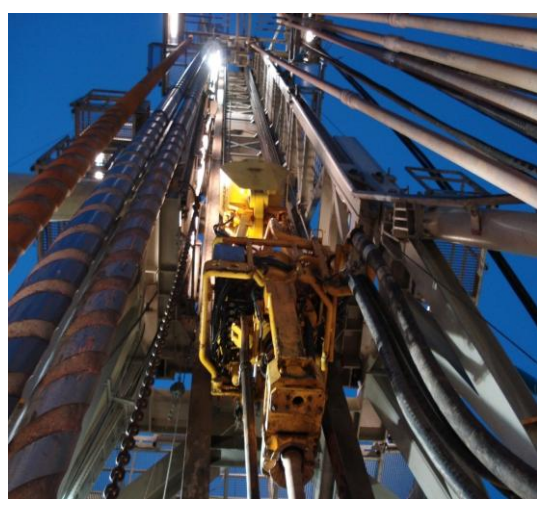




3LEGS RESOURCES PLC

Interim Report
for the six months to 30 June 2011



3LEGS RESOURCES PLC

3Legs Resources plc

Interim Results

for the six months ended 30 June 2011

3Legs Resources plc (the "Company"), a company focussed on the exploration and development of unconventional oil and gas resources with a particular focus on shale gas in Europe, is pleased to announce its Interim Results for the six months ended 30 June 2011.

Financial highlights

- Successful listing on AIM completed in June 2011
- Raised £62.5 million before expenses, to fund the Company's ongoing seismic and drilling programme, with a primary objective of continuing to explore the Company's six Baltic Basin licences in Poland
- Cash position of £61 million at period end

Operational highlights

- Conclusion of initial analysis on Lebien LE-1 and Legowo LE-1 vertical test wells in March 2011, enabling the Company to develop a new interpretation of the Baltic Basin geology
- Independent report by Netherland, Sewell & Associates Inc. on Original-Gas-in-Place ('OGIP') volumes on the Company's Baltic Basin licences, giving an OGIP figure of 170 tcf gross, 50 tcf net to the Company
- Conclusion of drilling of Lebien LE-2H horizontal well in June 2011 on the Company's Leborg licence – this was the first horizontal shale gas well in Poland, and encountered high gas saturations throughout the horizontal section; preparation for its completion in Q3 2011
- Acquisition and interpretation of 50 sq km of 3D seismic on the Company's Damnica licence in February 2011
- Preparation for spudding of Warblino LE-1H horizontal well on its Damnica licence

Outlook

- Multi-stage hydraulic fracture stimulation programmes on Lebien LE-2H and Warblino LE-1H horizontal wells, with first test results expected in Q4 2011
- Planned participation in Government-approved PolandSPAN regional 2D seismic survey covering Baltic Basin, coupled with a revised timetable for completing remaining 3D seismic survey commitments on the Company's Baltic Basin licences
- Acquisition of 3D seismic on the Company's Krakow licences to meet licence commitments, plus an additional 2D seismic survey on these licences
- Variation of timetable for drilling first vertical test well on Krakow licences

Tim Eggar, Chairman of 3Legs Resources plc, said:

"We completed our initial public offering in June, raising £62.5 million gross, and consequently we look forward to continuing to leverage our first mover position in the Baltic Basin. We are making good progress in our work programme, having drilled the first horizontal shale gas well in Poland, and we have now successfully completed the first multi-stage hydraulic fracture stimulation of a horizontal shale gas well in Poland. We will continue to advance our primary objective of demonstrating the commercial potential of our sizeable Baltic Basin licences."

3LEGS RESOURCES PLC

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3LEGS RESOURCES PLC

Chief Executive Officer's statement and review

Introduction

3Legs Resources has achieved a significant milestone in its development as a leading independent European unconventional oil and gas company, with the completion of the Company's initial public offering on AIM in June 2011 raising £62.5 million gross, £58.1 million net, to enable the Company to finance its ongoing exploration activity, primarily on the Company's Baltic Basin licences in northern Poland. A first mover in Poland, 3Legs Resources holds six exploration and prospecting licences covering approximately 1,084,000 acres in the onshore Baltic Basin, a region considered to be one of the most promising shale basins in Europe. In addition to these assets, the Company holds onshore exploration licences over acreage near Krakow in southern Poland and in Baden-Württemberg in south-west Germany.

