Financial Statements

Year to 31 December 2010

Valhall LoFS Containerized Source

The PMSS™ consists of a suite of standard ISO containers that have been fitted with equipment and service modules that, together, form a fully portable seismic source system.

The system can, typically, be installed in a 23 x 11 meter footprint and can be fitted to any vessel with enough deck area. The configuration of the standard ISO containers is flexible and can be altered to suit specific vessel deck arrangements and vessel dimensions.

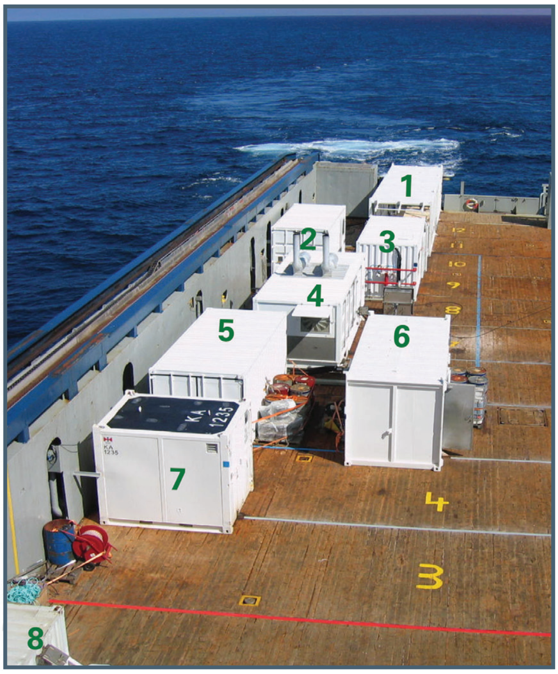
The portable source system only requires electrical power and cooling water from the vessel. All other supply and services are self contained within the standard ISO containerised units.

The three gun string source array is deployed over the stern of the vessel and towed approximately 50 meters astern. This arrangement allows for rapid deployment and recovery coupled with very short turning times which ensures efficient survey operations.

The source system is compact, very safe to recover/ deploy and thus is able to acquire data at relatively high speed. The safe handling and inherent robust design allows operations to continue in weather conditions that would prevent most other survey operations to continue.

The image below shows the vessel shooting a seismic line over a reservoir. Each shoot generates approximately 7TB of data relayed to the platform before being sent to shore for the data processing and interpretation.

The method by which reservoir monitoring is undertaken is to perform repeated seismic data acquisition surveys, or "time lapse" surveys at regular intervals in order that data sets can be compared over time as a tool to analyse the reservoir, assess the migration of hydro-carbons and assist with the extraction process. This methodology is also termed as 4-D seismic, with the 3-D data set plus time as the fourth element.



1. Gun Array unit
2. Pressure control unit and fuel tank
3. Umbilical winch unit
4. LMF Compressor
5. Storage Container
6. Source Workshop
7. Work shed
8. Transformer unit

***Front Cover:** PMSS™ equipment in operation at the Valhall oilfield, North Sea*

Contents

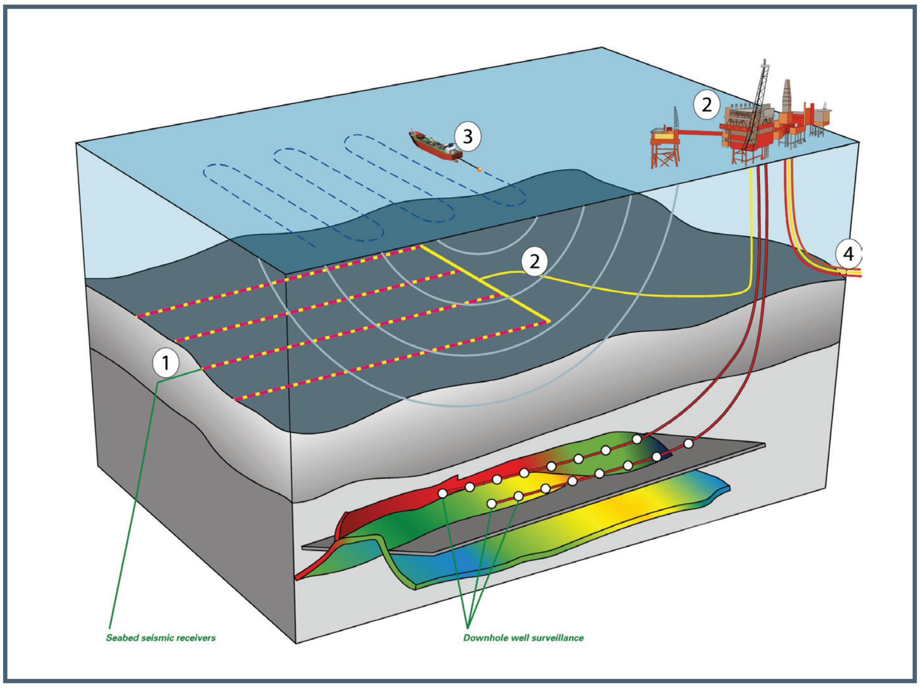
Life of Field Seismic

The PMSS™ provides a system that can be installed on any typical oil field service vessel. The purpose of Life of Field Seismic (LoFS) monitoring is to extend the life and increase the yield of hydrocarbons extracted from a reservoir and thereby increase the return on investment for the production company.

Sensor cables are deployed and laid on the seabed above the oil field (reservoir) that is to be monitored and attached to a data acquisition system installed on the production platform. The seismic source (e.g. the PMSS™) is deployed to 'shoot' over the sea bed cables at intervals to provide an 'image' of the reservoir. The PMSS™ is installed on a vessel and used to generate a signal which will travel down from the sea surface, through the water, through the sub surface strata upon which the signal is refracted / reflected back towards the seabed cables. On the return path the compression (p) waves and shear (s) waves are detected by sensors in the seabed cables.

As the data is recorded and sent ashore via the production platform, it undergoes a sequence of processing steps to "clean up" the data; whereupon it is passed to geophysicists for analysis and interpretation.

