Tel: +27 (0)11 327 5430
Fax: +27 (0)11 327 5431

Email: info@ophir-energy.com
Web: www.ophir-energy.com