Operational review

In the Polish Baltic Basin, currently at the forefront of emerging shale gas plays in Europe, 3Legs Resources is well placed to continue to leverage its first mover advantage by pursuing an active drilling programme, in conjunction with its co-venturer ConocoPhillips. The Company expects to have first test results from the first two horizontal shale gas wells in Poland, the Lebien LE-2H and the Warblino LE-1H wells drilled on the Company's Lebork and Damnica licences respectively, in the fourth quarter of 2011.



Operations at Lebien LE-2H



Operations at Warblino LE-1H

During the six months ended 30 June 2011, the Company continued to progress its exploration programme on its six Baltic Basin licences. Following on from the successful production of gas from the Lebien LE-1 well on its Lebork licence in December 2010, the Company conducted a second diagnostic fracture injection test ('DFIT') on this well in March 2011. At the Legowo LE-1 well on its Cedry Wielkie licence, the Company performed two DFITs on the target lower Palaeozoic shales in January and February 2011. Following conclusion of these tests and an appraisal of the results of both wells, the Company has selected the western Baltic Basin licences, particularly Lebork and Damnica, on which to prioritise the next phase of its exploration activity.

In late 2010 the Company retained Netherland, Sewell & Associates, Inc. ('NSAI') to conduct an independent assessment of Original-Gas-In-Place ('OGIP') volumes across the Company's Baltic Basin licences for the purposes of its initial public offering. NSAI issued its final report as of January 2011. In its report, NSAI arrived at an independent assessment of OGIP volumes of 170 tcf gross, 50 tcf net to the Company across the licences. These in-place volumes are indicative of the very significant upside potential for the Company if its horizontal drilling programme is successful in producing commercial recoveries of hydrocarbons.

In May 2011 the Company spudded its third well, Lebien LE-2H – the Company's first horizontal well and the first horizontal shale gas well in Poland – on the same location as its earlier Lebien LE-1 well.

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This well reached target depth on 21 June 2011 and included a 1,000 metre horizontal section in the target lower Palaeozoic shales, encountering high gas saturations throughout the horizontal section. Activity on this well is continuing and is discussed further below.

The Company completed the acquisition, processing and interpretation of its third 3D seismic survey on its Baltic Basin licences in March 2011. Measuring 50 sq km, this survey is situated on the Damnica licence and was used to select the location for the Company's fourth well (and second horizontal well), Warblino LE-1H.

All field activities were carried out in accordance with all applicable health, safety and environmental requirements.

Operational update – post half year end

Baltic Basin licences

In the period since 30 June 2011, the Company has completed a multi-stage hydraulic fracture stimulation on the Lebien LE-2H well. This hydraulic fracture programme was commenced on 10 August and was successfully concluded on 28 August. On 8 September the well commenced flowing natural gas and a flare was lit for a test, to enable the potential of the well to be assessed. Testing on this well is continuing and an announcement will be made in due course.

The Company spudded the Warblino LE-1H well on 17 July 2011. Situated on its Damnica licence, this well represents a 25 km step-out to the west of the Lebien LE-2H well. The well comprises a vertical pilot well to the base of the target lower Palaeozoic shales for core analysis and logging, followed by a lateral section. When the lateral section has been drilled the well will be prepared for a completion programme including a multi-stage hydraulic fracture stimulation, following which the well will be put on test. Completion of this well and commencement of testing is scheduled for the fourth quarter of 2011.

Conclusion of the testing of the Lebien LE-2H and Warblino LE-1H wells will materially advance the Company's understanding of the regional geology in the area of its Baltic Basin licences and of its licences' potential for production of gas and liquids from the organic-rich lower Palaeozoic shales in the Silurian, Ordovician and Cambrian intervals. The Company expects to improve further its regional geological interpretation through data exchanges with other licence holders in the Baltic Basin and adjacent basins, discussions for which are ongoing.