The information received will be analysed to shape the drainage strategy and to provide improved drainage of the field by better placement of the new wells.



1. Seabed cables – laid on the seabed above the oil field (reservoir)
2. Recording system – remotely operated and installed on the associated platform and connected to the seabed cable
3. Seismic source (PMSS™) – installed on a vessel and the source of the Seismic Signal
4. Quality control processing – the data is recorded and sent ashore via the production platform

Directors, Secretary and Advisers

Directors	C Duncan Soukup, *Executive Chairman* Graham Cole FCA, FSI, *Non-executive Director* James H Grossman, *Non-executive Director* David M Thomas, *Non-executive Director*
Registered Office	Folio Chambers PO Box 800 Road Town, Tortola British Virgin Islands
Company Secretary	Christopher J Langrick ACA
Nominated Adviser and Broker	Daniel Stewart & Company Plc Beckett House 36 Old Jewry London EC2R 8DD
Solicitors to the Company (as to English Law)	Pinsent Masons LLP 30 Crown Place London EC2A 4ES
Solicitors to the Company (as to BVI Law)	Conyers Dill & Pearman Romasco Place, Wickhams Cay 1 PO Box 3140 Road Town, Tortola British Virgin Islands VG1110
Auditors	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB
Registrars	Capita Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT
Company website	www.thalassaholdingsltd.com

PMSS™ Equipment

Designed to facilitate quick and easy deployment and recovery with minimal involvement of personnel in high risk operating areas. The equipment includes the following components:

Gun Array Unit

- Array handling frame complete with airgun array
- Gun Array – Bolt Technology's Annular Port Gun (APG) configured into 3 sub-arrays with a total 20 guns producing 2000 in^3 volume, ~96 bar-m output
- Ion DigiSHOT digital marine source controller for accurate and repeatable source signatures
- Fugro Seatrack RGPS (Gun Float)
- Ion GATOR Navigation System

Pressure Control Unit

- Pressure control system - Installed in a 20ft offshore container for offshore use
- 400 litre capacity, 2 Fisher valves
- Fuel Tank – for compressor, filled via the vessel

Umbilical Winch Unit

- Manufactured by Odim Seismic AS, installed within a 20ft standard ISO container
- Made to DNV offshore standards
- 3 Hydraulic operated Gun Umbilical winches
- 100m of umbilical per array
- Integral hydraulic system

LMF Compressor

- Installed within 22ft container for offshore use
- 31 m^3 / min = 1100cfm @ 138 bar (2000psi)

Storage Container

- 20ft container for offshore use

Source Workshop

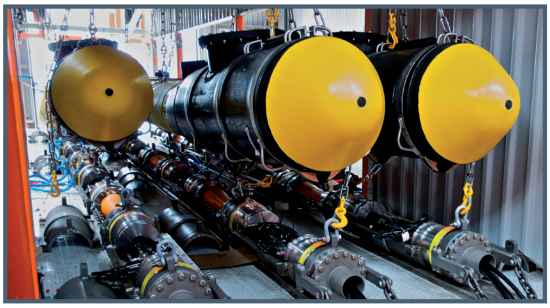
- 20ft container for equipment maintenance

Work Shed

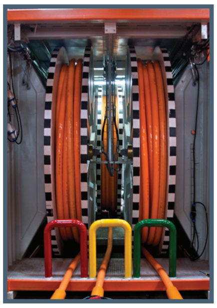
- 10ft container for offshore use

Transformer Unit

- 20ft container for electrical installation and additional storage



Gun floats and gun array



Umbilical winch

Gun array handling frame, floats and guns

Chairman's Statement

Highlights:

- **First seismic contract won using Thalassa seismic equipment generating US$404,086 (2009: US$ nil) in revenue:**
  - **The Valhall contract is for 7 seismic-shoots over the Valhall field in the Norwegian section of the North Sea over a period of 3.5 years, with an option to extend for another two years by the contractor**
  - **Procurement of a second PMSS™ unit**
  - **Successful deployment of equipment in July 2010 and completion of the first seismic shoot during September 2010**
  - **The second seismic shoot has started with the mobilisation of the equipment in the second half of March 2011 and is expected to complete early May 2011**
- **Realisation of US$646,441 of gains from investments (including dividends and interest)**
- **61.3% increase in Revenue to US$1,050,527 (2009: US$651,162)**
- **253.1% increase in Profit to US$546,259 (2009: US$154,695)**
- **200% increase in diluted EPS to US$0.06 per share (2009: US$0.02)**
- **Total realised gains for 2009 and 2010 US$1.3m (US$651,162 in 2009 and US$646,441 in 2010)**
- **Placement of 700,000 shares out of Treasury at £0.30 per share**

Overview:

Thalassa Energy Services Ltd

It has been a productive year for Thalassa Energy Services Ltd winning, through its operating partner WGP, its first contract to procure and supply the ongoing seismic source service for the Valhall Life of Field Seismic project. Thalassa entered the oilfield services sector in 2007, specifically to acquire marine seismic equipment for Life of Field Seismic projects. 2008 and 2009 were immensely challenging for the oil services industry, however we remained optimistic that the market would recover in line with a recovering oil price. The award of the Valhall LoFS project demonstrates that activity and opportunities are increasing and I look forward to working with our operating partner, WGP, to build on this initial project with additional contracts in the future.

Thalassa Public Investments Ltd/Thalassa Private Investments Ltd

As I mentioned in the 2009 Chairman's Statement, a number of initiatives were taken to protect and build shareholder value, amongst them, the expansion of operations through the formation of Thalassa Public Investments Ltd (investing in publicly quoted companies) and Thalassa Private Investments Ltd (investing in private companies). The portfolios have performed exceptionally and gains of US$646,441 were realised in 2010 in addition to the gains realised in 2009 of US$651,162. Whilst the return on investments was an impressive 90.4%, this activity was always intended as a 'temporary' measure until such time as stability returned to the oil markets and the Company could concentrate on its role as an E&P service company.

