BPC annual report 09

Corporate directory

DIRECTORS

Alan Burns
Chairman and
Chief Executive Officer

Dr Paul Crevello
Chief Operating Officer

Michael Proffitt
Finance Director, Non-Executive

Mark Savage
Non-Executive Director

SECRETARY

McGrigors Nominee Company
(Falklands) Limited

REGISTERED OFFICE

56 John Street
Stanley
Falkland Islands

REGISTRAR

Capita Registrars (Jersey) Limited
12 Castle Street
St Helier
Jersey JE2 3RT

AUDITOR

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

SOLICITORS

McGrigors LLP
56 John Street
Stanley
Falkland Islands

Norton Rose LLP
3 More London Riverside
London SE1 2AQ

Mourant du Feu & Jeune
22 Grenville Street
St Helier
Jersey JE4 8PX

Davis & Co
The British & Colonial Hilton
Centre of Commerce
1 Bay Street, Suite 400
PO Box N-7940, Nassau
Bahamas

NOMINATED ADVISOR

Ambrian Partners Limited
Old Change House
128 Queen Victoria Street
London EC4V 4BJ

BROKER

Fox-Davies Capital Limited
Whitefriars House
6 Carmelite Street
London EC4Y 0BS

Registered in the Falkland Islands with registered number 12840

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Chairmans Report

Dear Shareholder,

We are not alone in experiencing the effects of the current global downturn, however, I am pleased to report we have made good progress during the year. We have been busy locating and processing a considerable amount of previous oil company data that hitherto had been "lost". This data has shed new light on potential in new areas in The Bahamas and applications have been lodged for licences over these new areas. We are currently engaged on farm-out negotiations with regard to these and our existing licences.

BPC has cash reserves on deposit in Australia in a Government guaranteed form with the National Australia Bank, principally in US$ and has no debt. Although BPC is in a satisfactory condition to take its projects forward whilst the international markets recover over the next few years, the next six to twelve months will be a critical time for the Group for obtaining partners and in the oil business generally.

With regard to the reporting of matters of uncertainty in the directors' report and in the notes to the financial statements, I am satisfied that this gives our shareholders appropriate disclosure.

In the meantime, we have migrated the tax residency of the holding company from the UK to Jersey owing to the fact that the Company conducts no business activities in the UK and all of its petroleum activities are in the Commonwealth of The Bahamas. The opportunity has therefore arisen to reduce costs by a reduction in the number of directors and in streamlining the overhead structure by staff reductions. As a result, effective 1 April 2009, two non-executive directors, Robert Carroll and Timothy Jones resigned and I wish to thank them for their great contribution.

The remaining non-executive directors are Mark Savage and Michael Proffitt who will make up the Audit and Remuneration Committees. Michael Proffitt has been appointed Finance Director. Alan Burns, Michael Proffitt and Mark Savage will comprise the Nomination Committee.

Most of our ongoing costs, including legal and travel, are associated with negotiations with potential partners and in keeping the Government of The Bahamas informed of our progress in analysing the data we are recovering.

I would like to thank our shareholders, staff, consultants and directors for their efforts during the year which have set us in a sound condition for potential growth.

Yours sincerely,

Alan Burns
Chairman

We have made good progress during the year and are currently engaged on farm-out negotiations.

Review of Operations

2008 has been a significant year for BPC. Having successfully completed the reverse acquisition of Falkland Gold and Minerals Limited on 1 September 2008, the Board and Management's focus has centred on negotiating farm-outs in the near future, meanwhile ensuring that all obligations under the existing licences are met or exceeded.

The Licences

BPC Limited ("BPC") was granted five exploration licences on 26 April, 2007, totalling over 3.8 million acres (~ 5000 sq miles) (Figure 1). BPC holds 100% interest in the licences through Island Offshore Petroleum Limited (Miami Licence) and Bahamas Offshore Petroleum Limited (Bain, Cooper, Donaldson and Eneas Licences), both Bahamian registered subsidiary companies (Figure 2). In addition, BPC has lodged applications with the government for additional exploration licences in August 2008 and is awaiting the government's review of these applications.

Expenditure to 31 December, 2008

BPC's first year exploration work program (closing April 2008) commitment for five licences was US$450,000 and US$600,000 for second year exploration (closing April 2009) (see table 1). BPC's realised total work programme capital expenditure for the first year and to December 31, 2008 was US$2,836,837. As a result, BPC has already exceeded its first two years' work commitment by US$1,786,837.

Work Completed

BPC undertook comprehensive geological and geophysical studies during the first 20 months of the licences to 31 December, 2008. The staff evaluated historical data gathered from oil companies and University archives from localities in northern Wales, London, Texas and Florida, and retrieved original rock data uncovered in a core storage facility in New Orleans that was ravaged by Hurricane Katrina in 2005.

More than thirty consultants and BPC employees have been focused on analysing and interpreting thousands of pages of historical geological and geophysical documents, seismic and well log file data, and original well bore rock samples. Parts of the historical data set (pre-1987) had to be scanned, digitised and converted into a modern data set in order to apply 2007-2008 computer software and computer hardware platform systems. Pre-1987 geological and geophysical exploration data were analysed using paper data, including well and seismic data. Modern computer technology has advanced in 20 years, and hence necessitated that the historical data be converted to a modern computer framework. More than 25 new geological and geophysical studies were completed to the end of December, 2008.

Extensive evaluation was also conducted in forecasting exploration risk, market economics and geological production facilities to ensure project commerciality. Consultants and University industrial programs were also used to evaluate geological and geophysical data sets. BPC supported research programs at three leading US universities during and preceding Year 1: the University of Miami Comparative Sedimentology Laboratory, which is the leading research group on the geology of the Bahamas and Cretaceous reservoir systems; the Bureau of Economic Geology (BEG), University of Texas at Austin is renowned for its global experience in Jurassic and Cretaceous reservoir systems; and the University of Utah Energy and Geoscience Institute which specialises in global exploration and environmental monitoring. These leading university programs combined with the BPC

Figure 1: Location of BPC Limited Exploration Licences

Location of BPC Limited Exploration Licences (dark yellow blocks) and The Commonwealth of The Bahamas Exclusive Economic Zone (EZZ in light yellow). 1982 UNCLOS Law of the Sea International median boundary is shown south of The Bahamas archipelago and continental shelf and the Division of MMS of the United States Geological Survey median boundary is shown along the boundary between The Bahamas and USA. The northern boundary of The Bahamas is the projected EZZ boundary between the USA and The Bahamas.

Review of Operations
continued

Table 1: BPC Limited Technical Expenditures to 31 December 2008

Capitalised Technical Expenditure as at 31 Dec 2008

By Licence	IOP	BOP				Total
	Miami	Bain	Cooper	Donaldson	Eneas	Dec 08 Actual
G&G Technical Studies	62,541	62,541	62,541	62,541	62,541	312,705
Geophysical Consultancy	68,078	64,946	64,946	64,946	64,946	327,862
Geological Consultancy	157,187	105,206	105,206	105,382	105,382	578,363
G&G Data Processing	36,688	37,088	37,088	37,088	37,088	185,040
G&G Technical Consultancy	199,387	203,035	203,035	217,462	203,035	1,025,954
G&G Coordination	81,381	81,383	81,383	81,383	81,383	406,913
Total Technical Expenditure at 31 Dec 2008	**605,262**	**554,199**	**554,199**	**568,802**	**554,375**	**2,836,837**
Expenditure Commitment in Licence, Yr 1:	250,000	200,000				450,000
Expenditure Commitment in Licence, Yr 2:	300,000	300,000				600,000
Expenditure Commitment in Licence, TOTAL, Years 1 & 2:	**550,000**	**500,000**				**1,050,000**

Table 2: BPC Petroleum Exploration Licences

Asset	Holder	Interest	Status	Licence Expiry Date	Licence Area
The Bahamas - Bain Licence (offshore)	Bahamas Offshore Petroleum Limited	100%	Exploration	26 April 2010	775,468 acres 3,138km^2
The Bahamas - Cooper Licence (offshore)	Bahamas Offshore Petroleum Limited	100%	Exploration	26 April 2010	777,934 acres 3,148km^2
The Bahamas - Donaldson Licence (offshore)	Bahamas Offshore Petroleum Limited	100%	Exploration	26 April 2010	778,855 acres 3,152km^2
The Bahamas - Eneas Licence (offshore)	Bahamas Offshore Petroleum Limited	100%	Exploration	26 April 2010	780,316 acres 3,158km^2
The Bahamas - Miami Licence (offshore)	Island Offshore Petroleum Limited	100%	Exploration	26 April 2010	760,973 acres 3,080km^2

Table 3: Petroleum Exploration Wells, Onshore Bahamas and Bahamian Waters

Well	Year	Operator	Total Depth in meters
Andros Island-1	1947	Superior Oil Company	4446 m
Cay Sal-1	1959	Bahama California	5763 m
Long Island-1	1970	Bahamas Gulf	5351 m
Great Isaac-1	1971	Bahama California	5440 m
Doubloon Saxon-1	1986	Tenneco	6626 m

team and contractors have established BPC as a leader in exploration and development studies for the Bahamas, the Caribbean and related global projects.

BPC's expertise has been realised by the super-major and major petroleum companies, and farm-out discussions to enlist one or several companies to partner in the exploration venture are ongoing. This is receiving the full attention of BPC's technical staff.

Exploration Background

Over sixty years of sporadic exploration has been conducted in The Bahamas beginning in 1945. Exploration licences were granted to 16 companies during this period (Figure 3), the most recent being awarded to BPC. However, there has been very little exploration and drilling activity, with no drilling in the last 20 years, and much of the seismic acquisition activity occurred more than 20 years ago.

Five deep petroleum exploration wells have been drilled onshore or in Bahamian waters (Figure 6). By 1947, following the major discoveries in carbonate reservoir systems of West Texas, Mexico and the Middle East, companies were searching for similar unexplored provinces. The oil rush to The Bahamas led to eight active licences, including those held by Gulf, Standard Oil, BP, Superior Oil and Shell Exploration. Superior Oil Company drilled Andros Island-1 in 1947 on the island primarily as a stratigraphic test. Over the next two decades, Gulf, BP, Shell, Chevron and Sun were the principal operators, and seismic was recorded in 1953-54, 1961 and 1964. Cay Sal-1 was drilled in 1959 by Gulf. Additional seismic was acquired in the years up to 1972, and two further wells were drilled. A joint venture of Gulf, Chevron and Mobil drilled Long Island-1 in 1970, and Chevron drilled the Great Isaac-1 well in 1971.

A gap in exploration activity followed until changes in petroleum legislation in 1982. The acquisition of a speculative survey by GSI renewed interest in the Santaren Channel. Subsequently, Getty was awarded two licences in 1982 (Bimini and south Andros Island area), and Natomas was awarded a licence to the southwest of the Getty Andros Island concession. Natomas and Getty acquired experimental seismic data in 1982-83, along with a follow-up program in 1983-84. ARCO completed a seismic survey on its licence in 1985. ARCO was subsequently taken over by Pecten (Shell). Getty opted not to drill a well following their takeover by Texaco, and that licence expired in 1985. Tenneco acquired licences and drilled the Doubloon Saxon-1 well in the southwestern Bahamas in 1985-86.

Kerr McGee Bahamas Ltd. and Atlantic Exploration and Production Co. was the most recent operator that was awarded an exploration program in The Bahamas.
The Group announced in June 2003 that it had acquired 100% interest in nine oil and gas licences offshore The Bahamas. The licences, located in the Blake Plateau basin about 100 miles north of Freeport, Grand Bahamas Island, cover 6.5 million acres in water depths ranging from 650 feet to more than 7,000 feet. The area lies north of Little Bahama Bank and lacks the large-scale structural folds that occur in BPC's licences.

BPC Limited was awarded five licences in April, 2007 totalling just over 3.8 million acres. Four of the licences are in the southern Bahamas in the area previously held by Tenneco, and one licence is north of Bimini where previously Chevron drilled the Great Isaac well.

In addition to the five wells drilled in The Bahamas, over 7000 kilometres of seismic data was acquired in The Bahamas prior to BPC being awarded their licences (Figure 4). No modern seismic data has been acquired in the area of BPC's licences.