Operations at Lebien LE-2H

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Under the terms of the farm-in arrangements agreed between ConocoPhillips and the Company in 2009, ConocoPhillips will need to determine by 20 March 2012 whether or not to exercise its option to take up a 70% interest in the Company's six Baltic Basin licences, thus leaving the Company with a net 30% interest in these licences. If ConocoPhillips does exercise its option, operatorship of the Baltic Basin licences will also pass automatically to ConocoPhillips.

The Company is making preparations to participate in the PolandSPAN 2D regional seismic survey study currently being undertaken by ION Geophysical with the approval of the Polish Government. This study is a large collaborative research programme intended to cover most of Poland with a view to providing both the Government and E&P companies with a more comprehensive understanding of the regional geology and the potential risk factors associated with shale hydrocarbon exploration and production in the region. Acquisition of 2D data in the area of the Company's Baltic Basin licences is expected to commence in late 2011 or early 2012 and the net cost to the Company of participating in the study is expected to be under €1 million. In addition, the Company is in discussions with the Polish Ministry of Environment regarding the rescheduling of its remaining 3D seismic commitments until conclusion of the PolandSPAN study.

Krakov licences

Preparations are underway for the completion of seismic surveys on the Company's three Krakow licences, comprising 50 sq km of 3D seismic to meet existing licence commitments and a further 75 km of 2D seismic on the Company's Dabie-Laski licence, which is over and above the Company's original licence commitments. Acquisition is expected to commence in the fourth quarter of 2011. The Company is also in discussions with the Polish Ministry of Environment regarding deferring the timetable for drilling a first vertical test well on its Dabie-Laski licence until the seismic surveys have been concluded.

Industry collaboration

The Company plays an active role in addressing issues of common concern to the Polish oil & gas sector through its membership of the Polish Exploration and Production Industry Organization ('OPPPW'), an association of exploration & production companies operating in Poland which is engaged in dialogue with the Polish Government, Government agencies and other interested parties. The principal areas of interest addressed by the OPPPW include oil & gas legislation, health & safety, environmental regulation and labour law. The Company's Poland Country Manager, Kamlesh Parmar, was elected to the Board of the OPPPW in September 2011.



3Legs Resources pursues best practice in all its operations

3LEGS RESOURCES PLC

Financial review

The Company recorded a loss of £96,920 for the six month period to 30 June 2011, as compared with a profit before tax of £739,896 in the same period in 2010. Other income increased to £2,585,916 in the six month period to 30 June 2011, from £862,807 in the same period in 2010, partly as a result of the increased activity on the Company's Baltic Basin licences, financed by ConocoPhillips pursuant to the farm-in arrangements agreed between ConocoPhillips and the Company in 2009. Other income also included receipt of a retention payment of \$1 million (£613,019) from ConocoPhillips pursuant to the farm-in arrangements, leaving a further \$0.5 million potentially still outstanding. Administrative expenses increased to £2,695,312 in the six month period to 30 June 2011, from £425,182 in the same period in 2010. This movement reflects primarily costs incurred by the Company in connection with its initial public offering on AIM in June 2011, of which £1,148,514 was charged to the income statement during the period, coupled with the impact of foreign exchange movements on certain intra-group balances, which resulted in the recognition of a net foreign exchange loss of £684,181 in the period, as compared to a net foreign exchange gain of £123,784 in the same period in 2010. Administrative expenses for the six month period to 30 June 2011 also include the costs of retaining certain other consultants in connection with the Company's transition to listed company status.

Investment in intangible exploration and evaluation assets over the period to 30 June 2011 amounted to £3,241,805, as compared with £253,477 in the same period in 2010. This expenditure represents primarily the Company's equity share of exploration expenditure in its Baltic Basin licences, most of which was incurred on its behalf by its co-venturer ConocoPhillips. Cash and cash equivalents at the end of the period amounted to £61,025,904, as compared with £595,670 as at 30 June 2010. The Company's treasury policy provides for cash reserves to be held on deposit with a small number of financial institutions rated at least A- or higher, in a combination of euro, sterling and dollars with a weighting towards euro as a hedge against the Company's principal currency exposure.

