NEW WORLD OIL AND GAS PLC

(Incorporated in Jersey with Registered Number 105517)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

New World Oil and Gas Plc ("New World" or "the Company") is a Jersey incorporated company which is quoted on AIM. Its principal activities are to acquire a diverse portfolio of direct and indirect interests in exploration, development and production oil and gas assets which are based in the Americas, Europe and in other areas.

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NEW WORLD OIL AND GAS PLC

CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED

31ST DECEMBER 2011

The year under review has been one of outstanding progress for your Company at both an operational and a corporate level. Twelve months ago, New World was an unquoted Company screening multiple oil and gas investment opportunities across the globe. A year later, the Company is listed on AIM and has been named operator, through its subsidiaries, of three highly prospective oil and gas licences in proven hydrocarbon regions.

It is important to note that the year did not just involve identifying and investing in projects. Once each project was secured, we immediately embarked upon a thorough and comprehensive exploration programme to identify and quantify their potential in terms of both resource and value. This exploration programme, combined with our Q1 2012 fundraising, provides us with the option of drilling a first well in 2012 on our most advanced project, Blue Creek, located in the productive Petén Basin in North West Belize. Here we have identified five prospects, two of which are drill ready and have aggregated unrisked prospective P50 gross resources of 294MMbbls, with an estimated gross combined P50 unrisked NPV_{10} of US$7.1 billion.

New World was incorporated in April 2010, a time of positive long-term oil price fundamentals, underpinned by favourable supply/demand dynamics. The Directors recognised that there was an opportunity to create substantial value by utilising their collective experience to identify, acquire and operate world class oil and gas assets that satisfied the following criteria: primarily mid-to-late stage exploration and exploitation projects that are underperforming, undeveloped and/or undervalued. During the 12 months leading up to our listing on AIM in May 2011, we reviewed and screened some 70 projects worldwide. We narrowed down our search to projects in basins with significant, proven oil and gas reserves, located in politically stable countries, close to major markets to minimize transportation costs and where our production could command world prices. Additionally, the Company only considered assets where we would be named as operator with the ability to earn a majority working interest. All of the investments made during the year satisfied these criteria and we are very pleased with our progress over the period, having exceeded the objectives set out in our Admission Document by securing three exciting projects in such a short period of time.

We are delighted with the progress made at our flagship project, Blue Creek in North West Belize, and we have fast-tracked its development, following the highly positive results of the seismic acquired to date. We are currently in the process of acquiring additional seismic. We feel that the potential of Blue Creek may be significant, in that it lies in close proximity to and displays structural similarity to the recently discovered and producing Spanish Lookout and Never Delay Fields, each with reported reserves of approximately 25MMbbls.

Additionally we have completed the first phase of seismic acquisition on our second project, the Danica Jutland Licences in Denmark, to better define hydrocarbon resources and upside value potential. We expect to announce an updated Competent Person's Report ('CPR') from RPS Energy in H2 2012. The Danica Jutland Licences cover 1.015 million acres, and contain two identified Triassic leads and eight Zechstein leads.

RPS Energy has indicated that the planned acquisition of seismic and the identification of robust structures could result in a probability of geologic success of 1 in 8 for the Zechstein leads and 1 in 5 for the Triassic leads. Needless to say, we are also very excited by this project and look forward to updating shareholders on our progress as we continue the de-risking process.

Towards the end of 2011, we identified a third project in Denmark. The Danica Resources Project included the Als prospect, described as close to drillable by RPS Energy, with estimated P50 gross resources unrisked recoverable volume of 1.4 TCF of recoverable gas, 97 MMbbls of recoverable oil, potentially reservoired in two independent intervals (one most likely oil and one most likely gas) that can reasonably be tested by a single well trajectory, with a gross potential value of US$2.4 billion. A Farm-Out Agreement has been signed, naming a subsidiary of New World as operator. Upon the completion of a mutually agreed seismic and drilling programme, the Company will have the opportunity of earning into an 80% participating interest.