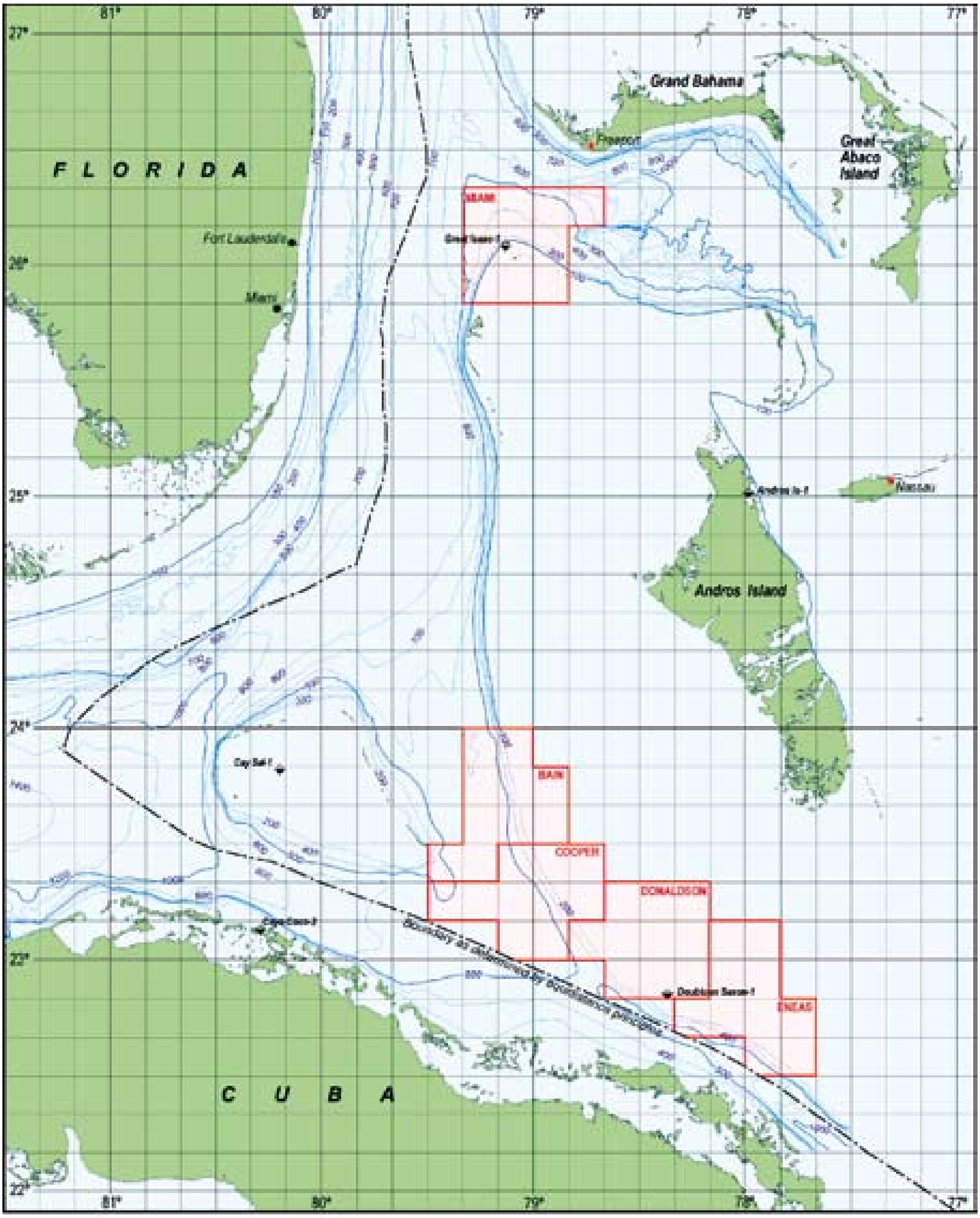
Summary of Progress

BPC has completed more than 25 technical studies to December 31, 2008. These studies included technical analysis of geological and geophysical data.
The expenditure for these studies and associated work was US$2,836,837.

BPC's 20 months of technical studies were designed and executed in order to provide an exploration framework for the licensed areas and programs for seismic acquisition have been evaluated. Farm-out discussions with several companies are underway.

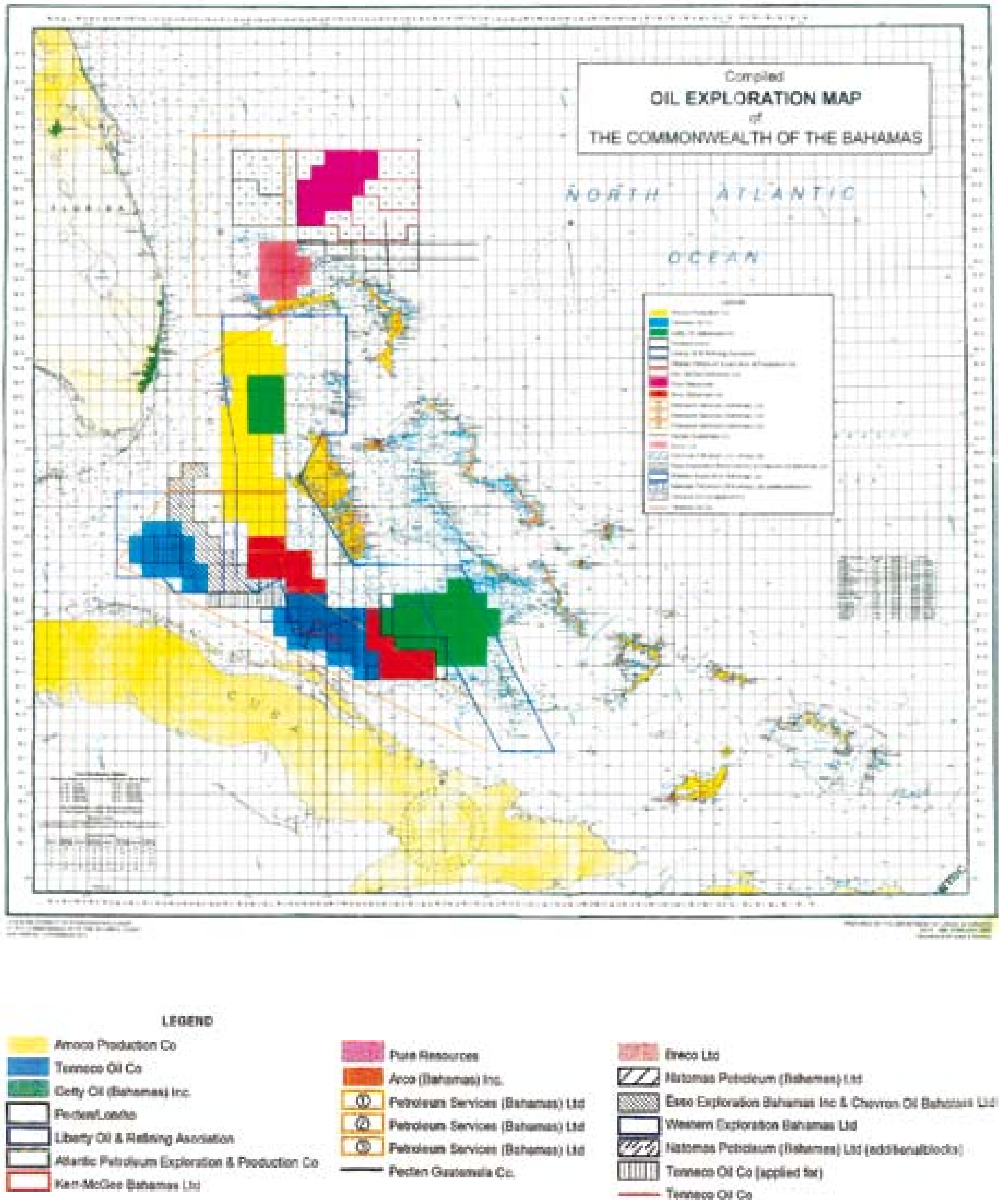
Dr Paul Crevello
Chief Operating Officer

Figure 2: Location of BPC Limited Licences



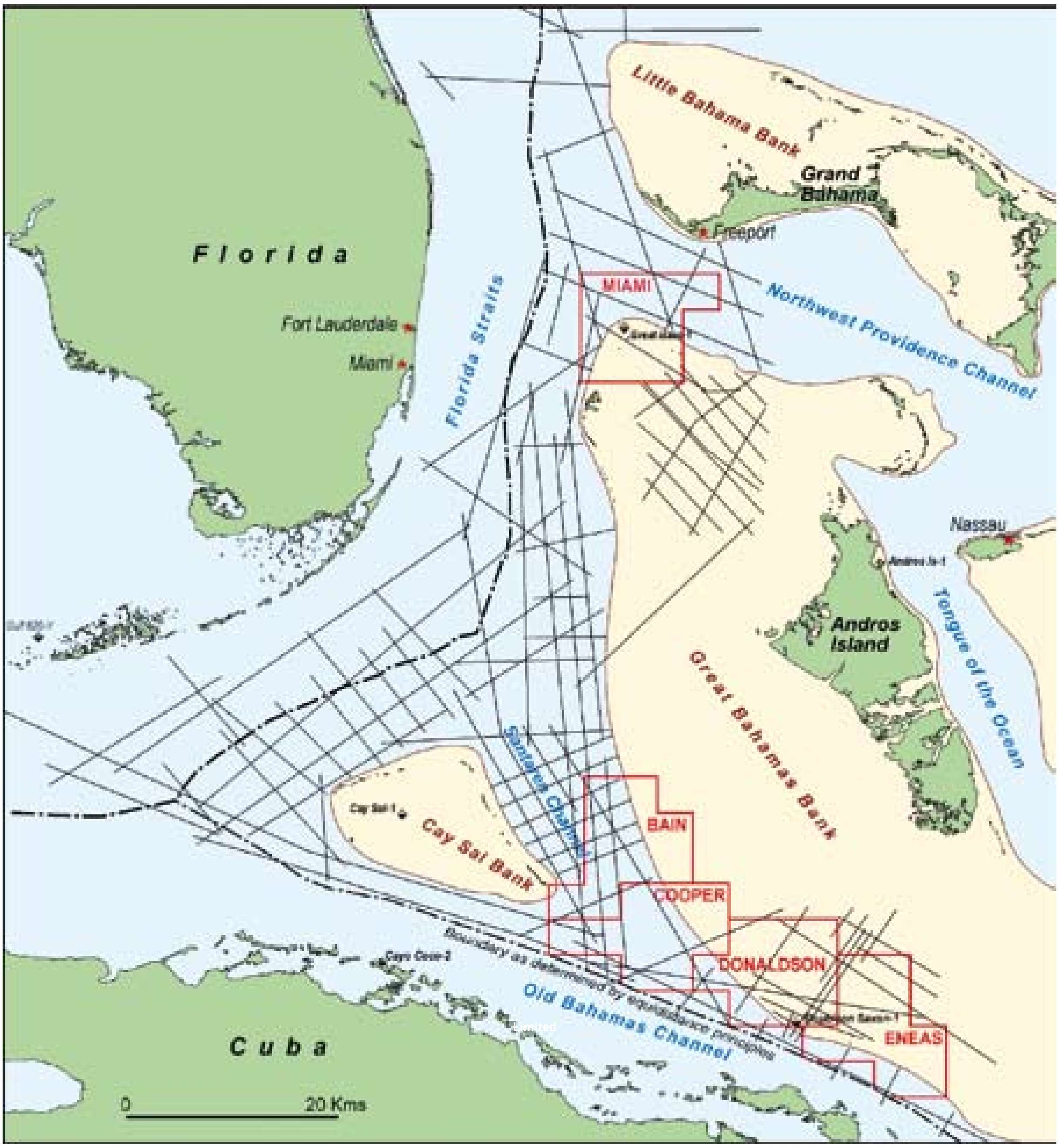
Island Offshore Petroleum Limited (Miami) and Bahamas Offshore Petroleum Limited (Bain, Cooper, Donaldson and Eneas).

Figure 3: Historical map of Exploration Licences



Awarded by the Commonwealth of The Bahamas (circa. 2003).

Figure 4: Location of seismic lines



Retrieved from various sources (Universities and industry) that were scanned, digitised and loaded into the seismic interpretation workstation.