The Company's recently announced operating contract provides revenue and earnings visibility over the next 3 years and as a consequence, all financial investment activity has been curtailed. As at 31 December 2010, there were no financial investments in either Thalassa Public Investments Ltd or Thalassa Private Investments Ltd.

Financial Review:

Group results for the year to 31 December 2010 show an increase in revenue of 61.3% to US$1,050,527 (2009: US$651,162) resulting in a profit of US$546,259, an increase of 253.1% over the prior period (2009: US$154,695). Basic profit per share was US$0.08 (£0.05) and diluted profit per share was US$0.06 (£0.04) as compared to basic and diluted profit per share of US$0.02 (£0.01) in the prior period.

Revenue of US$1,050,527 includes US$404,086 generated from operations (2009: US$ nil) and US$646,441 of realised gains from investments in the period (2009: US$651,162).

Net assets at 31 December 2010 amounted to US$7,463,084, resulting in a net asset value per share of US$1.04 (£0.67) in comparison to US$1.10 (£0.69) for the prior period. 700,000 shares were placed out of Treasury stock during the period resulting in 7,200,000 shares in issue at 31 December 2010 (2009: 6,500,000).

Cash inflow for the period amounted to US$369,251. This was largely made up of US$1.4m from the disposal of investments, US$0.5m from operating activities, US$0.2m from an increase in trade and other payables and US$0.3m from the placement of Treasury shares, partially offset by the acquisition of plant and equipment for US$2.0m.

During the year investment assets totalling US$939,487 were transferred to me, at cost, in part repayment of the 'related party loans' outstanding. As at 31 December 2010, the remaining related party loan balance was reduced from US$1,186,832 to US$247,345. The transaction had a positive impact on the results due to the reversal of the Company's share of the related party losses of approximately US$91,000 that the Company has had to account for in connection with the private investments having been accounted for as associate companies.

I would also mention that I have waived all interest accrued on the related party loans during the year totalling US$104,367 plus a further US$215,240 of fees and interest accrued and owed to my management company. As at 31 December 2010 the amount owed to this company was US$163,718.

While revenue streams remain visible in 2011 and beyond, control of the Group's cost base remains a key area of focus and as a result the Group has continued to reduce fixed costs in an effort to guarantee positive cash generation through 2013 based on current contracted revenue.

Outlook for 2011:

Since the low of US$34 per barrel in January 2009, oil has increased to a recent level of US$110 per barrel, an increase of 224%! At the same time fear of sustained hostilities across Africa and the Middle East with the potential to affect Saudi Arabia will probably result in an extended period of expensive oil. Due to the fact that a majority of the World's oil comes from this region it is probable that exploration and production in geographic areas seen as more stable than Africa and the Middle East will accelerate. It is your Board's intention to focus on these areas and to take steps to expand the Company's services as and when possible.

The Board is considering the appointment of a CEO from the energy industry to drive the Company forward. Obviously there is no guarantee that this search will be successful, however, the Board is unanimous in its view that industry prospects are solid and that the current turbulence in the Energy sector offers an opportunity for accelerated growth.

Whilst 2010 results showed a marked improvement over 2009, the Board is well aware that the financial returns on capital invested fall well short of desired levels. ROCE of 7.3%, particularly when over 60% of revenue was generated from financial investments, is unacceptable to the Board and we will continue to strive to improve performance in the future.

As a final note, I would like to take this opportunity to thank our operating partner, WGP, for their ongoing dedication and commitment, particularly in securing the company's first contract during the period. We continue to explore new opportunities with WGP and remain positive on the outlook of securing additional contracts in the future.

C. Duncan Soukup
Chairman

11 April 2011

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2010.

Business review and Principal activities

Thalassa Holdings Ltd (the "Company") is a BVI business company, incorporated and registered in the British Virgin Islands on 26 September 2007. The Company was established as a holding company, and currently has three subsidiaries, Thalassa Energy Services Ltd ("TESL"), Thalassa Public Investments Ltd ("TPUIL") and Thalassa Private Investments Ltd ("TPRIL") (together with Thalassa Holdings Ltd, the "Group").

TESL was established to acquire marine seismic equipment, specifically a Portable Modular Source System ("PMSS™"). The equipment can be installed on a vessel in order to provide the seismic (sound) source to allow exploration and production companies to perform reservoir monitoring.

BP Norge AS and operating partners of the North Sea giant Valhall oilfield contracted WGP to operate and TESL to procure and supply the on-going seismic source service for their LoFS project that has been providing 4 Component ("4C"), time lapse 3D ("4D") seismic data since 2003 with an average of 2 surveys per year. The contract incorporated the acquisition, by TESL, of a second portable seismic source system.

The Valhall field lies in Norwegian waters, Blocks 2/8 and 2/11, with a production life estimated until 2050 but, due to the fragility of the chalk reservoir, is highly complex to manage. The Valhall LoFS program is designed to support the water injection program, to improve recovery rates by optimizing the placement of production wells, to reduce the cost of drilling new wells and to identify upside opportunities.

120km of OYO Geospace Ocean Bottom Cable (OBC) was trenched in 2003 above the reservoir creating a survey area of 45km^2 over which a portable seismic source installed on a Platform Supply Vessel is used to provide seismic data acquisition.

The first survey as part of this 3.5 year contract was successfully completed in September 2010 with a further two consecutive surveys per year planned until the end of 2013. The second survey commenced in March 2011 with the mobilisation of the equipment and is expected to complete in early May 2011.

TPUIL was formed to invest in publicly quoted companies and TPRIL was formed to invest in private opportunities; however, financial investment activities were curtailed during the year with a return to the Group's core business of acquiring and operating marine seismic equipment.

Results and dividends

The Group made a profit for the year ended 31 December 2010 of US$546,259. The Directors do not recommend the payment of a dividend.

Directors and Directors' Interests

The Directors of the Company who held office during the period and to date, including details of their interest in the share capital of the Company are as follows

Name	Date Appointed	Shares held	Share options
Executive Director			
C Duncan Soukup	26 September 2007	2,839,821	2,125,000
Non-Executive Directors			
Graham Cole	2 April 2008	39,870	85,000
James H Grossman	2 April 2008	25,000	85,000
David M Thomas	2 April 2008	-	85,000

Mr Soukup's interest in the share capital of the Company includes 200,000 ordinary shares issued to Vidacos Nominees Limited, although Mr Soukup's wife is the beneficial owner of these shares.