Management

The Company strengthened its management team with the appointment of Peter Clutterbuck as Chief Executive Officer in January 2011. Peter Clutterbuck has over 35 years' experience in the upstream oil & gas industry, having held senior management positions in BP as well as in a number of quoted independent E&P companies. Prior to joining the Company, he was Chief Executive Officer of Toronto-listed Orca Exploration, and a Director of AIM-listed Mediterranean Oil and Gas, and President Petroleum. He was also Managing Director and founder of AIM-listed Northern Petroleum.

The Company further strengthened its board with the appointment of Dr. David Bremner as a non-executive director in January 2011 and of Rod Perry as a non-executive director in February 2011. David Bremner has been involved in the international oil and gas business for 33 years, having been a non-executive director and then Chief Executive Officer of Indago Petroleum plc and an executive director of Monument Oil and Gas plc. He started his career at BP in 1977.

Rod Perry is currently Deputy Chairman of Bwin. Party Digital Entertainment plc, having previously been Chairman of Party Gaming plc. He is non-executive director and senior advisor of Ithmar Capital (Dubai), a US\$250 million private equity fund, and he has also been a non-executive director of Indago Petroleum plc and of Gulf of Guinea Energy. From 1985 to 2005, he was employed by 3i plc, including as a member of the executive committee from 1995 to 2005 and as executive director of 3i Group plc from 1999 to 2005.

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Conclusion

The Company has always considered that it may take a number of additional wells, over and above the two horizontal wells currently in process, to enable it to form a detailed understanding of the prospectivity of the Baltic Basin. The Company also considers that well results are likely to improve as it advances its understanding of the basin geology and rock properties. Nevertheless, the results of the testing of the Lebien LE-2H and Warblino LE-1H horizontal wells, expected from the fourth quarter of 2011 onwards, will be a key near term milestone for the Company. I believe that the Company's active ongoing exploration programme, coupled with its strong funding position following its recent highly successful initial public offering, mean that it is excellently positioned to build value for shareholders.

Peter Clutterbuck
Chief Executive Officer

3LEGS RESOURCES PLC
Consolidated Income Statement
For the six months ended 30 June 2011

	Notes	Unaudited six months ended 30 June 2011 £	Unaudited six months ended 30 June 2010 £	Audited year ended 31 December 2010 £
Continuing operations				
Revenue		-	-	-
Other income		2,585,916	862,807	3,187,508
Administrative expenses		(2,695,312)	(425,182)	(989,115)
Operating (loss)/profit		(109,396)	437,625	2,198,393
Revaluation of investment		-	17,898	-
Loss on disposal of investment		-	-	(21,266)
Investment income		12,476	566	2,121
Other gains and losses		-	283,807	283,807
(Loss)/profit before tax		(96,920)	739,896	2,463,055
Tax		-	-	-
(Loss)/profit for the period attributable to equity holders of the parent		(96,920)	739,896	2,463,055
(Loss)/profit per Ordinary Share				
Basic	4	(0.002)	0.015	0.049
Diluted	4	(0.002)	0.015	0.048

3LEGS RESOURCES PLC
Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2011

	Unaudited six months ended 30 June 2011 £	Unaudited six months ended 30 June 2010 £	Audited year ended 31 December 2010 £
(Loss)/profit for the period	(96,920)	739,896	2,463,055
Other comprehensive income			
Exchange differences arising on translation of foreign operations	1,480,070	(648,568)	(496,578)
	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period attributable to equity owners of the parent	1,383,150	91,328	1,966,477
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