Figure 5: Company Organisation chart

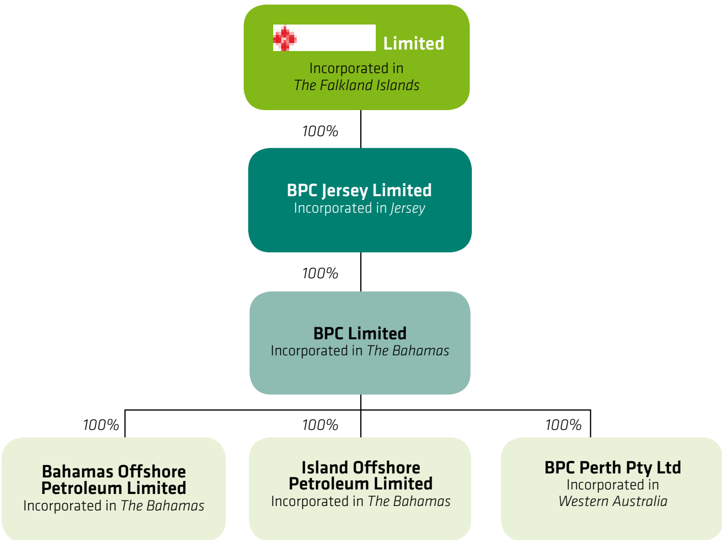


Figure 6: Location of five exploration wells drilled in The Commonwealth of The Bahamas

Andros 1947, Cay Sal 1959, Long Island 1970, Great Isaac 1971 and Doubloon Saxon 1986. Well logs from all of the wells were scanned from original paper data sets and digitised, inspected for quality control and loaded into well log computer programs for interpretation. Original digital data were provided by Schlumberger for the Doubloon Saxon well. Rock data were retrieved from 3 wells and studied using modern analytical techniques and computer systems.

Corporate Governance

The Combined Code

BPC Limited's shares are traded on AIM and as such the Company is not subject to the requirements of the Combined Code on corporate governance, nor is it required to disclose its specific polices in relation to corporate governance. The Quoted Companies' Alliance has issued a guidance booklet setting out a code of best practice and via the framework described below, the Board of Directors of BPC seeks to operate within that code and within the Combined Code in so far as it is practicable for a company of its size.

The workings of the Board and its Committees

The Board of Directors

The Board meets regularly to discuss and consider all aspects of the Company's activities. A Charter of the Board has been approved and adopted which sets out the membership, roles and responsibilities of the Board. The Board is primarily responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions.

Effective 1 April 2009, the number of directors has been reduced from six to four and the Board currently consists of the Chairman/Chief Executive Officer, the Chief Operating Officer and two Non-Executive directors. All Directors have access to the Company Secretary and the Company's professional advisors.

Record of Board meetings

There were four board meetings of the parent entity of the group (being BPC Jersey Limited to 31 August 2008 and BPC Limited (formerly FGML) thereafter) during the financial year.

Director	Number of board meetings attended
Alan Burns	4
Paul Crevello	4
Michael Proffitt	4
Mark Savage	3
Timothy Jones (resigned 1 April 2009)	4
Robert Carroll (resigned 1 April 2009)	4

Audit Committee

Effective 1 April 2009, the number of non-executive directors appointed to the Audit Committee has been reduced from three to two. The Audit Committee now comprises Michael Proffitt (Chairman) and Mark Savage. The Audit Committee is primarily responsible for ensuring that the financial performance of the Company is properly reported on and monitored, and for reviewing the Auditors' reports relating to the accounts and internal controls. A Charter of the Audit Committee has been approved and adopted which formally sets out the membership, roles and responsibilities of the Audit Committee.

Remuneration Committee

Effective 1 April 2009, the number of non-executive directors appointed to the Remuneration Committee has been reduced from three to two. The Remuneration Committee now comprises Michael Proffitt (Chairman) and Mark Savage. A Charter of the Remuneration Committee has been approved and adopted which formally sets out the membership, roles and responsibilities of this committee.

Nomination Committee

The nomination committee comprises Alan Burns, Michael Proffitt and Mark Savage, and is chaired by Alan Burns. It will meet at least twice a year and assist the Board in fulfilling its responsibilities in the search for and evaluation of potential new directors and ensuring that the size, composition and performance of the Board is appropriate for the scope of the Company's activities. It is recognised that shareholders of the Company have the ultimate responsibility for determining who should represent them on the Board.

Health and Safety Committee

The Company has also established a health and safety committee which comprises Alan Burns and Paul Crevello.

Internal Control

The directors acknowledge their responsibility for the Company's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage the risk of failure to achieve the Company's strategic objectives. It cannot totally eliminate the risk of failure but will provide reasonable, although not absolute, assurance against material misstatement or loss.

Going Concern

The directors consider that the Company has adequate financial resources to enable it to continue in operation for at least 12 months. For this reason they continue to adopt the going concern basis of preparing the financial statements. Further information regarding the appropriateness of the use of the going concern assumption in the basis of preparation can be found in note 2.1 to the financial statements.

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of BPC Limited and the entities it controlled at the end of, or during, the year ended 31 December 2008.

Directors

The following persons were directors of the parent company (being BPC Jersey Limited to 31 August 2008 and BPC Limited (formerly called Falkland Gold and Minerals Limited ("FGML") after that date) during the whole of the financial year and up to the date of this report unless otherwise stated:

Alan Burns
Paul Crevello
Michael Proffitt
Mark Savage
Timothy Jones - resigned 1 April 2009
Robert Carroll - resigned 1 April 2009

The above persons were appointed directors of BPC Limited (formerly FGML) upon completion of the reverse acquisition of FGML on 1 September 2008. Further details of the above directors can be found on the Company's website: www.bpcltdgroup.com.

Principal activity

The principal activity of the Group consists of oil and gas exploration.

Results and dividends

The results of the Group for the period are set out on page 21 and show a loss for the year ended 31 December 2008 of $3,561,335 (2007: $3,459,008).

The directors do not recommend payment of a dividend (2007: nil).

Review of operations

Prior to September 2008, the main focus of both the BPC Group management team and the board of directors centred on the initiation and progression of discussions in order to effect a reverse acquisition by BPC Jersey Limited of FGML and subsequently list the new merged group on AIM.

The Admission Document was issued on 8 August 2008 and the reverse takeover of FGML was approved by shareholders at an Extraordinary General Meeting held on 1 September 2008. The shares were readmitted to trading under the symbol AIM: BPC on 2 September 2008.

Also during the period, farm-out negotiations were commenced with various industry parties for the five existing exploration licences and application for further exploration licences in The Bahamas. Following the reverse acquisition the focus has been on continuing the farm-out negotiations and securing the additional exploration licences.

Risks and uncertainties

Details of the Group's financial risks are set out in note 3 to the financial statements.

Looking ahead, the material uncertainty facing the Group surrounds the Group's ability to continue as a going concern beyond the expiry of its current liquid cash resources. These may be increased by the successful negotiations with the Government of the Bahamas to reduce the level of performance guarantee deposits held at Barclays Bank. Thereafter, however, the Group's financial future depends upon either further fund raising or the agreement of farm-out arrangements of the Group's licences. Further information surrounding these uncertainties is provided in note 2.1 to the financial statements..

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

		2008 ($)
a)	**An increase in contributed equity of $6,826,527 as a result of:**	
	Issue of 6,695,000 fully paid ordinary shares @ between $0.10 and $0.20 on exercise of options granted under the share option plan prior to 30 June 2008	769,500
	Increase in equity as a result of the reverse acquisition of FGML on 1 September 2008	6,057,027
		6,826,527
b)	**An increase in net assets on 1 September 2008 of $6,057,027 as a result of:**	
	Net assets acquired upon reverse acquisition of FGML	7,083,316
	Less costs of acquisition	(1,026,289)
		6,057,027
c)	**Convertible loan notes of $1,500,000 were issued during April 2008 for working capital. These were redeemed in full along with $85,500 interest during September 2008 using part of the cash acquired from the reverse acquisition of FGML**	

Reporting currency

The consolidated financial statements are presented in United States Dollars, which has been the functional and presentation currency of BPC Jersey Limited since incorporation, owing to this being the currency of the primary economic environment in which the Group operates. Upon acquisition, BPC Limited (formerly FGML)'s reporting currency has changed from UK Pounds Sterling to US Dollars in line with the Group's existing reporting currency.

Substantial shareholdings

The following table represents shareholdings of 3% or more as at the date of this report.

Name	Number of shares	% of shareholding
Credit Suisse Client Nominees (UK) Ltd	438,436,650	55.52
Edgewater Estates Ltd	54,694,500	6.93
Mark Stuart Savage [1]	53,310,006	6.75
Burns Family Investments WA Pty Ltd [2]	44,820,000	5.68
Paul Daniel Crevello [3]	33,030,000	4.18
Pershing Keen Nominees Ltd	25,500,018	3.23

[1] *Total beneficial shareholding of Mark Savage. 33,000,000 of these shares are held by Bayview Investments LLC.*

[2] *Shares held in trust for Alan Burns.*

[3] *Total beneficial shareholding of Paul Crevello. 17,730,000 of these shares are held by Petroleum Geoscience International LLC and 15,300,000 are held by Petrexasia Consulting LLC.*

Post balance sheet events

On 1 April 2009, as part of a reduction in staff costs, Timothy Jones and Robert Carroll resigned as directors of the Company.

Directors' interests

The interests in the Group at the balance sheet date of all directors who served on the board of the parent entity, being BPC Jersey Limited to 31 August 2008 and BPC Limited (formerly FGML) from 1 September 2008 during the year are stated below.

Shareholdings

Name	Number of shares (a) 31 December 2008	Percentage of total issued share capital	Number of shares (b) 31 December 2007	Percentage of total issued share capital
Mark Stuart Savage [1]	53,310,006	6.75%	8,400,001	7.51%
Alan Burns [2]	44,820,000	5.68%	9,500,000	8.49%
Paul Daniel Crevello [3]	33,030,000	4.18%	2,550,000	2.28%
Michael Proffitt [o]	18,360,000	2.33%	3,060,000	2.74%
Timothy Jones	12,092,506	1.53%	1,020,001	0.91%
Robert Carroll	6,000,000	0.76%	500,000	0.45%

(a) Number of shares in the parent entity of the Group at 31 December 2008, being BPC Limited (formerly FGML).
(b) Number of shares in the parent entity of the Group at 31 December 2007, being BPC Jersey Limited.
[o] Shares held beneficially for Michael Proffitt through Gumbo Investments Limited
[1] Total beneficial shareholding of Mark Savage. 33,000,000 of these shares are held by Bayview Investments LLC (2007: 6,000,000).
[2] Shares held in trust for Alan Burns by Burns Family Investments WA Pty Ltd as trustee for the Alan Burns Superannuation Fund
[3] Total beneficial shareholding of Paul Crevello. 17,730,000 of these shares are held by Petroleum Geoscience International LLC (2007: nil) and 15,300,000 are held by Petrexasia Consulting LLC (2007: 2,550,000).

Options

Name	Number of options 31 December 2008	Number of options 31 December 2007
Alan Burns	-	770,000
Paul Crevello	-	2,955,000
Michael Proffitt	-	985,000
Mark Savage	-	985,000
Timothy Jones	-	985,000
Robert Carroll	-	500,000

Further details of the share option scheme and the movements during the period are given in note 18. Details of any directors' interest in transactions of the Group are given in note 23.

Directors' emoluments

	31 December 2008 Group $	31 December 2007 Group $
Directors fees and salaries (note (a))	641,933	788,128
Expense of share-based payments	3,134	219,967
	645,067	**1,008,095**

(a) the split of directors fees and salaries by director is shown below. All the fees shown below relate to the amounts received by the BPC directors for continuing service. Amounts received by the directors of FGML prior to the reverse acquisition on 1 September 2008 are detailed in Note 4 to the parent entity accounts.

	31 December 2008 Group $	31 December 2007 Group $
Alan Burns	120,848	200,275
Paul Crevello	350,240	320,994
Michael Proffitt	42,663	70,267
Mark Savage	42,712	73,388
Timothy Jones	42,663	75,257
Robert Carroll	42,807	47,947
	641,933	**788,128**

Company's policy on payment of creditors

Liabilities are recognised for amounts to be paid in the future for goods or services rendered. Trade accounts are normally settled within 30 days.

Disclosure of information to Auditors

The 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.

Auditors

The Auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the next Annual General Meeting in accordance with the Companies Act 1948 as it applies in the Falkland Islands and as amended by the Companies (Amendment) Ordinance 2006.

Michael Proffitt
Finance Director, Non-Executive

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable Falkland Islands Law and those International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Directors are required to prepare Group and Company financial statements for each financial year which present fairly the financial position of the Group and Company and the financial performance and cash flows of the Group and Company for that period. In preparing those Group and Company financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS8; Accounting policies, changes in accounting estimates and errors and then apply them consistently;
- 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;
- state that the Group and Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the Group and Company financial statements comply with the Companies Act 1948 as it applies in the Falkland Islands and as amended by the Companies (Amendment) Ordinance 2006 and International Financial Reporting Standards (IFRS). They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' report

Independent auditors' report to the members of BPC Limited

We have audited the group financial statements of BPC Limited for the year ended 31 December 2008 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Shareholders' Equity and the related notes. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of BPC Limited for the year ended 31 December 2008. That report is modified by the inclusion of an emphasis of matter.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable 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 group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 162 of the Falkland Islands Companies Act 1948 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Falkland Islands Companies Act 1948. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the group financial statements.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report and consider whether it is consistent with the audited group financial statements. The other information comprises only the Chairman's Report, the Review of Operations, Corporate Governance, the Directors' Report and the Statement of Directors Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any other information.