Directors' remuneration

	2010	2009
	US$	US$
Executive Directors		
C Duncan Soukup	-	-
Non Executive Directors		
Graham Cole	3,000	1,000
James H Grossman	3,000	1,000
David M Thomas	3,000	2,000
Total remuneration	9,000	4,000

Under the consultancy agreement between Mr Soukup and Thalassa Holdings Ltd, Mr Soukup has the right to receive US$200,000 per annum in consultancy fees. Mr Soukup has previously waived all compensation due to him in 2008 and 2009 while the equipment had not been deployed. Mr Soukup has once again waived US$200,000 of fees and interest of US$15,240 due for 2010.

Substantial Shareholdings

As of 31 December 2010, the Company had been advised of the following substantial shareholders:

Name	Holding	%
BBHISL Nominees Limited	2,639,821	36.7
Lynchwood Nominees Limited	1,428,210	19.8
Securities Services Nominees Limited	995,000	13.8
Strand Nominees Limited	500,000	6.9
Vidacos Nominees Limited	500,000	6.9
TD Waterhouse Nominees (Europe) Limited	251,000	3.5
Total number of shares in issue	7,200,000	

Related Party Transactions

Details of all related party transactions are set out in note 8 to the financial statements.

Future Prospects

The Company's North Sea seismic contract provides revenue and earnings visibility from seismic operations over the next 3 years. In addition, the Company has seen a significant increase in potential customer enquiries for its PMSS™ units, however, due to the nature of the potential contracts there is no guarantee that the Company will be able to profitably deploy its equipment in addition to the existing contract.

Financial risks

Details of the financial risks and strategy of the group are set out in note 18.

AGM

The Annual General Meeting will be held at Le Cabanon, Pointe des Douaniers, 06320 Cap d'Ail, France on 12 May 2011at 12.00pm. A notice of the meeting is attached to this Annual Report.

Auditors

A resolution to re-appoint Moore Stephens LLP as the Company's auditors will be submitted to the shareholders at the Annual General Meeting.

Approved by the Board and signed on its behalf by

C. Duncan Soukup
Chairman

11 April 2011

Directors' Statement of Responsibilities

The Directors have elected to prepare the financial statements for the Group in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'.

In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the directors to:

- select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The financial statements are published on the Group's website. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditor's Report on the Financial Statements

We have audited the accompanying financial statements of Thalassa Holdings Ltd, which comprise the consolidated statement of financial position as at 31 December 2010 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's 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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Report and the Directors Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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

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

Opinion

In our opinion, the financial statements present fairly in all material respects the financial position of the group as of 31 December 2010 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

150 Aldersgate Street
London
EC1A 4AB

Moore Stephens LLP
Chartered Accountants

Consolidated Statement of Income

for the year ended 31 December 2010

	Note	2010 US$	2009 US$
Revenue		1,050,527	651,162
Cost of sales		(82,546)	-
Gross profit		**967,981**	**651,162**
Administrative expenses		(512,291)	(476,719)
Other gains and (losses) - foreign currency gains		91,932	(12,936)
Operating profit	*3*	**547,622**	**161,507**
Interest income	*4*	15,822	324
Finance expense	*5*	(17,185)	(7,136)
Profit before taxation		**546,259**	**154,695**
Taxation		-	-
Profit for the financial period		**546,259**	**154,695**
Weighted average number of shares of the Company:			
Basic		6,753,425	7,343,836
Diluted		9,133,425	9,723,836
Number of shares held in Treasury		1,300,000	2,000,000
Earnings per share US$			
Basic	*6*	**0.08**	**0.02**
Diluted	*6*	**0.06**	**0.02**

The notes on pages 18 to 30 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	2010	2009
	US$	**US$**
Profit / (loss) for the financial period	**546,259**	**154,695**
Other comprehensive income:		
Financial assets - available-for-sale - fair value gains / (losses)	(510,208)	515,851
Total comprehensive income	**36,051**	**670,546**

The notes on pages 18 to 30 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2010

	Note	2010 US$	2009 US$
Assets			
Non-current assets			
Tangible fixed assets	*9*	7,723,349	5,782,763
Available for sale investments	*10*	-	1,820,606
Total non-current assets		**7,723,349**	**7,603,369**
Current assets			
Loans and receivables	*11*	21,268	232,992
Trade and other receivables	*12*	66,083	217,109
Cash and cash equivalents		504,989	135,738
Total current assets		**592,340**	**585,839**
Liabilities			
Current liabilities			
Trade and other payables	*13*	605,170	368,382
Loans	*8*	247,435	701,501
Total current liabilities		**852,605**	**1,069,883**
Net current assets / (liabilities)		**(260,265)**	**(484,044)**
Net assets		**7,463,084**	**7,119,325**
Shareholders Equity			
Share capital	*14*	85,000	85,000
Share premium	*14*	7,264,414	7,125,634
Treasury shares	*14*	(313,725)	(482,653)
Other reserves		-	510,208
Retained earnings / (losses)		427,395	(118,864)
Total shareholders equity		**7,463,084**	**7,119,325**

The notes on pages 18 to 30 form an integral part of these consolidated financial statements.

These financial statements were approved and authorised by the board on 11 April 2011.