3LEGS RESOURCES PLC
Consolidated Balance Sheet
As at 30 June 2011

	Note	Unaudited 30 June 2011 £	Unaudited 30 June 2010 £	Audited 31 December 2010 £
Assets				
Non-current assets				
Intangible exploration and evaluation assets		8,071,466	1,709,762	4,829,661
Current assets				
Investments		-	372,870	-
Trade and other receivables		5,261,051	2,979,422	3,768,021
Cash and cash equivalents		61,025,904	595,670	1,597,680
		<u>66,286,955</u>	<u>3,947,962</u>	<u>5,365,701</u>
Total assets		<u><u>74,358,421</u></u>	<u><u>5,657,724</u></u>	<u><u>10,195,362</u></u>
Liabilities				
Current liabilities				
Trade and other payables		(6,936,821)	(2,632,817)	(3,503,500)
Shareholder borrowings		(1,123,736)	-	(1,562,924)
Financial instruments		(312,150)	(331,851)	(323,185)
		<u>(8,372,707)</u>	<u>(2,964,668)</u>	<u>(5,389,609)</u>
Non-current liabilities				
Provisions		(80,855)	-	(40,086)
Total liabilities		<u><u>(8,453,562)</u></u>	<u><u>(2,964,668)</u></u>	<u><u>(5,429,695)</u></u>
Net assets		<u><u>65,904,859</u></u>	<u><u>2,693,056</u></u>	<u><u>4,765,667</u></u>
Equity				
Share capital	5	21,196	12,400	12,640
Share premium account		68,330,116	8,642,704	8,662,374
Share-based payment reserves		523,924	379,798	460,810
Accumulated deficit		(3,909,871)	(5,649,280)	(3,829,581)
Cumulative translation reserves		939,494	(692,566)	(540,576)
		<u>65,904,859</u>	<u>2,693,056</u>	<u>4,765,667</u>
Equity attributable to equity holders of the parent		<u>65,904,859</u>	<u>2,693,056</u>	<u>4,765,667</u>
Non-controlling interest		-	-	-
Total equity		<u><u>65,904,859</u></u>	<u><u>2,693,056</u></u>	<u><u>4,765,667</u></u>

3LEGS RESOURCES PLC
Consolidated Cash Flow Statement
For the six months ended 30 June 2011

	Note	Unaudited six months ended 30 June 2011 £	Unaudited six months ended 30 June 2010 £	Audited year ended 31 December 2010 £
Net cash inflow/(outflow) from operating activities	6	1,235,158	(50,360)	1,631,201
Investing activities				
Interest received		12,476	566	2,121
Purchases of intangible exploration and evaluation assets		(1,090,864)	(685,571)	(3,368,277)
Proceeds from sale of investments		-	-	333,706
Net cash used in investing activities		(1,078,388)	(685,005)	(3,032,450)
Financing activities				
Proceeds from shareholder borrowings		-	-	1,609,467
Issue of share capital		59,295,498	-	19,910
Net cash from financing activities		59,295,498	-	1,629,377
Net increase/(decrease) in cash and cash equivalents		59,452,268	(735,365)	228,128
Effect of foreign exchange rate changes		(24,044)	4,500	43,017
Cash and cash equivalents at beginning of period		1,597,680	1,326,535	1,326,535
Cash and cash equivalents at end of period		61,025,904	595,670	1,597,680

3LEGS RESOURCES PLC
Consolidated Statement of Changes in Equity
As at 30 June 2011

	Share capital £	Share premium account £	Share- based payment reserves £	Accumulat ed deficit £	Cumulative translation reserves £	Non- controlling interest £	Total £
As at 1 January 2010	12,400	8,642,704	275,651	(6,368,351)	(43,998)	122,143	2,640,549
Transactions with owners in their capacity as owners:							
Dividends to equity holders on disposal of subsidiary	-	-	-	(20,825)	-	-	(20,825)
Disposal of subsidiary	-	-	-	-	-	(122,143)	(122,143)
Total transactions with owners in their capacity as owners	-	-	-	(20,825)	-	(122,143)	(142,968)
Total comprehensive income for the period	-	-	-	739,896	(648,568)	-	91,328
Share-based payments	-	-	104,147	-	-	-	104,147
As at 30 June 2010	12,400	8,642,704	379,798	(5,649,280)	(692,566)	-	2,693,056