In December 2011, in response to multiple approaches from oil and gas companies interested in potentially farming into our projects, we opened a virtual data room under the supervision of RPS Energy. Since year-end, several companies have reviewed our data and we look forward to updating the market on future outside participation in due course. Encouraged by this display of interest, the decision was taken to embark on a fundraising post-period end, to primarily solidify our funding options and also strengthen our position in negotiations with potential farm-in partners. I was delighted with the tremendous response we received from institutional investors. The US$13.4 million raised clearly indicates that they share our enthusiasm and have faith in our portfolio of assets and management.

Since inception, the Company's overall strategy has been designed to maximise the level of prospectivity in each acquired asset right up to the point of drilling whilst minimising shareholder dilution. As part of this strategy, we continually strive to keep corporate overheads and administrative expenses low, thereby retaining as much of our funds as possible for use in identifying and proving up reserves. Many of our geologic, geophysical and seismic contractors and advisors have aided us in these efforts by electing to take a large portion of their fees in New World shares, further displaying their confidence in our projects.

NEW WORLD OIL AND GAS PLC

CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED

31ST DECEMBER 2011

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In addition to our acquired assets, we currently maintain a pipeline of potential projects, focusing on West and Central Africa and South East Asia where the Board has extensive experience and contacts. As the last twelve months have shown, our team has a proven track record in creating shareholder value. It is highly experienced in acquiring, exploring and developing oil and gas projects worldwide. Further, our technical team is world-class and, as a result, I am confident our combined skill sets will enable us to successfully achieve our objectives and our overall mission, to build a significant oil and gas company in the shortest time period possible. I am truly excited about the potential of New World and I expect us to make considerable progress in 2012.

As a mark of our progress since our AIM admission we will be holding an investor presentation this summer in London where I look forward to updating shareholders and potential investors on our projects as well as holding a Q&A session. Further information regarding the event will be released in due course. To register your interest and to receive further updates, please contact info@sbmf.co.uk.

Finally, I would like to thank my fellow Directors and our team and advisors for their hard work and dedication over the last twelve months. A remarkable amount has been achieved in a short period of time and I look forward to us working together in the year ahead, as we look to build on our impressive start as a publicly listed company. The Directors, our team, and I would also like to thank our shareholders for their active and unwavering support over the past year.

William Kelleher
Chairman

15 May 2012

NEW WORLD OIL AND GAS PLC

OPERATIONS REPORT FOR THE PERIOD ENDED

31ST DECEMBER 2011

Operations Report

The Blue Creek Project, Belize

Blue Creek is our flagship and most advanced project. It comprises 420 sq km of onshore prospective acreage in the proven and producing Petén Basin in North West Belize. The Board identified Central America as having significant opportunities as the area met our investment criteria, particularly the Petén Basin in Belize, located beneath the Yucatan Peninsula. To date, Pemex, the national oil company of Mexico, as well as other companies operating in Guatemala and Belize have booked world class volumes of proven oil reserves. Belize currently exports all its oil production to the Gulf Coast of the US and other Caribbean ports, with buyers currently paying WTI for Belizean oil.

The project is made up of two oil concessions, Blue Creek and Blue Creek South, consolidated under a single Production Sharing Agreement ('PSA') with the Belizean government. Within 34 days of listing on AIM in May 2011, we completed a Farm-Out Agreement to acquire, based on various election points, up to a 100% participating interest in the PSA from Blue Creek Exploration Ltd. The Farm-Out Agreement calls for the completion of a staged earn-in programme consisting of acquiring 2-D seismic and the drilling of two wells through the Jurassic. Our partner, Blue Creek Exploration Ltd, will revert to a 5% overriding royalty interest upon our having earned the full 100% participating interest. One of our wholly owned subsidiaries in Belize has also been named as operator of the project and has now been assigned a 12.5% participating interest in the PSA as described below.

By the end of 2011, we had acquired a total of 154 sq km of 2-D seismic, and received three Competent Person's Report updates from RPS Energy. This resulted in the re-classification of four initial leads into five prospects and one lead and a reduction of the geologic risk of such prospects from 1 in 12 to 1 in 5, a 60% reduction. On completing this work, the Company has also been assigned its first 12.5% participating interest in the PSA. We increased the number of phases of seismic from two to three, by increasing the seismic data density by 61 line km to a total 231km, and phase three of the programme is nearing completion. The purpose of the additional seismic was to further reduce the geological risk prior to drilling. This approach will help maximize our chances of making a discovery.