Signed on behalf of the board by:

C. Duncan Soukup
Chairman

Consolidated Statement of Cash Flows

for the year ended 31 December 2010

	2010	2009
	US$	US$
Cash flows from operating activities		
Operating profit / (loss) for the period	**547,622**	**161,507**
(Increase) / decrease in loans and receivables	211,724	(232,992)
(Increase) / decrease in trade and other receivables	151,026	(129,650)
Increase in trade and other payables	236,788	252,493
Acquisition of investments	(1,096,120)	(3,046,804)
Disposal of investments	2,406,518	1,776,444
Cash generated by operations	**2,457,558**	**(1,219,002)**
Interest paid	(17,185)	(7,136)
Depreciation	26,520	-
Net cash flow from operating activities	**2,466,893**	**(1,226,138)**
Cash flows from investing activities		
Acquisition of plant and equipment	(1,967,106)	(25,815)
Interest received	15,822	324
Net cash flow from investing activities	**(1,951,284)**	**(25,491)**
Cash flows from financing activities		
Increase / (decrease) in Shareholder loans	(454,066)	1,280,619
Repayment of borrowings	-	(579,118)
Cost of share issues	-	8,983
Treasury shares	307,708	(482,653)
Net cash flow from financing activities	**(146,358)**	**227,831**
Net (decrease) / increase in cash and cash equivalents	369,251	(1,023,798)
Cash and cash equivalents at the start of the period	135,738	1,159,536
Cash and cash equivalents at the end of the period	**504,989**	**135,738**

The notes on pages 18 to 30 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	Share Capital	Share Premium	Treasury shares	Other Reserves	Retained earnings / (losses)	Total Equity
	US$	US$	US$	US$	US$	US$
Balance as at 31 December 2008	**85,000**	**7,116,651**	**-**	**(5,643)**	**(273,559)**	**6,922,449**
Issue of share capital	-	8,983	-	-	-	8,983
Purchase of treasury shares	-	-	(482,653)	-	-	(482,653)
Total comprehensive income and expense for the period	-	-	-	515,851	154,695	670,546
Balance as at 31 December 2009	**85,000**	**7,125,634**	**(482,653)**	**510,208**	**(118,864)**	**7,119,325**
Sale of treasury shares	-	138,780	168,928	-	-	307,708
Total recognised income and expense for the period	-	-	-	(510,208)	546,259	36,051
Balance as at 31 December 2010	**85,000**	**7,264,414**	**(313,725)**	**-**	**427,395**	**7,463,084**

The notes on pages 18 to 30 form an integral part of these consolidated financial statements.

1. General information

Thalassa Holdings Ltd (the "Company") is a BVI business company, incorporated and registered in the British Virgin Islands on 26 September 2007. The Company was established as a holding company, and currently has three subsidiaries, Thalassa Energy Services Ltd ("TESL"), Thalassa Public Investments Ltd ("TPUIL") and Thalassa Private Investments Ltd ("TPRIL") (together with Thalassa Holdings Ltd, the "Group").

TESL was established to acquire marine seismic equipment, specifically a Portable Modular Source System ("PMSS™"). TESL has two PMSS™ units, the second acquired in 2010. The equipment can be installed on a vessel in order to provide the seismic (sound) source to allow exploration and production companies to perform reservoir monitoring. The newly acquired PMSS™ was successfully deployed in the year and completed its first 'shoot' on a new 3.5 year contract. The second PMSS™ is in storage awaiting deployment.

TPUIL was formed to invest in publicly quoted companies and TPRIL was formed to invest in private opportunities.

2. Accounting policies

The Group prepares its accounts in accordance with applicable International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The consolidated financial statements have been prepared on the historical cost basis except for available for sale investments that have been measured at fair value.

The financial statements are expressed in US dollars, being the functional currency of the Company and its subsidiaries.

The principal accounting policies are summarised below. They have been applied consistently throughout the period covered by these financial statements.

2.1. Recent accounting and financial reporting pronouncements

The following standards and amendments to existing standards have been published and are mandatory for accounting periods of the Group beginning after 1 January 2010, but which have not been adopted early by the Group:

IFRS 7 (amendment), 'Financial Instruments: Disclosures'. The amendment addresses the disclosures surrounding the derecognition of financial assets. The amendment removes the extant requirements and adds new disclosure requirements for; transferred financial assets which do not qualify for derecognition and those transferred financial assets that are derecognised in their entirety but the entity has continuing involvement in them. The amendment is effective for annual periods beginning on or after 1 July 2011. Comparative information will not be required on initial application.

IFRS 9, 'Financial Instruments', is effective for accounting periods beginning on or after 1 January 2013. The standard issued in November 2009, which was added to in October 2009, currently outlines the recognition and measurement of financial assets, financial liabilities and the derecognition criteria for financial assets. Financial assets are to be measured either at amortised cost or fair value through profit and loss, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. A financial asset can only be measured at amortised cost if the Group has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding. On adoption of the standard the Group will have to redetermine the classification of its financial assets specifically for available-for-sale and held-to-maturity financial assets. Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit and loss (for example derivatives) with changes in the liabilities' credit risk to be recognised in other comprehensive income. The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement', have been transferred to IFRS 9, there is unlikely to be an impact on the Group from this section of the standard when it is applied.

2.1. Recent accounting and financial reporting pronouncements *continued*

The Group has not evaluated the full extent of the impact that the standard will have on its financial statements.

Various IFRSs have been amended by the Annual Improvements issued in 2009 and 2010. The amendments that are not yet effective and are unlikely to have a material impact on the Group financial statements, unless previously stated.

2.2. Going concern

The financial statements have been prepared on the going concern basis as management consider that the Group has sufficient cash and budgeted cashflow from operations to fund its commitments for the foreseeable future.

2.3. Basis of consolidation

The consolidated accounts include the assets, liabilities and results of the Company together with its wholly owned subsidiaries; Thalassa Energy Services Ltd, Thalassa Public Investments Ltd and Thalassa Private Investments Ltd. All significant intercompany transactions and balances within the group are eliminated in the preparation of the consolidated financial statements.

2.4. Judgement and estimates

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The key judgement area relates to the carrying value of the plant and equipment. The carrying value of the PMSS™ may significantly differ from its market value. It is affected by management's assessment of its fair value and indicators of impairment. If the carrying value of the PMSS™ exceeds the recoverable amount then an impairment charge is recognised.

2.5. Tangible Fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Cost includes the purchase price, including import duties, non-refundable purchase taxes and directly attributable costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Cost also includes capitalised interest on borrowings, applied only during the period of construction.