	Share capital £	Share premium account £	Share- based payment reserves £	Accumulat ed deficit £	Cumulative translation reserves £	Non- controlling interest £	Total £
As at 1 January 2010	12,400	8,642,704	275,651	(6,368,351)	(43,998)	122,143	2,640,549
Transactions with owners in their capacity as owners:							
Issue of equity shares	240	19,670	-	-	-	-	19,910
Dividends to equity holders on disposal of subsidiary	-	-	-	(20,825)	-	-	(20,825)
Disposal of subsidiary	-	-	-	-	-	(122,143)	(122,143)
Total transactions with owners in their capacity as owners	240	19,670	-	(20,825)	-	(122,143)	(123,058)
Total comprehensive income for the year	-	-	-	2,463,055	(496,578)	-	1,966,477
Share-based payments	-	-	281,699	-	-	-	281,699
Transfer to retained earnings in respect of exercised share options	-	-	(96,540)	96,540	-	-	-
As at 31 December 2010	12,640	8,662,374	460,810	(3,829,581)	(540,576)	-	4,765,667

3LEGS RESOURCES PLC
Consolidated Statement of Changes in Equity
As at 30 June 2011

	Share capital £	Share premium account £	Share- based payment reserves £	Accumulat ed deficit £	Cumulative translation reserves £	Non- controlling interest £	Total £
As at 1 January 2011	12,640	8,662,374	460,810	(3,829,581)	(540,576)	-	4,765,667
Transactions with owners in their capacity as owners:							
Issue of equity shares	8,556	59,667,742	-	-	-	-	59,676,298
Total transactions with owners in their capacity as owners	8,556	59,667,742	-	-	-	-	59,676,298
Total comprehensive income for the period	-	-	-	(96,920)	1,480,070	-	1,383,150
Share-based payments	-	-	79,744	-	-	-	79,744
Transfer to retained earnings in respect of exercised share options	-	-	(16,630)	16,630	-	-	-
As at 30 June 2011	21,196	68,330,116	523,924	(3,909,871)	939,494	-	65,904,859

3LEGS RESOURCES PLC
Notes to the Interim Financial Statements
For the six months ended 30 June 2011

1 General information

3Legs Resources plc (the 'Company') is incorporated in the Isle of Man, British Isles under the Isle of Man Companies Act 2006. The address of the registered office is Commerce House, 1 Bowring Road, Ramsey, Isle of Man, British Isles, IM8 2LQ.

The nature of the Group's operations and its principal activities are the exploration, evaluation and development of oil and gas targets, primarily from unconventional resource plays.

2 Basis of preparation

The consolidated interim financial information has been prepared using policies based on International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union ('EU'). These policies and practices are consistent with those adopted in the Group's financial statements for the year ended 31 December 2010 and are also consistent with those which will be adopted in the Group's financial statements for the year ended 31 December 2011.

The consolidated interim financial information is unaudited and does not constitute statutory accounts as defined by section 434 of the Companies Act 2006, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2010. In the opinion of the Directors the consolidated interim financial information for the period represents fairly the financial position, results from operation and cash flows for the period in conformity with generally accepted accounting principles consistently applied. The consolidated interim financial information incorporates unaudited comparative information for the period 1 January 2010 to 30 June 2010 and the audited financial year to 31 December 2010.

The consolidated interim financial information has been prepared in accordance with IAS34 *Interim Financial Reporting*.

During the first six months of the current financial year there have been no related party transactions that materially affect the financial position or performance of the Group and there have been no changes in the related party transactions described in the last annual financial statements.

The principal risks and uncertainties of the Group have not changed since the last annual financial statements where a detailed explanation of such risks and uncertainties can be found.

3 Dividends

The Directors do not recommend the payment of a dividend for the period.

4 (Loss)/profit per Ordinary Share

Basic (loss)/profit per Ordinary Share is calculated by dividing the net (loss)/profit for the period/year attributable to Ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the period/year. The weighted average number of Ordinary Shares outstanding during the period and for the prior periods presented has been adjusted in accordance with *IAS 33 Earnings per share*. The adjustment reflects the sub-division of shares which took place on 30 May 2011 as described in note 5. The adjustment is made retrospectively as if the share division took place at the start of the comparative period.