Finally, the third CPR completed in early December by RPS Energy identified 294 MMbbls of P50 gross unrisked prospective recoverable resources from just two of the four prospective reservoirs in dolomite sequences in the upper to middle Cretaceous. These two prospects, Prospect "A" and "B-Crest", are drill ready. The gross unrisked NPV_{10} for the 294 MMbbls P50 volumes is US$7.1 billion. These impressive numbers have resulted in a number of unsolicited approaches from investors and companies, including majors, wishing to take part in our project. We have responded by setting up a virtual data room under the supervision of RPS Energy.

Danica Jutland Project, Denmark

Our second project, Danica Jutland, is located onshore in the Jutland region of Western Denmark, and a Letter of Intent was announced 64 days after our admission to AIM in May 2011. The Project consists of two licences, 1/09 and 2/09, and covers just over 1.015 million acres of highly prospective territory in both the Zechstein carbonates and Triassic sandstone intervals.

The project is through Farm-Out Agreements between one of the Company's Danish subsidiaries and our partner, Danica Jutland ApS that holds an 80% participating interest in each licence. The Danish North Sea Fund ('NSF') holds the remaining 20% participating interest in each licence and is a full paying partner. The Farm-Out Agreements between Danica Jutland ApS and the Company's subsidiary in Denmark call for the completion of two phases of a 2-D and/or 3-D seismic acquisition programme, followed by drilling to the base of the Zechstein. The completion of this work will earn New World up to 80% participating interest and our partner, Danica Jutland ApS, will revert to a 5% overriding royalty interest. An amendment has been made to the Joint Operating Agreements between Danica Jutland ApS and NSF naming New World Operations ApS as operator of both licences.

A CPR has been completed for both licences and it identified eight leads in the Zechstein and two leads in the Triassic. Clearly, more seismic needs to be carried out on both the Zechstein and the Triassic leads, but we are highly encouraged that the probability of geologic success in the Triassic has been independently assessed as being relatively high based only on reprocessed existing seismic data. We have now completed the first phase of seismic operations and expect to report significant progress in the first half of 2012, with regards to further de-risking both the Triassic and the Zechstein, as well as reporting resources and indicative values in the Triassic.

The completion of this first phase of the seismic acquisition programme will earn New World a 12.5% interest in the licences, which we expect to announce on formal approval from the Danish Government in due course.

Danica Resources Project, Denmark

On 23 December 2011, the Company signed a Letter of Intent with Danica Resources ApS, in relation to a potential Farm-Out Agreement on their Licence 1/08, covering 1.67 million acres of highly prospective territory in the Baltic Region of Southeast Denmark. The Company requested RPS Energy, in its capacity as a Competent Person, to generate a Letter of Opinion on the block. Their report identified a seismic based prospect having close to drillable status, known as the "Als prospect" with gross estimated P50 resources of unrisked recoverable volume of 1.4 TCF of recoverable gas and 97 MMbbls of recoverable oil, potentially reservoired in two independent intervals (one most likely oil and one most likely gas) that can reasonably be tested by a single well trajectory. On a net basis attributable to the Company, this has a potential unrisked NPV_{10} P50 value of US$2.4 billion. Post period end, in April 2012, we announced the signing of a Farm-Out Agreement. Upon the completion of a staged seismic acquisition programme and the drilling of one well, we will have the opportunity of earning into a 80% interest in Licence 1/08.

Glossary:

“bn” means Billion
“EMV” means Expected Monetary Value
“EMV(10)” means Expected Monetary Value using an annual discount on cashflow of 10% per annum
“km” means kilometres
“MMbbls” means millions of barrels (oil)
“NPV(10)” means Net Present Value using an annual discount on cashflow of 10% per annum
“P50” means a 50% probability of quantities recovered equalling or exceeding the estimate
“sqkm” means square kilometre
“TCF” means trillion cubic feet
“WTI” means West Texas Intermediate

NEW WORLD OIL AND GAS PLC

DIRECTOR'S REPORT FOR THE PERIOD ENDED

31ST DECEMBER 2011

PRINCIPAL ACTIVITIES
The principal activity of the Company continues to be the making of investments in the oil and gas sector, either by acquisition or by participation through farm-out agreements.