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 group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group'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 group 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 group financial statements.

Auditors' report continued

Opinion

In our opinion:

- the group 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 affairs as at 31 December 2008 and of its loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with the Falklands Islands Companies Act 1948; and
- the information given in the Directors' Report is consistent with the group financial statements.

Emphasis of matter – going concern

In forming our opinion on the group financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the Basis of Preparation note to the consolidated financial statements concerning the Group's ability to continue as a going concern. In the Directors' view there is a material uncertainty as to the ability of the Group to reach agreement with third parties in relation to potential additional fundraising/farm-out transactions which would enable the Group to continue to trade beyond the expiry of its current liquid cash resources. This may cast significant doubt about the Group's ability to continue as a going concern. The group financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
8 April 2009

- The maintenance and integrity of the BPC Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

	Note	31 December 2008 12 months Group ($)	31 December 2007 12 months Group ($)
Finance income	5	57,492	86,358
Finance costs	6	(86,500)	-
Employee benefits expense	7	(1,092,552)	(1,280,171)
Depreciation and amortisation expense	12	(84,090)	(63,105)
Loss on disposal of fixed assets	12	(495)	-
Impairment of goodwill	13	(233,351)	-
Other expenses	8	(2,121,839)	(2,202,090)
Loss before income tax		**(3,561,335)**	**(3,459,008)**
Income tax expense	9	-	-
Loss for the year		**(3,561,335)**	**(3,459,008)**
Attributable to:			
Equity holders of BPC Limited		(3,561,335)	(3,459,008)
Earnings per share for loss attributable to the ordinary equity holders of the Company:		**($)**	**($)**
Basic earnings per share	10	(0.0049)	(0.0055)
Diluted earnings per share	10	(0.0049)	(0.0055)

The accompanying notes form part of these financial statements

Consolidated balance sheet

	Note	31 December 2008 Group ($)	31 December 2007 Group ($)
ASSETS			
Non current assets			
Cash not available for use	11	**1,204,616**	1,103,474
Property, plant and equipment	12	**117,277**	191,016
Exploration and evaluation assets	13	**4,055,587**	3,185,179
		5,377,480	4,479,669
Current assets			
Cash and cash equivalents	14	**3,004,451**	675,711
Trade and other receivables	15	**507,393**	515,782
		3,511,844	1,191,493
Total assets		**8,889,324**	5,671,162
LIABILITIES			
Current liabilities			
Trade and other payables	16	**541,382**	764,982
		541,382	764,982
Total liabilities		**541,382**	764,982
EQUITY			
Ordinary Shares	17	**28,764**	1,118,700
Share premium reserve	17	**73,634,186**	11,871,197
Reverse acquisition reserve		**(53,846,526)**	-
Share based payments reserve	18	**300,139**	253,799
Other reserves		**125,298**	(4,932)
Retained earnings		**(11,893,919)**	(8,332,584)
Total equity		**8,347,942**	4,906,180
Total equity and liabilities		**8,889,324**	5,671,162

The financial statements were approved by the Board of Directors and authorised for issue on 8 April 2009 and were signed on its behalf by:

Alan Burns
Director

Michael Proffitt
Director

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity

	Note	Share capital ($)	Share premium ($)	Reverse Acquisition Reserve ($)	Share based payments ($)	Other reserves ($)	Retained earnings ($)	Total equity ($)
Balance at 1 January 2007		9,195,000	-		12,151	-	(4,873,576)	4,333,575
Currency translation differences		-	-		-	(4,932)	-	(4,932)
Net income recognised directly in equity		-	-		-	(4,932)	-	(4,932)
Loss for the period		-	-		-	-	(3,459,008)	(3,459,008)
Total recognised income and expense for the period		-	-		-	(4,932)	(3,459,008)	(3,463,940)
Issue of share capital		1,654,997	1,000,000		-	-	-	2,654,997
Employee share option scheme: value of employee services	18	-	-		241,648	-	-	241,648
Share capital reorganisation following share exchange		(9,764,997)	9,764,997		-	-	-	-
Options exercised		12,000	108,000		-	-	-	120,000
Issue of share capital	17	21,700	998,200		-	-	-	1,019,900
Balance at 31 December 2007		**1,118,700**	**11,871,197**		**253,799**	**(4,932)**	**(8,332,584)**	**4,906,180**
Balance at 1 January 2008		1,118,700	11,871,197		253,799	(4,932)	(8,332,584)	4,906,180
Currency translation differences		-	-		-	130,230	-	130,230
Net income recognised directly in equity		-	-		-	130,230	-	130,230
Loss for the period		-	-		-	-	(3,561,335)	(3,561,335)
Total recognised income and expense for the period		-	-		-	130,230	(3,561,335)	(3,431,105)
Employee share option scheme: value of employee services	18	-	-		28,126	-	-	28,126
Options exercised		66,950	702,550		-	-	-	769,500
		1,185,650	12,573,747		281,925	125,298	(11,893,919)	2,272,701
BPC Limited (formerly FGML)								
Balance at 1 January 2008 arising in legacy BPC Jersey Limited		-	-	-	281,925	125,298	(8,332,584)	(7,925,361)
Loss for the period		-	-	-	-	-	(3,561,335)	(3,561,335)
Shares prior to acquisition		2,850	18,594,187	-	-	-	-	18,597,037
Issue of share capital on business combination	17	25,914	55,039,999	(53,846,526)	-	-	-	1,219,387
Share options- value of services	18	-	-	-	18,214	-	-	18,214
Balance at 31 December 2008		**28,764**	**73,634,186**	**(53,846,526)**	**300,139**	**125,298**	**(11,893,919)**	**8,347,942**

The accompanying notes form part of these financial statements

Consolidated cash flow statement

	Note	31 December 2008 Group ($)	31 December 2007 Group ($)
Cash flows from operating activities			
Payments to suppliers and employees	19	(2,930,809)	(3,067,691)
Net cash used in operating activities		**(2,930,809)**	(3,067,691)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(12,921)	(242,943)
Proceeds from sale of property, plant and equipment		2,076	-
Payments for exploration and evaluation assets	13	(870,408)	(1,607,027)
Deposits for bank guarantees	11	(101,142)	(1,103,474)
Interest received	5	57,492	86,358
Net cash used in investing activities		**(924,903)**	(2,867,086)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	17	6,826,527	3,794,897
Interest paid	6	(86,500)	-
Net cash generated from financing activities		**6,740,027**	3,794,897
Net increase/(decrease) in cash and cash equivalents		**2,884,315**	(2,139,880)
Cash and cash equivalents at the beginning of the period	14	675,711	2,834,665
Effects of exchange rate changes on cash and cash equivalents		(555,575)	(19,074)
Cash and cash equivalents at end of period	14	**3,004,451**	675,711

The accompanying notes form part of these financial statements

Notes to the consolidated financial statements

1 General information

BPC Limited ("the Company") and its subsidiaries (together "the Operating Group") is the holder of several oil and gas exploration licences issued by the Government of the Commonwealth of The Bahamas.

The Company is a limited liability company incorporated and domiciled in The Falkland Islands. The address of its registered office is 56 John Street, Stanley, The Falkland Islands.

The Company has one directly and four indirectly 100% owned subsidiaries as follows:

Name	Country of Incorporation	Holding
BPC Jersey Limited (name changed from BPC Limited on 11 September 2008)	Jersey	100% Direct
BPC Limited ("BPC Limited (Bahamas)")	Bahamas	100% Indirect
Bahamas Offshore Petroleum Ltd	Bahamas	100% Indirect
Island Offshore Petroleum Ltd	Bahamas	100% Indirect
BPC Perth Pty Ltd	Australia	100% Indirect

The names of the directors in office for the parent entity, being BPC Jersey Limited to 31 August 2008 and BPC Limited (formerly FGML) from 1 September 2008 (date of acquisition) at any time during or since the end of the year are:

Alan Burns	Chairman and Chief Executive Officer	
Paul Crevello	Director and Chief Operating Officer	
Mark Savage	Non Executive Director	
Michael Proffitt	Finance Director	
Timothy Jones	Non Executive Director	(resigned 1 April 2009)
Robert Carroll	Non Executive Director	(resigned 1 April 2009)

The directors continue in office to the date of this report unless otherwise stated.

The loss of the Company for the year ended 31 December 2008 amounted to $3,561,335 (31 December 2007: $3,459,008) arising from the Group's expenditure in administering the five oil and gas exploration licences.

The sources of liquidity for the Group during 2008 have been equity placements, bank interest and the bank and cash balances acquired as a result of the reverse acquisition of FGML. Prior to 1 September 2008 the sources of liquidity have been equity placements and bank interest. The commitments of the Group are set out in note 20 and it is the intention of the Group that the main source of liquidity for operations and commitments for the next twelve months will be existing cash balances.

These group consolidated financial statements were authorised for issue by the Board of Directors on 8 April 2009.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of BPC Limited reflect the results and financial position of the Group for the 12 month period to 31 December 2008.

These financial statements of BPC Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

Attention is drawn to Notes 2.2, 2.3 and 22 which further explain the basis of reporting of the Group's accounts. Under IFRS 3, the directors must identify the "acquirer" and "acquiree" under any business combination. On 1 September 2008, BPC Jersey Limited became the acquirer of Falkland Gold and Minerals Limited ("FGML"), although FGML is the legal parent of the new group. As BPC Jersey Limited is the acquirer, these consolidated accounts show the results of the BPC group incorporating FGML's results from 1 September 2008. The comparatives for 2007 are those of the BPC Jersey Ltd group only and do not include any of the FGML balances.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Operating Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as and when they fall due for the foreseeable future.

The Directors have prepared cash flow forecasts that indicate that the Group will be able to meet its financial obligations through to the second quarter of 2010 from its existing liquid cash resources.

Additional cash resources may become available to the Group as a result of negotiations currently in hand with the Government of The Bahamas to reduce the level of performance guarantees deposited at Barclays Bank following the Group's satisfaction of required expenditure commitments under its licences.

However, the Group's ability to meet its obligations beyond this period is dependent on either further fund raising or the agreement of a farm-out arrangement of the Group's licences. Negotiations are currently in hand with third parties which, if successfully concluded, will provide additional funding and/or contributions to exploration expenditure under joint venture arrangements.

The Directors have concluded that, as they have yet to reach agreement with third parties in relation to potential additional fundraising/farm-out transactions, there exists a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the Directors have concluded that it is appropriate to continue to adopt the going concern basis when preparing these accounts.

a) Standards, amendments and interpretations which became effective in 2008

- IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008). IFRIC 12 is not relevant to the Group's operations because none of the Group's companies provide for public service concessions.
- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.
- IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 is not relevant to the Group's operations as the Group does not operate any defined benefit pension scheme.

- IFRIC 16. 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008). IFRIC 16 is not relevant to the Group's operations because none of the Group's companies undertake hedges.

b) Standards, amendments and interpretations to existing standards that are not yet effective but have been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has early adopted them;

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). IAS 23 removes the option to expense all borrowing costs.

c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them;

- IFRS 2 (revised) 'Share-based payments' (effective from 1 January 2009). The amendments to IFRS 2 clarify the definition of vesting conditions and the accounting treatment of cancellations by the counterparty to a share-based arrangement.
- IFRS 3 (revised) 'Business combinations' (effective from 1 July 2009). There are some significant amendments to IFRS 3, none of which are considered to impact on the results or net assets of the Group had the revised standard been adopted early by the Group during the period, given that costs would have been expensed.
- IFRS 8 'Operating Segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply IFRS 8 from 1 January 2009 but it is currently not applicable to the Group as there is only one reporting segment used by management at this stage.
- IAS 1 (revised) 'Presentation of financial statements' (effective from 1 January 2009). The amendments to IAS1 relate to revised requirements for presentation of some financial statements, and revised terminology throughout.
- IAS 27 (revised) 'Consolidated and Separate Financial Statements' (effective from 1 July 2009). The amendments to IAS 27 relate to partial disposals of subsidiaries, associates and joint ventures, and attributing income to the non-controlling interest.
- IAS 32 (revised) 'Financial instruments; Presentation' (effective from 1 January 2009). In February 2008, the IASB issued amendments to IAS 32 and IAS 1(2007) 'Presentation of Financial Statements on Puttable Financial Instruments and Obligations Arising on Liquidation'. The objective of the amendments is to improve the financial reporting of particular types of financial instruments that meet the definition of a financial liability but represent the residual interest in the net assets of the entity.
- IFRIC 15, 'Agreements for construction of real estates'. IFRIC 15 is not relevant to the Group's operations because none of the Group's companies operate in real estates.