Depreciation is provided at rates calculated to write off the cost of the tangible fixed assets over their estimated useful economic life, less estimated residual values, once the equipment is deployed and is in use. The economic life has been calculated based on the estimated number of days in use and as such, the depreciation charge for the period has been calculated as a proportion of the days utilised against the total number of expected days of use.

2.6. Impairment of assets

An assessment is made at each financial position date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in a prior period may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the statement of income in the period in which it arises. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation / amortisation), had no impairment loss been recognised for the asset in a prior period. A reversal of an impairment loss is credited to the statement of income in the period in which it arises.

2.7. Investments

Available for sale investments are initially measured at cost, including transaction costs. Gains and losses arising from changes in fair value of available for sale investments are recognised directly in other comprehensive income, until the security is disposed or is deemed to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the statement of income for the period.

Investments in associates are carried in the statement of financial position under the equity method at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less amortisation of any excess value over the net assets acquired and any impairment.

2.8. Revenue

Revenues from deployment contracts are recognised at pro rata basis over the rental periods of such deployments, as service is performed.

Revenue also includes realised gains or losses from the disposal of available for sale investments, dividends received from investments held in publicly listed companies and interest receivable on loans made to companies through TPRIL.

2.9. Taxation

The Company is incorporated in the BVI as a BVI Business Company and as such is not subject to tax in the BVI.

2.10. Foreign currency

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing on the dates of the transactions. At each financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the financial position date. Exchange differences arising are included in the statement of income for the period.

2.11. Borrowing costs

The group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The group recognises other borrowing costs as an expense in the period in which it incurs them.

2.12. Financial instruments and risk management

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost, plus accrued interest, and are reduced by appropriate provisions for estimated irrecoverable amounts. Such provisions are recognised in the statement of income.

Trade receivables are initially measured at fair value and are subsequently measured at amortised cost, do not carry any interest, and are reduced by appropriate provisions for estimated irrecoverable amounts. Such provisions are recognised in the statement of income.

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments with maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables are not interest-bearing and are initially valued at their fair value and are subsequently measured at amortised cost.

Equity instruments are recorded at fair value, being the proceeds received, net of direct issue costs.

Financial instruments that are measured at fair value require classification as determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.13. Share Based Payments

The share options in the Company, issued to the non-executive directors and the share options in TESL issued to employees of WGP are measured at the intrinsic value at each reporting date.

The intrinsic value is calculated as the difference between the market price of the underlying shares (net asset value per share for the options in TESL as the underlying shares are unlisted) and the exercise price of the option.

The share options are measured at intrinsic value, initially at the date granted and subsequently at each reporting date until the corresponding options are exercised, forfeited or lapse. The effects of revaluations are recognised in the statement of income.

Refer to Note 16 for details of all share-based payments.

3. Operating profit for the year

The operating profit for the year is stated after charging:

	2010	2009
	US$	US$
Consultancy fees / staff costs	111,721	28,880
Audit fees	29,038	30,589

Included within consultancy fees / staff costs is US$9,000 in relation to amounts paid for non-executive directors' remuneration.

4. Interest income

	2010	2009
	US$	US$
Interest on bank deposits	229	324
Interest on loans	15,593	-
	15,822	**324**

5. Interest expense

	2010	2009
	US$	US$
Bank interest payable	17,185	7,136

6. Earnings / (Loss) per share

	2010	2009
The calculation of earnings per share is based on the following profit and number of shares:		
Profit for the period (US$)	**546,259**	**154,695**
Weighted average number of shares of the Company:		
Basic	6,753,425	7,343,836
Diluted	9,133,425	9,723,836
Earnings per share:		
Basic (US$)	0.08	0.02
Diluted (US$)	0.06	0.02
Number of shares outstanding at the period end:		
Basic	7,200,000	6,500,000
Diluted	9,580,000	8,880,000

The share options as detailed in note 16 are potentially dilutive in the future.

7. Segment information

The Group has identified three operating segments; investments in publicly listed companies, investments in private companies and operations from the PMSS™.

Information about reportable segments:

	Publicly listed investments	Private investments	PMSSTM	Other	Total
	2010	2010	2010	2010	2010
	US$	US$	US$	US$	US$
Revenue					
Segment revenue	646,441	-	404,086		**1,050,527**
Cost of sales			(82,546)		**(82,546)**
Other segment information					
Administrative expenses				(512,291)	**(512,291)**
Other gains and losses - foreign currency gains	115	(11,191)	8,774	94,234	**91,932**
Interest income		15,593		229	**15,822**
Finance expense			(3,248)	(13,937)	**(17,185)**
Financial position					
Assets					
Tangible fixed assets	-	-	7,723,349	-	**7,723,349**
Available for sale investments	-	-	-	-	**-**
Loans and receivables	-	21,268	-	-	**21,268**
Trade and other receivables	18,750	-	29,122	18,211	**66,083**
Cash and cash equivalents			719	504,270	**504,989**
Liabilities					
Trade and other payables			395,271	209,899	**605,170**
Loans				247,435	**247,435**

7. Segment information *continued*

	Publicly listed investments	Private investments	PMSSTM	Other	Total
	2009	2009	2009	2009	2009
	US$	US$	US$	US$	US$
Revenue					
Segment revenue	648,225	2,937	-	-	**651,162**
Cost of sales	-	-	-	-	**-**
Other segment information					
Administrative expenses	-	-	(111,715)	(365,004)	**(476,719)**
Other gains and losses - foreign currency gains	-	11,041	(3,411)	(20,566)	**(12,936)**
Interest income	-	-	218	106	**324**
Finance expense	-	-	(176)	(6,960)	**(7,136)**
Financial position					
Assets					
Tangible fixed assets	-	-	5,782,763	-	**5,782,763**
Available for sale investments	1,580,306	240,300	-	-	**1,820,606**
Loans and receivables	-	232,992	-	-	**232,992**
Trade and other receivables	-	-	208,518	8,591	**217,109**
Cash and cash equivalents	-	-	169,498	(33,760)	**135,738**
Liabilities					
Trade and other payables	-	-	(271,781)	(96,601)	**(368,382)**

8. Related party transactions

During the period, the Chairman provided a loan totalling £300,000 which has been used for investments in publicly quoted shares, investments in private companies and for the repurchase of shares in the Company, now held in Treasury.