RESULTS AND FINANCIAL REVIEW

The loss for the year amounts to $2,614,000 (period to 31st December 2010 - $517,000).

The loss from operations arose from the combination of project management and development expenses, administrative expenses and legal and professional costs.

Exploration and project development expenses capitalised in the year amounted to $3,896,000 of which $579,000 was funded by payments in shares.

As at 31st December 2011 the Group had cash and cash equivalent balances of $3,743,000 (2010 - $155,000). The liquid resources have been enhanced by the net proceeds of in excess of $12.5 million arising from the 9th March 2012 Placing.

No dividend has been paid or declared.

GOING CONCERN
The financial statements have been prepared on a going concern basis as the directors, after making enquiries, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

DIRECTORS
The Directors who served during the period were:-

W. C. Kelleher	(American)	
G. N. Sztyk	(Canadian)	
P. R. Sztyk	(Canadian)	
S. K. Polakoff	(American)	
R. F. Hodder	(American)	Appointed 9 September 2011

Chris Einchcomb was appointed as a Director on 1 May 2012.

RE-ELECTION OF DIRECTORS
In accordance with the Company's Memorandum and Articles of Association Mr Hodder's appointment as a director and Mr Einchcomb's appointment as a director will cease unless they are reappointed at the forthcoming Annual General Meeting and Mr Peter Sztyk will retire by rotation. A resolution to reappoint them will be put to the members at the forthcoming Annual General Meeting.

POLICY ON PAYMENT OF CREDITORS
Payment terms are agreed individually with suppliers and are adhered to unless advantageous early settlement terms are offered.

NEW WORLD OIL AND GAS PLC

DIRECTOR'S REPORT FOR THE PERIOD ENDED

31ST DECEMBER 2011

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The Company had no ongoing trade creditors outstanding as at 31 December 2011 (2010 Nil).

Creditors under contract are paid in accordance with the contractual obligations.

SUBSTANTIAL SHAREHOLDINGS

At 30 March 2012 the shareholders with holdings of 3% or more were as follows:-

	Holding of issued ordinary shares	**% of issued ordinary share capital**
HSBC Global Custody Nominee (UK) Limited	24,382,897	11.22%
Brown Brothers Harriman and Co.	23,000,000	9.42%
TD Investing Nominees (Europe) Limited	12,293,169	5.66%
Securities Services Nominees Limited	10,504,173	4.84%
JIM Nominees Limited	9,565,077	4.40%
Credit Suisse Client Nominees (UK) Limited	8,137,442	3.75%
J M Finn Nominees Limited	7,915,000	3.64%
Investor Nominees Limited	7,337,380	3.38%
L R Nominees Limited	6,892,116	3.17%

AUDITORS

Chapman Davis LLP were appointed as auditors of the Company and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Ogier Corporate Services (Jersey) Limited
Secretary

15 May 2012

Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the UK Corporate Governance Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the UK Corporate Governance Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the UK Corporate Governance Code in relation to the size and the stage of development of the Company.

Board of Directors

The Board of Directors currently comprises three Executive Directors, and three Non- Executive Directors. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the Combined Code have been implemented to an appropriate level. The Board, through the Chairman and Executive Directors in particular, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

Board Meetings

The Board meets regularly throughout the year. For the period ending 31 December 2011 the Board met 12 times in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Director and management who are charged with consulting the Board on all significant financial and operational matters.

All Directors have access to the advice of the Company's solicitors and the necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Committees

The Board has established the following committees, each which has its own terms of reference:

Audit and Compliance Committee

The Audit and Compliance Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises 2 Directors, Fred Hodder (Chairman) and Stephen Polakoff and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on Directors' and senior executives' remuneration. It comprises 2 Directors, Fred Hodder (Chairman) and Stephen Polakoff. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. The Committee will also have regard to the terms which may be required to attract an experienced executive to join the Board from another company.