2.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses (including unrealised gains and losses on transactions between group companies) are eliminated on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

2.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group plus acquisition-related costs in exchange for control of the acquiree.

Under IFRS 3, the directors must identify the "acquirer" and the "acquiree" under any business combination. The acquirer is the combining entity that obtains control of the other combining entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing whether a combining entity has obtained control of another combining entity the following are considered:

- acquisition of more than one-half of the other entity's voting rights; or
- power to govern the financial and operating policies of the other entity under a statute or agreement; or
- power to appoint or remove the majority of the members of the board of directors of the other entity; or
- power to cast the majority of votes at meetings of the board of directors of the other entity.

Other indications that assist with identifying the acquirer are:

- if the fair value of one of the combining entities is significantly greater than that of the other combining entity, the entity with the greater fair value is likely to be the acquirer;
- if the business combination is effected through an exchange of voting ordinary equity instruments for cash or other assets, the entity giving up cash or other assets is likely to be the acquirer; and
- if the business combination results in the management of one of the combining entities being able to dominate the selection of the management team of the resulting combined entity, the entity whose management is able so to dominate is likely to be the acquirer.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employment benefit arrangements are recognised and measured in accordance with IAS 12 'Income Taxes' and IAS 19 'Employment Benefits' respectively; and
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 'Share-based Payment'; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-current

Assets Held for Sale and Discontinued Operations' are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year.

2.4 Goodwill

Goodwill arising on the acquisition of a subsidiary is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any) in the entity over the net fair value of the identifiable net assets recognised.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised, but is reviewed for impairment at least annually. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.5 Segment reporting

The Group operates in one business segment which is oil and gas exploration. The Group assesses its results of operations and makes its strategic and investment decisions based on the analysis of its profitability as a whole. The Group operates within one geographical segment which is the Bahamas.

2.6 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States Dollars, which is BPC Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within "other (losses)/gains – net".

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

2.7 Investments

Investments are stated at cost less provision for any permanent diminution in value.

2.8 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Computer Hardware	3 years
Computer Software	3 years
Furniture, fittings and equipment	4 years
Leasehold improvements	Over the life of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.6).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within 'other (losses)/gains - net' in the income statement.

2.9 Impairment of assets

Goodwill and tangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Exploration and evaluation assets

Exploration and evaluation expenditure incurred which relates to more than one area of interest is allocated across the various areas of interest to which it relates on an equal proportions basis. Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. The area of interest adopted by the Group is defined as a petroleum title.

Expenditure in the area of interest comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include the general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration expenditure for each area of interest, other than that acquired from the purchase of another entity, is carried forward as an asset provided that one of the following conditions is met:

- The costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; and
- Exploration and/or evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration expenditure which fails to meet at least one of the conditions outlined above is written off. Costs incurred in drilling exploration wells that fail to encounter significant hydrocarbons are written off in the year incurred.

Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current.

2.11 Financial assets

Other receivables

Other receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Other receivables are included in the balance sheet (note 15).

2.12 Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, where applicable, are shown within borrowings in current liabilities on the balance sheet.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.16 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

2.17 Deferred income tax

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.18 Employee benefits

(i) Wages and 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 other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share based compensation

The Group operates a share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

iii) Bonuses

The Group recognises a liability and an expense for bonuses. Bonuses are approved by the board and a number of factors are taken into consideration when determining the amount of any bonus payable, including the recipient's existing salary, length of service and merit. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.19 Revenue recognition

The Company recognises revenue from the sale of goods and disposal of other assets when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the significant risks and rewards of ownership have been transferred to the buyer.

Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to some financial risks: liquidity risk and market risk. The Group's overall risk management program focuses on minimising potential adverse effects on the financial performance of the Group. The Company's activities are also exposed to risks through its investments in subsidiaries and accordingly are exposed to similar financial and capital risks as the Group.

Risk management is carried out by the audit committee under policies approved by the board of directors. The audit committee identifies, evaluates and addresses financial risks in close co-operation with the Group's management. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange risks and investing excess liquidity.

(i) Liquidity risk

No profit to date

The Group has incurred losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. Since the Group intends to continue investing in the exploration licences it currently holds an interest in, the directors anticipate making further losses for the foreseeable future. There can be no certainty that the Group will achieve or sustain profitability or achieve or sustain positive cash flows from its activities.

Future Funding requirements

The Group intends raising funding through farm-outs of its licences and it is possible the Group will need to raise additional funding to undertake work beyond that anticipated to be raised through farm-out agreements. There is no certainty that this will be possible at all or on acceptable terms. This could substantially dilute the Group's interest in the licences, however, given the size of the Group's existing holding it would be expected, although there is no guarantee, that the Group will retain a significant equity interest in the licences.

(ii) Market risk

Foreign exchange risk

The Group operates internationally and therefore is exposed to foreign exchange risk arising from various currency exposures. The exposure to foreign exchange risk has been managed from May 2007 onwards by ensuring that the majority of the Group's major assets, liabilities and expenditures are held or incurred in US Dollars. Following the reverse acquisition of FGML significant Sterling cash balances were acquired by the Group. After settlement of the transaction costs of the acquisition, the majority of these funds were exchanged into US Dollars keeping sufficient Sterling funds to match the estimated Sterling costs for the next twelve months.

At 31 December 2008, if the currency had weakened/strengthened by 10% against UK sterling with all other variables held constant, post-tax losses for the year would have been reduced/increased by $73,551 (2007: reduced/increased by $35,949), mainly as a result of foreign exchange gains/losses on translation of UK sterling-denominated bank balances. Losses are more sensitive to movement in currency exchange rates in 2008 than 2007 due to larger amount of UK sterling currency held for the reasons detailed above.

At 31 December 2008, if the currency had weakened/strengthened by 10% against the Australian Dollar with all other variables held constant, post-tax losses for the year would have been reduced/increased by $368 (2007: reduced/increased by $87), mainly as a result of foreign exchange gains/losses on translation of Australian-denominated bank balances.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt (refer Note 17).

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as and when they fall due for the foreseeable future.

The Directors have prepared cash flow forecasts that indicate that the Group will be able to meet its financial obligations through to the second quarter of 2010 from its existing liquid cash resources.

Additional cash resources may become available to the Group as a result of negotiations currently in hand with the Government of The Bahamas to reduce the level of performance guarantees deposited at Barclays Bank following the Group's satisfaction of required expenditure commitments under its licences.

However, the Group's ability to meet its obligations beyond this period is dependent on either further fund raising or the agreement of a farm-out arrangement of the Group's licences. Negotiations are currently in hand with third parties which, if successfully concluded, will provide additional funding and/or contributions to exploration expenditure under joint venture arrangements.

The Directors have concluded that, as they have yet to reach agreement with third parties in relation to potential additional fundraising/ farm-out transactions, there exists a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the Directors have concluded that it is appropriate to continue to adopt the going concern basis when preparing these accounts.

(b) Carrying value of exploration expenditure

Expenditure of $4,055,587 relating to the cost of exploration licences, geological and geophysical consultancy has been carried forward on the balance sheet at 31 December 2008 (31 December 2007: $3,185,179).

The consultancy expenditure incurred related to the gathering of historical data and the commencement of interpretation of this data.

Ultimate recoupment of exploration and evaluation assets carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas.

(c) Prepayments

Prepayments comprise application fees paid to the Government of the Bahamas for additional exploration licences, pending award. In the event that the Group's applications are unsuccessful 50% of this amount is refundable to the Group.

No provision has been made in the accounts to write down the carrying value of these prepayments in the event that the applications are unsuccessful.

5 Finance income

	31 December 2008 Group ($)	31 December 2007 Group ($)
Finance income - interest income on short-term bank deposits	**57,492**	86,358

6 Finance Costs

	31 December 2008 Group ($)	31 December 2007 Group ($)
Interest paid on convertible loan notes	**86,500**	-

On 1 April 2008 the Company entered into a Loan note investment agreement with RAB Special Situations (Master) Fund Limited and a Loan note instrument in order to raise US$1,500,000 through the issue of 1,500,000 unsecured convertible loan notes of $1 each.

US$1,500,000 was raised through the issue of loan notes to RAB, directors, and companies nominated by directors during April 2008. Interest was payable on the loan notes at 1% per calendar month.

The loan notes could be redeemed by the Company at any time after 30 April 2008 or by the note holder after the exit date, being 31 October 2008. The notes could instead be converted into ordinary shares by the noteholder on or after 1 July 2008 at the lower of $0.576 per share and a 20% discount to the price at which a placement or sale of the Company occurs.

On 19 September 2008 all the loan notes issued were redeemed in full. The total amount repaid was $1,586,500 representing $1,500,000 principal and $86,500 interest.

7 Employee benefit expense

	31 December 2008 Group ($)	31 December 2007 Group ($)
Wages and salaries	**1,030,417**	989,447
Share options granted to directors and employees	**28,126**	241,648
Social security costs	**2,884**	2,884
Pension costs -defined contribution	**17,321**	10,909
Other staff costs	**13,804**	35,283
	1,092,552	1,280,171
Average number of employees	**10**	10
Split between:		
Executive	**4**	4
Non-executive	**4**	4
Administrative	**2**	2
Total	**10**	10

8 Other expenses

	31 December 2008 Group ($)	31 December 2007 Group ($)
Travel and accommodation	**527,062**	586,588
Operating lease payments - other (note 20)	**66,400**	64,900
Legal and professional	**715,306**	393,493
Auditors' remuneration	**75,132**	30,000
Net foreign exchange losses	**555,575**	19,074
Capital raising costs written off	**-**	821,454
Other	**182,364**	286,581
Total other expenses	**2,121,839**	2,202,090

9 Income tax

Until 31 December 2008 the Company was resident in both the UK and the Falkland Islands for tax purposes. Following the reverse takeover on 1 September 2008 all UK based operations and activities have ceased and therefore the Company has migrated its tax residency to Jersey, effective 31 December 2008. This migration is subject to HMRC approval and a bank guarantee of £75,000 (equivalent to $108,594 as at 31 December 2008) has been provided to HMRC pending finalisation of any remaining tax liability. The Directors are of the opinion that the final tax liability will be £nil.

The Company's 100% directly held subsidiary, BPC Jersey Limited, has obtained Jersey exempt company status for the year under Article 123A of the Income Tax (Jersey) law 1961, as amended, and is therefore exempt from Jersey income tax on non Jersey source income and bank interest (by concession). A £600 annual exempt company has been paid by the Company in April 2008 and this amount is included within "other" in note 8. From 31 December 2008 the exempt company status terminates and under the revised law the Company is treated as a zero rated company, and will pay no Jersey income tax.

The Company's 100% indirectly held subsidiary, BPC Perth Pty Ltd, is tax resident in Australia.

All other Group companies are within a tax free jurisdiction, that of The Bahamas. Under current Bahamian law, the Company is not required to pay taxes in The Bahamas on income or capital gains.

	31 December 2008 Group ($)	31 December 2007 Group ($)
(i) The charge for the year is made up as follows:		
- Bahamas corporation tax (at 0%)	**-**	-
- Taxation imposed outside Bahamas	**-**	-

The Australian subsidiary is in a tax loss position and hence has not recognised any income tax expense for the period. Deferred income tax assets have not been brought to account, as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences can be utilised. The unrecognised deferred income tax assets are as follows:

	31 December 2008 Group ($)	31 December 2007 Group ($)
The deferred tax asset is made up of the following estimated net tax benefit:		
- tax losses	**92,248**	58,300
- temporary differences	**50,333**	(49,971)
Net unrecognised deferred tax asset	**142,581**	8,329

10 Earnings per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year.

	31 December 2008 Group	31 December 2007 Group
Loss attributable to equity holders of the company	**$(3,561,335)**	$(3,459,008)
Weighted average number of ordinary shares in issue	**734,205,111**	627,514,188
Basic loss per share ($ per share)	**$(0.0049)**	$(0.0055)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For these share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	31 December 2008 Group	31 December 2007 Group
Loss attributable to equity holders of the Company	**$(3,561,335)**	$(3,459,008)
Weighted average number of ordinary shares in issue	**734,205,111**	627,514,188
- Share options not included in calculation due to anti-dilutive effect	**9,140,421**	47,075,507
- Weighted average number of ordinary shares for diluted earnings per share	**743,345,532**	674,589,695
Diluted loss per share ($ per share)	**$(0.0049)**	$(0.0055)

11 Cash not available for use

	31 December 2008 Group ($)	31 December 2007 Group ($)
Bank deposit (a)	**1,051,796**	1,050,000
Bank deposit (b)	**44,226**	53,474
Bank deposit (c)	**108,594**	-
	1,204,616	1,103,474

(a) Bank Deposit
Bank deposit held as security for performance guarantees issued by Barclays Bank Plc to the Treasury of the Government of the Bahamas in respect of the 5 exploration licences held by the Group (refer Note 20). It is to be held to their maturity on 20 January 2010 and carries an interest rate of 0.1% (2007: 3%).