Also during the period, and as announced in the Trading Statement 25 November 2010, the Company repaid the majority of Mr Soukup's loan of US$1,186,922. The loan was repaid, in the most part, by the transfer, at cost of the Company's private investments with a value of US$939,487. The transaction had a positive impact on the results due to the reversal of the Company's share of the related party losses of approximately US$91,000 that the Company has had to account for in connection with the private investments having been accounted for as associate companies. Following the transaction Mr Soukup's loan was reduced to US$247,435. The directors, with the exception of Mr Soukup, consulted Daniel Stewart & Co plc, the Company's nominated advisor, who considered the transaction to be fair and reasonable so far as the Company's shareholders were concerned.

Interest accrued on the loan amounting to US$104,367 at 31 December 2010 was waived by the Chairman (2009: US$61,096). The remaining loan is secured against the assets of Thalassa Holdings Ltd and bears interest at 10%.

8. Related party transactions *continued*

Also during the period, the Company was invoiced US$454,334 of administrative fees from a company in which the Chairman has a beneficial interest. Such fees include legal, financial and administrative services provided to the Company. At 31 December 2010, an amount of US$200,000 in relation to fees and US$15,240 in interest owed to the Company was waived (2009: US$324,571). As at 31 December 2010, the amount owed to the Company was US$163,718 (2009: US$31,589).

9. Tangible fixed assets

	Plant and equipment 2010 US$	Plant and equipment 2009 US$
Cost		
Cost at 1 January	5,782,763	5,756,948
Additions	1,967,106	25,815
Cost at 31 December	**7,749,869**	**5,782,763**
Depreciation		
Charge for the period	(26,520)	-
Depreciation at 31 December	**(26,520)**	**-**
Closing net book value at 31 December	**7,723,349**	**5,782,763**

During the year, TESL acquired a second set of equipment for US$1,967,106 as part of the Valhall contract. This was successfully deployed and completed the first seismic shoot during the period. The contract will run over a period of 3.5 years and a total of 7 seismic shoots.

10. Investments

	2010 US$	2009 US$
Available for sale investments - listed on a recognised stock exchange	-	1,580,306
Unquoted investments - investment in associate	-	240,300
At 31 December	**-**	**1,820,606**

Available for sale investments which are listed on a recognised stock exchange are classified as level 1 financial instruments.

10. Investments *continued*

	2010 US$	2009 US$
Unquoted investments - investment in associate		
At the beginning of the period	240,300	-
Acquisitions	-	240,300
Disposals	(240,300)	-
At 31 December	**-**	**240,300**

Unquoted investments are classified as level 3 financial instruments.

11. Loans and receivables

	2010 US$	2009 US$
Capital	18,583	218,952
Interest	2,685	2,999
Foreign currency movement	-	11,041
Total loans and receivables	**21,268**	**232,992**

12. Trade and other receivables

	2010 US$	2009 US$
Other debtors	51,092	206,065
Prepayments	14,991	11,044
Total trade and other receivables	**66,083**	**217,109**

13. Trade and other payables

	2010 US$	2009 US$
Trade creditors	170,127	101,791
Other creditors	343,031	194,392
Accruals	92,012	72,199
Total trade and other payables	**605,170**	**368,382**

14. Share capital and share premium

	2010 US$	2009 US$
Authorised share capital:		
100,000,000 ordinary shares of US$0.01 each	1,000,000	1,000,000
Alloted, issued and fully paid:		
8,500,000 ordinary shares of US$0.01 each	85,000	85,000

	Number of shares	Share capital	Share premium	Treasury shares
Balance at 1 January 2010	8,500,000	85,000	7,125,634	(482,653)
Cost of share issues	-	-	-	-
Shares placed	-	-	-	168,928
Gain on Treasury shares placed	-	-	138,780	-
Balance at 31 December 2010	**8,500,000**	**85,000**	**7,264,414**	**(313,725)**

Share premium relates to 8,490,000 shares issued with a nominal value of US$0.01 issued at a price of US$1.00, less costs of issue amounting to US$1,279,466.

On 30 July 2010, the Company privately placed 500,000 ordinary shares out of Treasury at a price of 30 pence per ordinary share raising gross proceeds of £150,000.

On 26 August 2010, the Company privately placed 200,000 ordinary shares out of Treasury at a price of 30 pence per ordinary share raising gross proceeds of £60,000.

There were 1,300,000 shares held in Treasury as at 31 December 2010.

15. Other reserves

Other reserves relates to prior year unrealised gains and losses on available for sale investments. All prior year unrealised gains were realised during the year leaving a balance of US$nil at 31 December 2010.

16. Share based payments

Thalassa Holdings Ltd share options

	Founding shareholder options	Non - Executive director share options
	16.1	16.2
Outstanding at 1 January 2009	**2,125,000**	**85,000**
Options granted	-	-
Options lapsed	-	-
Options exercised	-	-
Outstanding at 1 January 2010	**2,125,000**	**85,000**
Options granted	-	-
Options lapsed	-	-
Options exercised	-	-
Outstanding at 31 December 2010	**2,125,000**	**85,000**
Exercise price	US$0.01	US$1.00

16.1. Founding shareholder options

On 23 July 2008 Duncan Soukup was granted a five year option to subscribe for 2,125,000 shares at US$0.01 per share. These options incur no income statement charge as they were issued in the capacity as a holder of equity shares in the Company and as such are not a share based payment transaction.

Duncan Soukup did not exercise any of his options during the year to 31 December 2010.

16.2. Non-Executive Director share options

On 23 July 2008 each of the Directors (other than the Chairman), was granted a three year option to subscribe for up to 85,000 shares in the Company, at US$1.00 per share.

None of the non-executive director share options were exercised during the year to 31 December 2010.