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Corporate Governance Statement (continued)

Risk Management
The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are regularly reviewed.

Risks and uncertainties
The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

General and economic risks
• contractions in the world's major economies or increases in the rate of inflation resulting from international conditions;
• movements in the equity and share markets in the United Kingdom and throughout the world;
• weakness in global equity and share markets in particular, in the United Kingdom, and adverse changes in market sentiment towards the resource industry;
• currency exchange rate fluctuations and, in particular, the relative prices of U.S. Dollar, Danish Krone and the UK Pound;
• exposure to interest rate fluctuations; and
• adverse changes in factors affecting the success of exploration and development operations, such as increases in expenses, changes in government policy and further regulation of the industry; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep; variations in grades and unforeseen adverse geological factors or prolonged weather conditions.

Funding risk
• The Group or the companies in which it has invested may not be able to raise either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

Market risk
• The ability of the Group (and the companies it invests in) to continue to secure sufficient and competitive services contracts to support its operations is a key business risk.

Insurance
The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

Treasury Policy
The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board.

Share Dealing Code
The Board has adopted a Share Dealing Code that applies to Directors, senior management and applicable employees (as well as certain relevant persons) that is appropriate for a Company whose shares are admitted to trading on AIM (in order to, amongst other things, ensure compliance with Rule 21 of the AIM Rules).

Corporate Governance Statement (continued)

Relations with Shareholders

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

Independent Auditors' Report
to the Shareholders of New World Oil and Gas plc

We have audited the financial statements (the 'financial statements') of New World Oil and Gas plc for the period ended 31st December 2011 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements. We also report to you if the Company has not kept proper accounting records of if we have not received all the information and explanations we require for our audit.

We read the Report of the Directors and the other information contained in the annual report for the above period as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

- In our opinion the financial statements give a true and fair view, in accordance with IFRS as adopted for use in the European Union, of the state of affairs of the Company as at 31st December 2011 and of the loss for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991.

ROWAN J. PALMER (Senior Statutory Auditor)
for and on behalf of
Chapman Davis LLP
Chartered Accountants and Statutory Auditors
London

15 May 2012

Financial Statements

Group Statement of Comprehensive Income for the year ended 31 December 2011

	Notes	2011 $000's	Period from 15 April 2010 to 31 December 2010 $000's
Revenue		**-**	-
Project Management & Development		**(892)**	-
Administrative expenses	**3**	**(810)**	(280)
Legal and professional costs		**(909)**	(236)
Loss from operations		**(2,611)**	(516)
Finance costs	**6**	**(3)**	(1)
Loss before taxation		**(2,614)**	(517)
Income tax	**7**	**-**	-
Loss for the year		**(2,614)**	(517)
Other comprehensive income		**-**	-
Total comprehensive loss for the year attributable to equity holders of the parent		**(2,614)**	(517)
Loss per share (cents)			
Basic	**8**	**(3.27)**	(1.37)
Diluted	**8**	**(3.27)**	(1.37)

Group Statement of Financial Position as at 31 December 2011

	Notes	2011 $000's	2010 $000's
Assets			
Non-current assets			
Intangible assets	**9**	**3,896**	-
Total non-current assets		**3,896**	-
Current assets			
Trade and other receivables	**10**	**153**	2
Cash and cash equivalents		**3,743**	155
Total current assets		**3,896**	157
Total assets		**7,792**	157
Liabilities			
Current liabilities			
Trade and other payables	**11**	**(572)**	(131)
Total liabilities		**(572)**	(131)
Net assets		**7,220**	26
Equity			
Share capital	**12**	**-**	87
Share premium		**10,351**	146
Equity element of convertible loan		**-**	310
Retained loss		**(3,131)**	(517)
		7,220	26

The financial statements were approved by the board of directors and authorised for issue on 15 May 2012. They were signed on its behalf by