3LEGS RESOURCES PLC
Notes to the Interim Financial Statements
For the six months ended 30 June 2011

The calculation of the basic and diluted (loss)/profit per share is based on the following data:

	Unaudited six months ended 30 June 2011 £	Unaudited six months ended 30 June 2010 £	Audited year ended 31 December 2010 £
(Losses)/profits			
(Loss)/profit for the purposes of basic (loss)/profit per share being net (loss)/profit attributable to equity holders of the parent	(96,920)	739,896	2,463,055
	<u> </u>	<u> </u>	<u> </u>
		=	
Number of shares			
	Unaudited six months ended 30 June 2011 Number	Unaudited six months ended 30 June 2010 Number	Audited year ended 31 December 2010 Number
Weighted average number of Ordinary Shares for the purposes of basic (loss)/profit per share	55,399,552	49,600,476	49,839,692
Effect of dilutive potential Ordinary Shares:			
Share options	-	959,488	548,204
Convertible loan notes	-	-	812,624
	<u> </u>	<u> </u>	<u> </u>
		-	
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	55,399,552	50,559,964	51,200,520
	<u> </u>	<u> </u>	<u> </u>
	=	=	=
	£	£	£
(Loss)/profit per Ordinary Share			
Basic	(0.002)	0.015	0.049
	<u> </u>	<u> </u>	<u> </u>
	=	=	=
Diluted	(0.002)	0.015	0.048
	<u> </u>	<u> </u>	<u> </u>
	=	=	=

As a result of the losses incurred in the period ended 30 June 2011 there is no dilutive effect from the subsisting share options or convertible loan notes.

3LEGS RESOURCES PLC
Notes to the Interim Financial Statements
For the six months ended 30 June 2011

5 Share capital

Authorised and issued equity share capital

	Unaudited 30 June 2011		Unaudited 30 June 2010		Audited 31 December 2010	
	Number	£	Number	£	Number	£
Authorised						
Ordinary Shares of £0.00025 each (2010: Ordinary Shares of £0.001 each)	440,000,000	110,000	110,000,000	110,000	110,000,000	110,000
	=	=	=	=	=	=
Issued and fully paid						
Ordinary Shares of £0.00025 each (2010: Ordinary Shares of £0.001 each)	84,782,544	21,196	12,400,119	12,400	12,639,991	12,640
	=	=	=	=	=	=

The Company has one class of Ordinary Shares which carry no right to fixed income.

On 30 May 2011, each Ordinary Share of £0.001 in the capital of the Company was subdivided into four Ordinary Shares of £0.00025 each.

Issued equity share capital

	Ordinary Shares of £0.00025 Number
At 1 January 2010	49,600,476
Allotment of shares	-
At 30 June 2010	49,600,476
Exercise of share options	959,488
At 31 December 2010	50,559,964
Exercise of convertible loan notes	412,000
Restricted share award plan	620,000
Exercise of share options	295,844
Initial public offering	32,894,736
At 30 June 2011	84,782,544

3LEGS RESOURCES PLC
Notes to the Interim Financial Statements
For the six months ended 30 June 2011

6 Notes to the cash flow statement

	Unaudited six months ended 30 June 2011 £	Unaudited six months ended 30 June 2010 £	Audited year ended 31 December 2010 £
(Loss)/profit before tax	(96,920)	739,896	2,463,055
Adjustments for:			
Revaluation of investment	-	(17,898)	-
Loss on disposal of investment	-	-	21,266
Investment income	(12,476)	(566)	(2,121)
Other gains and losses	-	(283,807)	(283,807)
Share-based payments	79,744	104,147	281,699
Effect of foreign exchange rate changes	728,058	(220,974)	(551,151)
Operating cash flows before movements in working capital	698,406	320,798	1,928,941
Increase in receivables	(1,493,030)	(2,396,213)	(3,184,812)
Increase in payables	2,040,817	2,007,117	2,877,800
(Decrease)/increase in financial instruments	(11,035)	17,938	9,272
Net cash inflow/(outflow) from operating activities	1,235,158	(50,360)	1,631,201