(b) Bank Deposit
Bank deposit held as security by National Australia Bank in respect of company credit cards. The deposit carries an interest rate of 8% until maturity on 3 February 2009 (2007: 6.9%).

(c) Bank Deposit
Bank deposit held as security by Barclays Bank Plc as security for bank guarantee provided to HMRC. The guarantee was required to be in place prior to migrating the UK tax residency of the Company. It is to be held for a period of one year from filing of the final UK tax return. The deposit carries an interest rate of 0.1%.

12 Property, plant and equipment

Group	Leasehold Improvements ($)	Furniture, fittings and equipment ($)	Total ($)
Year ended 31 December 2007			
Opening net book amount	-	11,178	11,178
Additions	102,434	140,509	242,943
Depreciation charge	(30,528)	(32,577)	(63,105)
Closing net book amount	**71,906**	**119,110**	**191,016**
At 31 December 2007			
Cost	102,434	153,780	256,214
Accumulated depreciation	(30,528)	(34,670)	(65,198)
Net book amount	**71,906**	**119,110**	**191,016**
Year ended 31 December 2008			
Opening net book amount	71,906	119,110	191,016
Foreign currency exchange difference	-	(7,934)	(7,934)
Additions	-	20,856	20,856
Disposals	-	(2,571)	(2,571)
Depreciation charge	(34,145)	(49,945)	(84,090)
Closing net book amount	**37,761**	**79,516**	**117,277**
At 31 December 2008			
Cost	102,434	164,131	266,565
Accumulated depreciation	(64,673)	(84,615)	(149,288)
Net book amount	**37,761**	**79,516**	**117,277**

13 Intangible assets

Group	Goodwill ($)	Exploration Licences* ($)	Geological, Geophysical and Technical Analysis* ($)	Total ($)
Year ended 31 December 2007				
Opening net book amount	-	787,500	790,652	1,578,152
Additions	-	-	1,607,027	1,607,027
Closing net book amount	-	**787,500**	**2,397,679**	**3,185,179**
At 31 December 2007				
Net book amount	-	**787,500**	**2,397,679**	**3,185,179**
Year ended 31 December 2008				
Opening net book amount	-	787,500	2,397,679	3,185,179
Additions	233,351	431,250	439,158	1,103,759
Impairment charge **	(233,351)	-	-	(233,351)
Closing net book amount	**-**	**1,218,750**	**2,836,837**	**4,055,587**
At 31 December 2008				
Net book amount	**-**	**1,218,750**	**2,836,837**	**4,055,587**

* **Exploration and evaluation assets -** Ultimate recoupment of exploration and evaluation assets carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas (note 2.9). These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At present the directors do not believe any such impairment indicators are present.

** **Impairment charge -** The carrying value of the goodwill initially recognised upon the reverse acquisition of FGML on 1 September 2008 has been reduced to zero through the recognition of an impairment loss against goodwill. This loss has been recognised as a separate line item in the income statement.

14 Cash and cash equivalents

	31 December 2008 Group ($)	31 December 2007 Group ($)
Cash at bank and in hand	**308,249**	263,556
Deposits at call	**2,696,202**	412,155
	3,004,451	675,711

(a) Cash at bank and in hand

The 2008 balance includes interest bearing accounts at rates between 0% and 1% (2007: 3.5% to 3.85%)

(b) Deposits at call

The deposits are bearing interest rates between 1% and 2.41% and have an average repricing of 60 days (2007: 3.85%, 30 days)

15 Trade and other receivables

	31 December 2008 Group ($)	31 December 2007 Group ($)
Trade receivables	**22,495**	-
Provision for impairment of receivables (note (a))	**(22,495)**	-
	-	-
Other receivables (note (b))	**7,393**	15,782
Prepayments (note (c))	**500,000**	500,000
	507,393	515,782

(a) Impaired trade receivables

At 31 December 2008 trade receivables with a value of £15,536 (equivalent to $22,495 as at 31 December 2008) were impaired. A provision has been made for the full amount.

Movements in the provision for impairment of receivables are as follows:

	31 December 2008 Group ($)	31 December 2007 Group ($)
At 1 January	**-**	-
Provision for impairment recognised during the year	**22,495**	-
	22,495	-

The creation of the provision for impaired receivables has been included in "other expenses" in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Other receivables

These amounts include funds advanced to the resident management office in the Bahamas for forthcoming local expenditure. The funds are held on a trust account with First Carribean Bank by the resident management office. The funds are generally utilised within three months and the receivable is non-interest bearing.

Also included within other receivables is Goods and Services Tax recoverable by the Australian subsidiary, BPC Perth Pty Ltd. This is calculated quarterly and the amount receivable at 31 December is generally recovered within 30 days.

(c) Prepayments

Prepayments comprise applications fees paid to the Government of the Bahamas for additional exploration licences, pending award. In the event that the Group's applications are unsuccessful 50% of this amount is refundable to the Group.

16 Trade and other payables

	31 December 2008 Group ($)	31 December 2007 Group ($)
Employee benefits payable	**6,815**	9,982
Other payables and accruals	**534,567**	755,000
	541,382	764,982

17 Share capital and premium

Group		Number of shares	Issue price	Ordinary shares	Share premium reserve	Total
At 1 Jan 2007		9,195,000		$9,195,000		$9,195,000
22 Jan 2007	Proceeds of issue	154,997	$1.00	$154,997	-	$154,997
26 Feb 2007	Proceeds of issue	500,000	$1.00	$500,000	-	$500,000
1 May 2007	Proceeds of issue	1,000,000	$2.00	$1,000,000	$1,000,000	$2,000,000
9 Aug 2007	Proceeds of issue	2	$0.01	-	-	-
30 Nov 2007	Share Exchange 10 for 1	97,649,973	-	$(9,764,997)	$9,764,997	-
30 Nov 2007	Proceeds of issue	2,170,003	$0.47	$21,700	$998,200	$1,019,900
19 Dec 2007	Options Exercised	1,200,000	$0.10	$12,000	$108,000	$120,000
At 31 Dec 2007		**111,869,975**		**$1,118,700**	**$11,871,197**	**$12,989,897**
At 1 Jan 2008		111,869,975		$1,118,700	$11,871,197	$12,989,897
18 Jan 2008	Options Exercised	985,000	$0.10	$9,850	$88,650	$98,500
13 June 2008	Options Exercised	770,000	$0.10	$7,700	$69,300	$77,000
17 June 2008	Options Exercised	500,000	$0.20	$5,000	$95,000	$100,000
20 June 2008	Options Exercised	500,000	$0.20	$5,000	$95,000	$100,000
24 June 2008	Options Exercised	985,000	$0.10	$9,850	$88,650	$98,500
26 June 2008	Options Exercised	2,955,000	$0.10	$29,550	$265,950	$295,500
		118,564,975		$1,185,650	$12,573,747	$13,759,397
BPC Limited (formerly FGML)						
	Shares at acquisition	78,250,000		$2,850	$18,594,187	$18,597,037
1 Sept 2008	Shares issued upon reverse acquisition	711,389,838		$25,914	$55,039,999	$55,065,913
At 31 Dec 2008		**789,639,838**		**$28,764**	**$73,634,186**	**$73,662,950**

On 1 September 2008 BPC Jersey Limited completed a reverse acquisition of Falklands Gold and Minerals Limited ("FGML"). Six consideration shares were issued by FGML in exchange for each share in BPC Jersey Limited. FGML changed its name to BPC Limited and its shares were readmitted to AIM on 2 September 2008. The shares in BPC Limited have a par value of 0.002p versus a par value of $0.01 in BPC Jersey Limited.

Funds acquired through the reverse acquisition of FGML were used for acquisition costs, general working capital requirements and expenditure on exploration and evaluation assets.

The total authorised number of ordinary shares is 5 billion shares with a par value of 0.002p per share (2007: 20 billion shares with a par value of $0.01 per share).

All issued shares are fully paid.

18 Share based payments

Share options are granted to directors, selected employees and the Company's Nominated Advisor. The exercise price of the granted options is equal to the fair value of the shares on the date of the grant. In the absence of a market price the exercise price is determined by the board based on the most recent price of equity raised. The options granted prior to 1 September 2008 were exercisable starting one year from the grant date subject to performance conditions (if any) as specified on the date of the grant having been satisfied. Those options had a contractual option term of five years. At 1 September 2008 all such options had been exercised or cancelled.

The options granted to the Company's Nominated Advisor on 2 September 2008 are exerciseable in whole or in part at any time during a period of three years from the grant date.

The Group has no legal or constructive obligation to repurchase or settle the options in cash. Movements in the number of share options outstanding are as follows:

	31 December 2008 12 months		31 December 2007 12 months	
	Average exercise price per share	No. Options	Average exercise price per share	No. Options
At beginning of year/period	$0.11	7,680,000	$1.00	480,000
Exercised	$0.11	(6,695,000)	-	-
Cancelled	$0.10	(985,000)	-	-
Restated following capital restructuring	-	-	$0.10	4,800,000
Granted	4.55p	7,896,398	$0.12	4,080,000
Exercised	-	-	$0.10	(1,200,000)
At end of year/period	4.55p	7,896,398	$0.11	7,680,000

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price per share	31 December 2008 No.	31 December 2007 No.
29 November 2011	$0.10	-	3,600,000
8 February 2012	$0.10	-	3,080,000
4 September 2012	$0.20	-	1,000,000
2 September 2011	4.55p	7,896,398	-
		7,896,398	7,680,000

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was $0.02076 per option (2007: $0.044). The significant inputs into the model were weighted average share price of 4.25p (2007: $0.10) using an exchange rate of USD1.80518 to 1GBP at the grant date, exercise price shown above, volatility of 35% (2007: 35%), dividend yield of 0% (2007: 0%), expected option life of three years, and annual risk-free interest rate of 5% (2007: 5%). The volatility is estimated at the date of grant, based on the expected volatility taking into account the share prices of similar entities during their first few years of quotation on the AIM stock exchange. No adjustment has since been made for the recent significant fluctuations seen on all major stock exchanges.

Expenses arising from share-based payments transactions

Total expenses arising from equity-settled share-based payment transactions during the period were as follows:

	31 December 2008 Group ($)	31 December 2007 Group ($)
Options issued under share option plan, included as part of employee benefit expense	**28,126**	241,648
Options issued to Nominated Advisor, included as part of legal and professional expense	**18,214**	-
	46,340	241,648

19 Cash generated from operations

	31 December 2008 Group ($)	31 December 2007 Group ($)
Loss before income tax	**(3,561,335)**	(3,459,008)
Adjustments for:		
- Depreciation (note 12)	**84,090**	63,105
- Loss on disposal of property, plant & equipment (note 12)	**494**	-
- Share based payment (note 18)	**46,340**	241,648
- Finance income (note 5)	**(57,492)**	(86,358)
- Finance costs (note 6)	**86,500**	-
- Foreign exchange losses on operating activities (note 8)	**555,575**	19,074
- Foreign exchange differences arising on consolidation	**130,230**	(4,932)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation)		
- Trade and other receivables	**8,389**	(195,103)
- Trade and other payables	**(223,600)**	353,883
Cash generated from operations	**(2,930,809)**	(3,067,691)

20 Contingencies and commitments

i) Contingencies

The Group has contingent liabilities in respect of performance guarantees provided to the Treasury of the Government of The Bahamas. The total contingent liability as at 31 December 2008 is $1,050,000 (2007: $1,050,000). The guarantees are provided by Barclays Bank as security for the Group's expenditure commitments (note 11) for the first and second year under the licences and no calling in of these guarantees is anticipated.

ii) Expenditure Commitments

The Group is obligated under the exploration licences to spend the following annual sums in exploring and prospecting for petroleum in and upon the licenced areas:

	$
First year (to 25 April 2008)	450,000
Second year (to 25 April 2009)	600,000
Third year (to 25 April 2010)	300,000

The expenditure obligation above may be satisfied by the licensee carrying out geological, geophysical or drilling work. Any overspend in an annual period may be carried forward for the purpose of set-off against the annual expenditure obligation in succeeding years.