Director Director

Company Statement of Financial Position as at 31 December 2011

	Notes	2011 $000's	2010 $000's
Assets			
Non- current assets			
Investment in subsidiaries	**14**	**16**	-
Amounts due from subsidiaries	**10**	**3,677**	-
Total non-current assets		**3,693**	-
Current assets			
Trade and other receivables	**10**	**150**	2
Cash and cash equivalents		**3,670**	155
Total current assets		**3,820**	157
Total assets		**7,513**	157
Liabilities			
Current liabilities			
Trade and other payables	**11**	**(293)**	(131)
Total liabilities		**(293)**	(131)
Net assets		**7,220**	26
Equity			
Share capital	**12**	**-**	87
Share premium		**10,351**	146
Equity element of convertible loan		**-**	310
Retained loss		**(3,131)**	(517)
		7,220	26

The financial statements were approved by the board of directors and authorised for issue on 15 May 2012. They were signed on its behalf by

Director

Director

Group Statement of Cash Flows for the year ended 31 December 2011

	2011 $000's	Period from 15 April 2010 to 31 December 2010 $000's
Cash outflow from operating activities		
Operating loss	(2,611)	(516)
Share-settled transactions	113	-
(Increase) in receivables	(85)	(2)
Increase in payables	438	31
Net cash outflow from operating activities	**(2,145)**	(487)
Cash flows from investing activities		
Payments to acquire intangible assets	(3,317)	-
Net cash outflow from investing activities	**(3,317)**	-
Cash flows from financing activities		
Proceeds on issuing of ordinary shares	9,734	233
Cost of issue of ordinary shares	(720)	-
Convertible loans and other short-term borrowings	36	409
Net cash inflow from financing activities	**9,050**	642
Net increase in cash and cash equivalents	3,588	155
Cash and cash equivalents at beginning of year	155	-
Cash and cash equivalents at end of year	**3,743**	155

Company Statement of Cash Flows for the year ended 31 December 2011

	2011 **$000's**	Period from 15 April 2010 to 31 December 2010 $000's
Cash outflow from operating activities		
Operating loss	(2,611)	(516)
Share-settled transactions	113	-
(Increase) in receivables	(82)	(2)
Increase in payables	159	31
Net cash outflow from operating activities	**(2,421)**	(487)
Cash flows from investing activities		
Payments to acquire investments in subsidiaries	(16)	-
Advances to subsidiaries	(3,098)	-
Net cash outflow from investing activities	**(3,114)**	-
Cash flows from financing activities		
Proceeds on issuing of ordinary shares	9,734	233
Cost of issue of ordinary shares	(720)	-
Convertible loans and other short-term borrowings	36	409
Net cash inflow from financing activities	**9,050**	642
Net increase in cash and cash equivalents	**3,515**	155
Cash and cash equivalents at beginning of year	**155**	-
Cash and cash equivalents at end of year	**3,670**	155

Statement of Changes in Equity for the year ended 31 December 2011 – Group and Company

	Share capital	Share premium	Equity element of convertible loan	Retained Losses	Total
	$000's	$000's	$000's	$000's	$000's
Balance at 15 April 2010	**-**	**-**	**-**	**-**	**-**
Loss for the period	-	-	-	(517)	(517)
Total comprehensive loss	**-**	**-**	**-**	(517)	(517)
Transactions with owners in their capacity as owners					
Share capital issued	87	146	-	-	233
Cost of share issue	-	-	-	-	-
Convertible loan issued (equity element)	-	-	310	-	310
Balance at 31 December 2010	87	146	310	(517)	26
Balance at 1 January 2011	**87**	**146**	**310**	**(517)**	**26**
Loss for the year	-	-	-	(2,614)	(2,614)
Total comprehensive loss	-	-	-	(2,614)	(2,614)
Transactions with owners in their capacity as owners					
Share issue	-	10,838	(310)	-	10,528
Cost of share issue		(720)	-	-	(720)
Share reorganization	(87)	87	-	-	-
Balance at 31 December 2011	**-**	**10,351**	**-**	**(3,131)**	**7,220**

Notes to the financial statements for the year ended 31 December 2011

1 Summary of significant accounting policies

General information and authorisation of financial statements

New World Oil & Gas Plc is a public limited Company incorporated in Jersey. The address of its registered office is Ogier House. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange. The Group financial statements of New World Oil and Gas plc for the year ended 31 December 2011 were authorised for issue by the Board on 15 May 2012 and the balance sheets signed on the Board's behalf by Peter Sztyk and Georges Sztyk.