Thalassa Energy Services Ltd share options

	Employees of WGP share options
	16.3
Outstanding at 1 January 2010	**91,000**
Options granted	-
Options lapsed	-
Options exercised	-
Outstanding at 31 December 2010	**91,000**

16.3. Share options in Thalassa Energy Services Ltd granted to employees of WGP

On 23 July 2008, certain employees of WGP were granted five year options in respect of a total of up to 100,000 ordinary shares of TESL at US$1.00 per share.

None of the WGP employee options were exercised or lapsed during the year to 31 December 2010. A total of 9,000 options have lapsed in prior periods, leaving a balance outstanding of 91,000.

16.4. Valuation of share options

Management believe that the fair value of the share options issued in the Company and TESL cannot be reliably estimated at the date the options were granted as volatility assumptions based on other listed entities are not appropriate as:

- The Group operates in a niche market
- The Group has no trading history and has only recently commenced operations
- The shares in the Company are currently illiquid
- The current economic environment prevents reliable comparison

The Group has therefore valued the share options issued in the Company and TESL using the intrinsic value, i.e. the difference between the market price of the underlying shares (net asset value per share for the options in TESL as the underlying shares are unlisted) and the exercise price of the option.

As the exercise price of the share options in the Company at 31 December 2010 was in excess of the market price at 31 December 2010, the charge to the income statement for the period to 31 December 2010 is US$nil (31 December 2009: US$nil). The exercise price of the share options in the Company is US$1.00. The sterling equivalent of the exercise price at 31 December 2010 was £0.65. The sterling equivalent of the average exercise price for the share options during the year to 31 December 2010 was £0.65.

As the exercise price of the share options in Thalassa Energy Services Ltd at 31 December 2010 was in excess of the net asset value per share at 31 December 2010, the charge to the income statement for the period to 31 December 2010 is US$nil.

17. Investment in subsidiaries

Details of the Company's subsidiaries at the year end are as follows:

		Share holding	
Name of subsidiary directly held by Thalassa Holdings Ltd	**Place of incorporation**	**2010**	**2009**
Thalassa Public Investments Ltd	British Virgin Islands	100%	100%
Thalassa Private Investments Ltd	British Virgin Islands	100%	100%
Thalassa Energy Services Ltd	British Virgin Islands	100%	100%

18. Financial instruments

The Group's financial instruments comprise cash and cash equivalents together with various items such as other debtors and trade creditors etc, that arise directly from its operations. The Group's financial instruments also comprised available for sale investments which were disposed of in the period.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk.

18. Financial instruments *continued*

Interest rate risk

The Group does not undertake any hedging against interest rate risk. The Group finances its operations from the cash balances on the current and deposit accounts. The borrowings are from the Chairman and accrue interest at a rate of 10% per annum. All interest accrued at 31 December 2010 was waived by the Chairman.

Foreign exchange risk

The Group undertakes hedging activities from time to time for foreign exchange risk.

An increase in foreign exchange rates of 5% at 31 December 2010 would have increased the profit and net assets by US$26,000. A decrease of 5% would have had an equal and opposite impact.

Credit risk

The Group considers the credit ratings of banks in which it holds funds, and counterparties with which it contracts, in order to reduce exposure to credit risk.

Market risk

Market risk includes currency risk, interest rate risk and comprises the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments.

Liquidity risk

The Group's strategy for managing cash is to match cash flows generated from operations against the Group's expenditure. Based on current forecasts the Group has sufficient cash to meet future obligations.

The fair value of the financial assets and liabilities approximates the carrying values disclosed in the financial statements.

Capital Management

The Group's capital comprises ordinary share capital, retained earnings and capital reserves, the group has no debt. The Group's objectives when managing capital are to provide an optimum return to shareholders over the short to medium term through capital growth and income whilst ensuring the protection of its assets by minimising risk. The Group seeks to achieve its objectives by having available sufficient cash resources to meet capital expenditure and ongoing commitments.

At 31 December 2010, the Group had capital of US$7,463,084 (2009: US$ 7,119,325). The Group does not have any externally imposed capital requirements.

19. Subsequent events

There have been no significant post balance sheet date events to report.

20. Copies of the consolidated financial statements

The consolidated financial statements are available on the Company's website: www.thalassaholdingsltd.com

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING (the "Meeting") of Thalassa Holdings Ltd (the "Company") will be held at Le Cabanon, Pointe des Douaniers, 06320 Cap d'Ail, France on 12 May 2011 at 12:00PM for the purpose of considering and, if thought fit, passing the following simple resolutions:

1. To receive and consider the financial statements for the year to 31 December 2010 together with the reports of the directors and the auditors thereon.

2. To authorise the Directors to appoint auditors of the Company for the year ending 31 December 2011 and to authorise the Directors to determine the auditor's remuneration.

3. To re-elect Graham Cole as a Director of the Company, who is retiring by rotation and offering himself for re-election in accordance with the Company's Articles of Association.

4. To re-elect James Grossman as a Director of the Company, who is retiring by rotation and offering himself for re-election in accordance with the Company's Articles of Association.

5. To re-elect David Thomas as a Director of the Company, who is retiring by rotation and offering himself for re-election in accordance with the Company's Articles of Association.

Dated 11 April 2011
By Order of the Board

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his place. A proxy need not also be a Member of the Company

2. To appoint a proxy, you should complete the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid the Form of Proxy together with the power of attorney or other authority (if any) under which it is signed must be completed and returned by post or by hand to the Company's Registrar, Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU , not later than 48 hours before the time fixed for the Meeting or any adjourned meeting.

3. In the case of joint holders, if two or more persons hold shares jointly each of them may be present in person or by proxy at the Meeting and may speak as a shareholder; if only one of the joint owners is present in person or by proxy, he may vote on behalf of all joint owners; and if two or more are present in person or by proxy they must vote as one.

4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the annual general meeting to be held on the time and date set out at the top of the notice and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

5. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID : RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

6. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

WGP representatives Marcus Smith and Claire Jennings at the mobilisation of the PMSS™ equipment for the Valhall Spring 2011 Shoot

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