

Sefton Resources, Inc.

**Consolidated Unaudited Financial Statements
30 June 2012**

Sefton Resources, Inc.

Unaudited consolidated statement of comprehensive income for the six months ended 30 June 2012 and 2011, and for the year ended 31 December 2011(audited)

	<u>Six months ended 30 June</u>		<u>Year ended</u> <u>31 December</u>
	2012 \$000's	2011 \$000's	2011 \$000's
Revenue	2,283	2,028	4,140
Cost of sales	945	607	1,235
Gross profit	1,338	1,421	2,905
General and administrative expense	955	872	1,995
Retirement obligation expense	18	65	(142)
	973	937	1,853
Earnings before non-cash charges, interest and taxes	365	484	1,052
Depletion, depreciation and amortisation	215	214	358
Share-based compensation expense	105	70	181
	320	284	537
Operating income	45	200	515
Finance costs	109	126	278
Total comprehensive income (loss) for the period attributable to equity holders of the parent	(64)	74	237
	Per share \$	Per share \$	Per share \$
Basic Income (loss) per share	(0.0001)	0.0003	0.0008

Sefton Resources, Inc.

Unaudited consolidated balance sheets as at 30 June 2012 and 2011, and 31 December 2011 (audited)

	<u>30 June</u>		<u>31 December</u>	
	2012	2011	2011	
	\$000's	\$000's	\$000's	
Non-current assets				
Intangible exploration assets	3,871	2,857	3,538	
Oil and gas properties	19,940	16,072	19,434	
Other	25	23	15	
	23,836	18,952	22,987	
Current assets				
Cash and cash equivalents	2,527	919	2,563	
Trade receivables and other	652	736	526	
	3,179	1,655	3,089	
Total assets	27,015	20,607	26,076	
Non-current liabilities				
Long-term borrowings	-	5,950	5,750	
Retirement obligation	182	339	165	
Asset retirement obligation	1,619	1,320	1,604	
	1,801	7,609	7,519	
Current liabilities				
Current portion of borrowings	5,879	506	300	
Trade and other payables	580	546	2,494	
	6,459	1,052	2,794	
Total liabilities	8,260	8,661	10,313	
Net assets	18,755	11,946	15,763	
Shareholders' equity				
Share capital	22,967	16,542	20,016	
Retained deficit	(4,212)	(4,596)	(4,253)	
Total equity attributable to equity holders of the parent	18,755	11,946	15,763	

Sefton Resources, Inc.

Unaudited consolidated statement of changes in equity for the six months ended 30 June 2012, and for the twelve months ended 31 December 2011 (audited)

	Common shares, <u>no par value</u>		Retained deficit \$000's	Total \$000's
	Shares	Amount \$000's		
Balances 1 January 2011	202,469,459	14,622	(4,670)	9,952
Shares issued for cash	195,181,547	5,729	-	5,729
Share issuance costs	-	(320)	-	(320)
Repurchase of common shares	-	(15)	-	(15)
Compensation expense related to share options	-	-	180	180
Comprehensive income	-	-	237	237
Balances 31 December 2011 Audited	397,651,006	20,016	(4,253)	15,763
Shares issued for cash	114,285,714	3,167	-	3,167
Share issuance costs	-	(216)	-	(216)
Compensation expense related to share options	-	-	105	105
Comprehensive Income (loss)	-	-	(64)	(64)
Balances 30 June 2012 Unaudited	511,936,720	22,967	(4,212)	18,755

Sefton Resources, Inc.

Unaudited consolidated statement of cash flows for the six months ended 30 June 2012 and 2011, and for the year ended 31 December 2011 (audited)

	<u>Six months ended 30 June</u>		<u>Year ended</u>
	2012 \$000's	2011 \$000's	2011 \$000's
Cash flows from operating activities			
Earnings before non-cash charges, interest and taxes	385	484	1,052
Interest paid	(107)	(84)	(226)
Retirement benefit expense	18	65	(142)
	276	465	684
Changes in operating assets and liabilities:			
Changes in accounts receivable	(23)	(32)	176
Changes in accounts payable and accrued liabilities	(209)	(121)	89
Changes in prepaid and other	(102)	(107)	-
Net cash provided by operating activities	(58)	205	949
Cash flows from investing activities			
Net cash for the purchase and development of oil and gas properties and gathering and transportation and other assets	(2,758)	(1,293)	(3,533)
Cash flows from financing activities			
Proceeds from notes payable	129	-	-
Payments on notes payable	(300)	(790)	(1,195)
Proceeds from sale of common shares-net	2,951	1,849	5,409
Repurchase of common shares	-	-	(15)
Net cash provided by financing activities	2,780	1,059	4,199
Net increase in cash and cash equivalents	(36)	(29)	1,615
Cash and cash equivalents at beginning of year	2,563	948	948
Cash and cash equivalents at end of period	2,527	919	2,563