Statement of compliance with IFRS

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company's financial statements have been prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies (Jersey) Law 1991. The principal accounting policies adopted by the Group and Company are set out below.

New standards and interpretations not applied

As at the date of authorisation of these financial statements, there were Standards and Interpretations that were in issue but are not yet effective and have not been applied in these financial statements. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group or company, except for additional disclosures when the relevant Standards come into effect.

The following standards have been adopted during the year:

- IAS 1 (Revised) "Presentation of Financial Statements";
- IAS 7 (Revised) "Statement of Cash Flows";
- IAS 17 (Revised) "Leases";
- IAS 23 "Borrowing Costs";
- IAS 24 (Revised) "Related Party Disclosures";
- IAS 27 (Revised) "Consolidated and Separate Financial Statements";
- IAS 32 (Revised) "Financial Instruments Presentation";
- IAS 36 (Revised) "Impairment of Assets";
- IAS 39 (Revised) "Financial Instruments Measurement".

Adoption of standards and interpretations

As at the date of authorisation of these financial statements, there were Standards and Interpretations in issue but that are not yet effective and have not been applied in these financial statements, as listed below:

Standards, amendments and interpretations in issue but not effective

- IFRS 9 "Financial Instruments: Classification and Measurement";
- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements";
- IFRS 12 "Disclosure of Interests in Other Entitities";
- IFRS 13 "Fair Value Measurement"
- IAS 12 "Income Taxes (amendment)";
- IAS 28 "Investments in Associates (revised")."

Basis of preparation
The consolidated financial statements have been prepared on the historical cost basis and on a going concern basis.

The financial report is presented in United States Dollars ($), which is the Group's functional and reporting currency, and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

Basis of consolidation
Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Business combinations and goodwill
On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

Revenue recognition
The Group has not yet commenced generating revenue.

Foreign currencies
Transactions in currencies other than US Dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period. On consolidation, the results of overseas operations are translated into US Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of the overseas operations are translated at the rate ruling at the balance sheet date.

Taxation

No charge to Jersey corporation tax arises on the results for the year due to the applicable zero tax rate.

The subsidiary companies have not generated any income and have neither profits or losses on their activities to date, therefore there are no tax consequences arising from Danish or Belize corporate income tax matters.

Intangible Fixed Assets
Exploration, evaluation and development expenditure incurred, together with appropriate overhead expenses such as project management and related travel, is accumulated in respect of each identifiable area of interest.

These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves of oil and/or gas.

Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon is made.

Impairment of intangible assets
At each balance sheet date the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is such indication then an estimate of the asset's recoverable amount is performed and compared to the carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less that its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial instruments
Financial assets and financial liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, cash at bank and short term deposits with banks and similar financial institutions.

Trade and other receivables
Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade and other payables
Trade and other payables are non interest bearing and are stated at their nominal value.

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

Going Concern
The financial report for the year ended 31 December 2011 has been prepared on a going concern basis.

2 Turnover and segmental analysis

Segment information is presented in respect of the Group's management and internal reporting structure. The Group had no revenue during the year.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating and Geographical segments

The Group comprises the following operating segments:
Corporate – Parent company administrative costs, general business development and AIM related costs.
Exploration & development – costs in relation to the group's direct oil and gas exploration operations.

2011 Business segments	**Corporate**	**Exploration & development**	**Total**
	$000's	**$000's**	**$000's**
Result			
Segment result	(2,614)	-	(2,614)
Loss for the period			(2,614)
Balance sheet			
Segment assets	3,820	3,972	7,792
Segment liabilities	(293)	(279)	(572)
Net assets	3,527	3,693	7,220

Geographical segments	**Denmark $000's**	**Belize $000's**	**Jersey $000's**	**Total $000's**
Result				
Segment result	-	-	(2,614)	(2,614)
Loss for the period				(2,614)
Balance sheet				
Segment assets - Intangible	502	3,394	-	3,896
- Other	38	38	3,820	3,896
Segment liabilities	-	(279)	(293)	(572)
Net assets	540	3,153	3,527	7,220

2010

During this period, before the formation of operating subsidiaries, the Company operated as an investing Company and had no revenue or operating segments to report upon.