As at 31 December 2008 the total expenditure on such geological and geophysical work was $2,836,837 (31 December 2007: $2,397,679).

If the consolidated entity decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties may reduce or extinguish these obligations with the approval of the Government of The Bahamas.

iii) Annual rental commitments

The Group is required under the exploration licences to remit annual rentals in advance to the Government of The Bahamas in respect of the licenced areas. By letter dated 20 March 2008, The Government of The Bahamas has approved a two year extension to the existing three year licence period which now expires on 26 April 2012. Although not specified, management has assumed that the annual rental for the licences during the two year extension period will be the same as the third year's rental.

	31 December 2008 Group ($)	31 December 2007 Group ($)
No later than 1 year	**575,000**	431,250
Later than 1 year and no later than 5 years	**1,150,000**	575,000
Later than 5 years	**-**	-
	1,725,000	1,006,250

iv) Operating lease commitments

The Group leases various office premises under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2008 Group ($)	31 December 2007 Group ($)
No later than 1 year	**71,000**	65,900
Later than 1 year and no later than 5 years	**12,000**	88,000
Later than 5 years	**-**	-
	83,000	153,900

21 Group Reconstruction

Name	Country of Incorporation		Class of shares	Equity Holding 31 December 2008 %	Equity Holding 31 December 2007 %
Bahamas Offshore Petroleum Ltd	Bahamas	(i)	Ordinary	100	100
Island Offshore Petroleum Ltd	Bahamas	(i)	Ordinary	100	100
BPC Perth Pty Ltd	Australia	(ii)	Ordinary	100	100
BPC Limited "BPC Limited (Bahamas)"	Bahamas	(iii)	Ordinary	100	100
BPC Jersey Limited (formerly called BPC Limited)	Jersey	(iv)	Ordinary	100	-

(i) 100% of the ordinary share capital of Bahamas Offshore Petroleum Ltd and Island Offshore Petroleum Ltd was held in trust as at 31 December 2006 with BPC Limited (Bahamas) being the beneficial owner of these shares, pending approval from the Central Bank of The Bahamas to transfer the shares to BPC Limited. The Central Bank approval was subsequently received on 11 July 2007 and the shares transferred on 20 July 2007.

(ii) On 25 May 2007, the Group acquired 100% of the share capital of BPC Ltd Perth Pty Ltd, a newly formed Australian subsidiary, for AU$1,000, being the total value of the net assets as at that date. BPC Ltd Perth Pty Ltd subsequently changed its name to BPC Perth Pty Ltd.

(iii) On 30 November 2007, pursuant to a share exchange agreement between the shareholders of BPC Limited (Bahamas) and BPC Jersey Limited, BPC Limited (Bahamas) became a wholly owned subsidiary of BPC Jersey Limited, a company which was incorporated in Jersey on 9 August 2007 for the purpose of becoming the holding company of the Group.

(iv) On 1 September 2008, a reverse acquisition by BPC Jersey Limited of Falkland Gold and Minerals Limited ("FGML") was completed. Shareholders of BPC Jersey Limited were given 6 FGML shares in exchange for each BPC Jersey Limited share. FGML's name was changed to BPC Limited and it became the new parent company of the Group, owning 100% of the share capital of BPC Jersey Limited. Further details of the business combination are provided in Note 22.

22 Business Combination

(a) Summary of acquisition

On 1 September 2008 BPC Jersey Limited (formerly called BPC Limited) acquired Falkland Gold and Minerals Limited ("FGML") as a reverse acquisition.

BPC Jersey Limited was the acquirer of FGML although FGML became the legal parent of the Group on that date. FGML issued 711,389,838 shares, representing 90.09% of its share capital, to the shareholders of BPC Jersey Limited in exchange for 100% (118,564,973 shares) of the share capital of BPC Jersey Limited. FGML changed its name to BPC Limited and was readmitted to trading on AIM on 2 September 2008.

Details of the fair value of the assets and liabilities acquired are as follows:

	$
Purchase consideration (refer to (b) below)	6,057,028
Direct costs relating to the acquisition	1,259,639
Total purchase consideration	7,316,667
Fair value of net identifiable assets acquired (refer to (c) below)	(7,083,316)
Goodwill (refer to (c) below and note 13)	233,351

(b) Purchase consideration

The purchase consideration is calculated as the fair value of all the equity instruments of FGML (78,250,000 ordinary shares) prior to the acquisition, based on the AIM quoted share price of 4.25p on 1 September 2008. An exchange rate of USD1.82132:1GBP is used, being the median interbank rate of the day.

(c) Assets and liabilities acquired

The assets and liabilities of FGML acquired are as follows:

	Acquiree's carrying amount and fair value $
Cash	7,081,046
Receivables	254,324
Plant and equipment	2,571
Payables	(254,625)
Net assets	7,083,316

The goodwill initially recognised on acquisition is attributable to the movement in both share price and exchange rate during the period between release of the admission document and the acquisition occurring. As there is no ongoing business associated with FGML the goodwill has been fully impaired. The fair value of all other assets and liabilities acquired are based on book value converted at the exchange rate on the date of acquisition.

(d) Acquiree's profits and losses

Disclosure of the following amounts has not been provided because the acquiree was not acquired for trading purposes but for the value of its net assets, predominantly cash:

- the amount of the acquiree's profit or loss since the acquisition date included in the acquirer's profit or loss for the period
- the revenue of the combined entity for the period as though the acquisition date for all business combinations effected during the period had been the beginning of the period
- the profit or loss of the combined entity for the period as though the acquisition date for all business combinations effected during the period had been the beginning of the period.

The acquiree's functional and reporting currency has been changed from GBP to USD effective 1 September 2008, in line with the Group's functional and reporting currency.

23 Related party transactions

Acquisition of Falkland Gold and Minerals Limited ("FGML")

RAB Special Situations (Master) Fund Limited ("RAB"), a shareholder of the Company (through its nominee, Credit Suisse Client Nominees (UK) Limited, was the majority shareholder in BPC Jersey Limited (with approximately 53 per cent of the issued share capital) prior to the acquisition of FGML. RAB was also the majority shareholder in FGML (with approximately 79 per cent of the issued share capital) prior to the acquisition by BPC. The acquisition was therefore classified as a related party transaction under the AIM Rules for Companies.

The acquisition was therefore conditional on the approval of the resolution at FGML's EGM on 1 September 2008, on BPC shareholders owning no less than 90 per cent of BPC's issued share capital excluding shares held by RAB accepting the offer and on Admission to AIM. In the event, the resolution was approved at the EGM, acceptances were received from 100% of BPC shareholders and the enlarged group was readmitted to AIM.

Key management personnel

Details of key management personnel are as follows: **Alan Burns** - *Chairman and Chief Executive Officer*, **Paul Crevello** - *Director and Chief Operating Officer*, **Mark Savage** - *Non Executive Director*, **Michael Proffitt** - *Finance Director, Non Executive*, **Timothy Jones** - *Non Executive Director*, **Robert Carroll** - *Non Executive Director*

	31 December 2008 12 months Group ($)	31 December 2007 12 months Group ($)
Key management compensation		
Salaries and other short-term employee benefits	**641,933**	788,128
Share based payments	**3,134**	219,967
	645,067	1,008,095
Transactions with key management personnel		
Shares issued for cash consideration	**769,500**	536,703
Interest paid on convertible loan notes	**4,469**	-
	773,969	536,703

The above transactions took place between companies in the Group and key management personnel both directly and with associates. Details of transactions with associates are as follows:

Mr. A Burns *(Chairman and Chief Executive Officer)* is a beneficiary of the Alan Burns Superannuation Fund. During 2007 the Group issued shares in the holding company to Burns Family Investments (WA) Pty Ltd as trustee for the Alan Burns Superannuation Fund for cash consideration. During 2008 shares were issued to Mr Burns for cash consideration which were immediately transferred to Burns Family Investments (WA) Pty Ltd as trustee for the Alan Burns Superannuation Fund.

Mr. M Proffitt *(Finance Director, Non-Executive)* is a director and shareholder of Gumbo Investments Ltd. The Group issued shares in the holding company to Gumbo Investments Ltd during 2007 for cash consideration.

The Group also issued convertible loan notes to Gumbo Investments during 2008 which were repaid during the period with interest as detailed in Note 6.

Mr. M Savage *(Non-Executive Director)* is a director and shareholder of Bayview Investments. The Group issued shares in the holding company to Bayview Investments for cash consideration during 2007.

Mr. Savage is also a director of Mountainside Investments Pty Ltd. The Group issued shares in the holding company to Mountainside Investments Pty Ltd for cash consideration during 2007.

Mr. P Crevello *(Director and Chief Operating Officer)*, is a director and shareholder of PetrexAsia Consulting LLC. The Group issued shares in the holding company to PetrexAsia Consulting during 2007 for cash consideration.

Mr. Crevello is also a director and shareholder of Petroleum Geoscience International LLC. During 2008 shares were issued to Mr Crevello for cash consideration which were immediately transferred to Petroleum Geoscience International LLC.

Superannuation contributions

Contributions to superannuation funds on behalf of employees are set out in note 7.

Terms and conditions

Transactions relating to share subscriptions for new ordinary shares for the period ended 31 December 2008 and 31 December 2007 were on the same terms and conditions that applied to other shareholders with the exception of shares issued as a result of exercising options, which were in accordance with the terms of the options.

All other transactions were made on normal commercial terms and conditions and at market rates.

24 Events after the balance sheet date

On 1 April 2009, as part of a reduction in staff costs, Timothy Jones and Robert Carroll resigned as directors of the Company. Furthermore Mark Savage and Michael Proffitt have waived their directors fees from 1 April 2009 until further notice while Alan Burns has elected to reduce his annual fee from GBP100,000 to USD50,000.

Parent company auditors' report

Independent auditors' report to the members of BPC Limited

We have audited the parent company financial statements of BPC Limited for the period ended 31 December 2008 which comprise the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity, the Parent Company Cash Flow Statement and the related notes. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of BPC Limited for the year ended 31 December 2008. That report is modified by the inclusion of an emphasis of matter.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, and the parent company financial statements in accordance with applicable 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 parent company financial statements to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 162 of the Falkland Islands Companies Act 1948 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Falklands Islands Companies Act 1948. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the parent company 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 other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Chairman's Report, the Review of Operations, Corporate Governance, the Directors' Report and the Statement of Directors Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

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 parent company financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company 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 parent company financial statements.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Falkland Islands Companies Act 1948, of the state of the Company's affairs as at 31 December 2008 and cash flows for the period then ended;
- the parent company financial statements have been properly prepared in accordance with the Falkland Islands Companies Act 1948 ; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

Emphasis of matter – going concern

In forming our opinion on the parent company financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the Basis of Preparation note to the parent company financial statements concerning the Company's ability to continue as a going concern. In the Directors' view there is a material uncertainty as to the ability of the Company to reach agreement with third parties in relation to potential additional fundraising/ farm-out transactions which would enable the Company to continue to trade beyond the expiry of its current liquid cash resources. This may cast significant doubt about the Company's ability to continue as a going concern. The parent company financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
8 April 2009

(a) The maintenance and integrity of the BPC Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Parent company balance sheet

	Note	31 December 2008 Company ($)	Reclassified See Note 2 30 September 2007 Company ($)
ASSETS			
Current assets			
Cash and cash equivalents		**402**	7,608,047
Debtors	5	**4,613,485**	71,886
		4,613,887	7,679,933
Non current assets			
Property, plant and equipment	6	**-**	396,862
Investments in subsidiaries	7	**21,437,537**	-
		21,437,537	396,862
Total assets		**26,051,424**	8,076,795
LIABILITIES			
Current liabilities			
Creditors: Amounts falling due within one year	8	**82,196**	255,482
		82,196	255,482
Total liabilities		**82,196**	255,482
EQUITY			
Ordinary Shares	9	**28,764**	2,850
Share premium reserve	9	**73,634,186**	18,594,187
Other reserves	9	**488,770**	440,905
Retained earnings	10	**(48,182,492)**	(11,216,629)
Total equity		**25,969,228**	7,821,313
Total equity and liabilities		**26,051,424**	8,076,795

The financial statements were approved by the Board of Directors and authorised for issue on 8 April 2009 and were signed on its behalf by:

Alan Burns
Director

Michael Proffitt
Director

The accompanying notes form part of these financial statements

Parent company statement of changes in equity and cash flow statement

Parent company statement of changes in equity

	Note	Share capital ($)	Share premium ($)	Share based payments ($)	Retained earnings ($)	Total equity ($)
Balance at 1 October 2006		2,850	18,594,187	284,053	(4,385,726)	14,495,364
Recognition of equity settled share based payment		-	-	156,852	-	156,852
Loss for the period (net of foreign exchange difference on retranslation of loss for period)	10	-	-	-	(6,830,904)	(6,830,904)
Balance at 30 September 2007		**2,850**	**18,594,187**	**440,905**	**(11,216,630)**	**7,821,312**
Balance at 1 October 2007		2,850	18,594,187	440,905	(11,216,630)	7,821,312
Recognition of equity settled share based payment		-	-	47,865	-	47,865
Loss for the period	10	-	-	-	(36,965,862)	(36,965,862)
Issue of share capital on business combination		25,914	55,039,999	-	-	55,065,913
Balance at 31 December 2008		**28,764**	**73,634,186**	**488,770**	**(48,182,492)**	**25,969,228**

The accompanying notes form part of these financial statements

Parent company cash flow statement

	Note	15 months ended 31 December 2008 Company ($)	12 months ended 30 September 2007 Company ($)
Cash flows from operating activities			
Payments to suppliers and employees	11	(4,371,914)	(1,603,547)
Tax paid		(22,419)	(89,127)
Net cash used in operating activities		**(4,394,333)**	(1,692,674)
Cash flows from investing activities			
Payments for intangible fixed assets		-	(1,548,259)
Payments for tangible fixed assets		-	(152,829)
Proceeds from sale of property, plant and equipment		1,040,403	-
Advances to subsidiary companies		(4,613,485)	-
Interest received		359,770	469,193
Net cash used in investing activities		**(3,213,312)**	(1,231,895)
Net decrease in cash and cash equivalents		**(7,607,645)**	(2,924,569)
Cash and cash equivalents at the beginning of the period		7,608,047	10,532,616
Cash and cash equivalents at end of period		**402**	7,608,047
Non-cash financing and investing activities	12		

Notes to the parent company financial statements

1 General information

The separate financial statements of the parent company are presented as required by the Companies Act 1948 as it applies in the Falkland Islands and as amended by the Companies (Amendment) Ordinance 2006 ("Company Law").

The legal parent company is BPC Limited, formerly called Falklands Gold and Minerals Limited.

Further to the reverse acquisition of the company by BPC Jersey Limited taking place on 1 September 2008:

- the accounting reference date of the Company was changed from 30 September to 31 December to be in line with the Group's existing accounting reference date;
- following the above change of accounting reference date the current period of account to 31 December 2008 is a fifteen month period. Comparatives are therefore for the twelve month period to 30 September 2007 in line with the previous accounting reference date;
- the functional and reporting currency of the Company was changed from Sterling to US Dollars in line with that of the Group;
- the existing Sterling balances were translated into US Dollars at the exchange rate in effect on the date of acquisition - 1 September 2008, being 1.82132;
- the comparatives for the 12 month period to 30 September 2007 have been restated in US Dollars using the exchange rate on acquisition of 1.82132 for the balance sheet, since this is the rate the Company's Sterling balances were translated into US Dollars within the books of account upon acquisition during the 15 month period to 31 December 2008. The loss for the comparative period to 30 September 2007 has been restated in US Dollars using the average exchange rate for the year of 1.96894.

The names of the directors in office at any time during or since the end of the year are:

Richard Linnell - resigned 1 September 2008, **Mark Fresson** - resigned 1 September 2008, **David Hudd** - resigned 1 September 2008, **Peter Bojtos** - resigned 1 September 2008, **Robert Weinberg** - resigned 1 September 2008, **Alan Burns** - appointed 1 September 2008, **Paul Crevello** - appointed 1 September 2008, **Michael Proffitt** - appointed 1 September 2008, **Mark Savage** - appointed 1 September 2008, **Timothy Jones** - appointed 1 September 2008, resigned 1 April 2009, **Robert Carroll** - appointed 1 September 2008, resigned 1 April 2009

2 Accounting policies

2.1 Basis of preparation

The accounts are prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as"IAS individual accounts" in accordance with s226A of the United Kingdom Companies Act 1985 as it applies in the Falkland Islands under Company Law.

They have been prepared in accordance with International Financial Reporting Standards 1 "First-time Adoption of International Financial Reporting Standards", since this is the first IFRS annual financial statements prepared in accordance with IFRS.

The transition from UK GAAP to IFRS has not affected the Company's financial position, financial performance and cash flows and consequently there are no reconciling adjustments between the previously reported UK GAAP numbers and the numbers reported under IFRS.

The Company's accounting policies are in line with those of the Group, as detailed in note 2 of the consolidated financial statements.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities as and when they fall due for the foreseeable future.

The Directors have prepared cash flow forecasts that indicate that the Group will be able to meet its financial obligations through to the second quarter of 2010 from its existing liquid cash resources.

Additional cash resources may become available to the Group as a result of negotiations currently in hand with the Government of The Bahamas to reduce the level of performance guarantees deposited at Barclays Bank following the Group's satisfaction of required expenditure commitments under its licences.

However, the Group's ability to meet its obligations beyond this period is dependent on either further fund raising or the agreement of a farm-out arrangement of the Group's licences. Negotiations are currently in hand with third parties which, if successfully concluded, will provide additional funding and/or contributions to exploration expenditure under joint venture arrangements.

The Directors have concluded that, as they have yet to reach agreement with third parties in relation to potential additional fundraising/farm-out transactions, there exists a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the Directors have concluded that it is appropriate to continue to adopt the going concern basis when preparing these parent entity accounts.

3 Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company for the 15 months ended 31 December 2008 is $36,965,863 (12 months to 30 September 2007: £3,750,524, restated to $7,384,560). As permitted by s230 of the United Kingdom Companies Act 1985 as it applies in the Falkland Islands under Company Law, the Company has elected not to present its own income statement for the period.

4 Directors' emoluments

	15 months ended 31 December 2008 Company ($)	12 months ended 30 September 2007 Company ($)
Directors fees and salaries (note (a))	**418,903**	295,341
Expense of share-based payments	**29,651**	169,565
	448,554	464,906

(a) the split of directors fees and salaries between amounts for continuing service and compensation for loss of office by director are shown below. All the fees for 2007 related to amounts for continuing service:

	Fees for continuing service ($)	Compensation for loss of office ($)	15 months ended 31 December 2008 Company Total ($)	12 months ended 30 September 2007 Company ($)
Richard Linnell	83,477	45,533	**129,010**	98,447
Mark Fresson	58,434	63,746	**122,180**	68,913
David Hudd	41,738	22,767	**64,505**	49,223
Peter Bojtos	33,391	18,213	**51,604**	39,379
Robert Weinberg	33,391	18,213	**51,604**	39,379
	250,431	168,472	**418,903**	295,341

The six directors appointed on 1 September 2008 received no fee or salary or share based payment in regard to their appointment as a director of the Company.

5 Debtors

	31 December 2008 Company ($)	30 September 2007 Company ($)
Amount owing by group undertaking (note (a))	**4,613,485**	-
Other debtors (note (b))	**-**	16,864
Prepayments and accrued income	**-**	55,022
	4,613,485	71,886

(a) Amount due from BPC Limited, incorporated in the Bahamas.
(b) The nil balance as at 31 December 2008 is net of a full provision as detailed in note 15 to the group accounts.

6 Property, plant and equipment

Company	Plant and machinery ($)	Furniture, fittings and equipment ($)	Motor vehicles ($)	Total ($)
Year ended 30 September 2007				
Opening net book amount	670,845	52,735	81,684	805,264
Additions	122,782	6,575	23,472	152,829
Depreciation charge	(468,030)	(31,090)	(62,111)	(561,231)
Closing net book amount	**325,597**	**28,220**	**43,045**	**396,862**
At 30 September 2007				
Cost	1,446,687	96,960	192,216	1,735,863
Accumulated depreciation	(1,121,090)	(68,740)	(149,171)	(1,339,001)
Net book amount	**325,597**	**28,220**	**43,045**	**396,862**
15 month period ended 31 December 2008				
Opening net book amount	325,597	28,220	43,045	396,862
Additions	-	4,107	-	4,107
Disposals	(100,012)	(12,605)	(19,830)	(132,447)
Depreciation charge	(225,585)	(19,722)	(23,215)	(268,522)
Closing net book amount	**-**	**-**	**-**	**-**
At 31 December 2008				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book amount	**-**	**-**	**-**	**-**

7 Investments in subsidiaries

	31 December 2008 Company ($)	30 September 2007 Company ($)
Investment in BPC Jersey Limited		
At beginning of the period	**-**	-
Additions	**55,065,913**	-
Impairments recognised during the period	**(33,628,376)**	-
	21,437,537	-

The investment in BPC Jersey Limited reflects the fair market value of the 711,389,838 shares issued by the Company to the shareholders of BPC Jersey Limited in exchange for 100% of its share capital.

Further details of the acquisition are provided in note 22 of the Group accounts.

During the period the Company has recognised an impairment charge of $33,628,376 in order to write down its investment in BPC Jersey Limited to the market capitalisation of the BPC Group as at 31 December 2008. The directors consider the market capitalisation of the BPC Group to represent the fair value of BPC Jersey Limited at that date. The fair value of the investment in the BPC Group on acquisition uses the AIM quoted share price of 4.25p on 1 September for the 711,389,838 shares issued and an exchange rate of $1.82132, while the 31 December 2008 fair value of the Group uses the AIM quoted share price of 1.88p and an exchange rate of $1.44792 for the 789,639,838 shares on issue.

8 Creditors: Amounts falling due within one year

	31 December 2008 Company ($)	30 September 2007 Company ($)
Trade creditors	**-**	37,246
Taxation and social security (note (a))	**61,838**	93,477
Accruals and deferred income	**20,358**	124,759
	82,196	255,482

(a) $60,786 of the 31 December 2008 balance relates to an overprovision for UK corporation tax from periods up to and including that of 30 September 2007. The directors estimate the corporation tax payable in respect of the 15 month period to 31 December 2008 to be nil. Upon final agreement to the migration of the Company's UK tax residency on 31 December 2008 from HMRC, and the final tax liability, if any, this provision will be adjusted accordingly.

Further details of the tax migration are provided in note 9 of the Group accounts.

9 Share capital and premium

Prior to 1 September 2008 the authorised share capital of the Company consisted of 120,000,000 ordinary shares of 0.002p each.

On 1 September 2008 the authorised share capital of the Company was increased to 5,000,000,000 ordinary shares of 0.002p each.

Allotted, called up and fully paid shares are detailed below:

		Number of shares	Ordinary shares	Share premium reserve	Share based payments reserve	Total
At 1 Oct 2006		78,250,000	$2,850	$18,594,187	$440,905	$19,037,942
At 30 Sep 2007		**78,250,000**	**$2,850**	**$18,594,187**	**$440,905**	**$19,037,942**
30 Jun 2008	Value of services	-	-	-	$29,651	$29,651
1 Sep 2008	Shares issued upon reverse acquisition	711,389,838	$25,914	$55,039,999	-	$55,065,913
2 Sep 2008	Value of services	-	-	-	$18,214	$18,214
At 31 Dec 2008		**789,639,838**	**$28,764**	**$73,634,186**	**$488,770**	**$74,151,720**

10 Retained earnings

	15 months ended 31 December 2008 Company ($)	12 months ended 30 September 2007 Company ($)
Balance at beginning of period	**(11,216,629)**	(4,386,726)
Loss for the period (2007 comparative restated at average exchange rate for year)	**(36,965,863)**	(7,384,560)
Resulting exchange difference on above retranslation	**-**	554,657
Net movement in retained earnings	**(36,965,863)**	(6,829,903)
Balance at end of period	**(48,182,492)**	(11,216,629)

11 Cash generated from operations

	15 months ended 31 December 2008 Company ($)	12 months ended 31 December 2007 Company ($)
Operating loss	**(37,798,636)**	(7,210,972)
Adjustments for:		
- Depreciation, amortisation and impairment	**34,369,901**	5,450,303
- Profit on disposal of property, plant & equipment	**(912,063)**	-
- Share based payment	**47,865**	156,852
- Trade and other receivables	**71,886**	(6,735)
- Trade and other payables	**(150,867)**	7,005
- Tax paid	**(22,419)**	(89,127)
Net cash outflow from operations	**(4,394,333)**	(1,692,674)

12 Non-cash financing and investing activities

On 1 September 2008 the Company became the legal parent of BPC Jersey Limited through the issue of 711,389,838 shares to the shareholders of BPC Jersey Limited in a 6 for 1 share exchange for 100% of the shares in BPC Jersey Limited, and as such this is a non-cash investing activity.

The transaction classified as a reverse acquisition of the Company by BPC Jersey Limited and further details are provided in note 22 to the consolidated financial statements.