		2011	2010
3	**Group operating loss**	**$000's**	$000's
	Loss from operations has been arrived at after charging:		
	Directors fees	171	-
	Directors Executive Remuneration	500	-
	Auditors Remuneration	80	9

		2011	2010
4	**Auditor Remuneration Disclosure**	**$000's**	$000's
	Fees payable to the Company's auditor for the audit of the Company's annual accounts	30	9
	Fees payable to the Company's auditor for other services:		
	Audit-related assurance services	10	-
	Corporate finance services	40	-

5 **Directors' remuneration**

2011	Fees $000's	Management Services $000's	Performance Related Pay $000's	Total $000's
Executive Directors:				
Bill Kelleher (i)	26	120	150	296
Peter Sztyk (ii)	26	120	150	296
Georges Sztyk (ii)	26	120	150	296
Non-Executive Directors:				
Stephen Polakoff	53	-	50	103
Fred Hodder (Appointed 9/9/11)	40	-	-	40
	171	**360**	**500**	**1,031**

(i) Management services payable to Hydrocarbon Technologies Ltd.
(ii) Management services payable to Dynamic Investments Ltd.

The payments in relation to Management Services have been charged to the applicable subsidiary companies and capitalised as Exploration and Project Development expenses.

No pension benefits are provided for any Director.

		2011	**2010**
6	**Finance costs**	**$000's**	**$000's**
	Loan Interest payable	**3**	**1**
		=====	=====

7 Taxation

No charge to Jersey corporation tax arises on the results for the year due to the applicable zero tax rate. No trading profit or loss has arisen in any other tax jurisdiction.

No deferred tax asset has been recognised due to the applicable zero tax rate, however the unrelieved tax losses which are estimated to be available for offset against future profits if the applicable tax rates were to change in the future amount to approximately $3 million (2010: $500,000).

8 **Loss per share**	**2011**	2010
The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the year:		
Loss for the year ($000's)	**(2,614)**	(517)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share (millions)	**79.9**	37.6
Basic and diluted loss per share (expressed in cents)	**(3.27)**	(1.37)
	=====	=====

As inclusion of the potential ordinary shares would result in a decrease in the earnings per share they are considered to be anti-dilutive, as such, a diluted earnings per share is not included.

The comparative loss per share has been recalculated to take account of the share reorganization which converted 100 "old" ordinary shares to 28 ordinary shares of no par value.

9 **Intangible Assets – Group**	**Exploration and Project Development expenses $000's**
<u>Cost</u>	
As at 1 January 2011	**-**
Additions	3,896
As at 31 December 2011	**3,896**
<u>Accumulated amortisation and impairment</u>	
As at 1 January 2011	**-**
Amortisation charge for the period	-
Impairment charge	-
Balance at 31 December 2011	**-**

Net book value

As at 31 December 2011	**3,896**
As at 31 December 2010	-

As disclosed within the geographical segmental analysis the carrying values of the Exploration Projects are split Belize $3,394,000 and Denmark $502,000 as at 31 December 2011.

The directors undertook an impairment review of the Group's intangible assets as at 31 December 2011. The format of the review was by assessing the carrying value of assets as at 31 December 2011 in its subsidiaries. No resultant impairment charges were considered necessary.

10 Trade and other receivables

	2011		2010	
	Group	**Company**	Group	Company
Current trade and other receivables	**$000's**	**$000's**	$000's	$000's
Prepayments	127	124	2	2
Other receivables	26	26	-	-
	153	**150**	2	2
Non - current trade and other receivables				
Amounts due from subsidiaries	-	3,677	-	-

The amounts due from subsidiaries are interest free with repayment not anticipated within 12 months of the end of the reporting period.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

11 Trade and other payables – current

	2011		2010	
	Group	**Company**	Group	Company
	$000's	**$000's**	$000's	$000's
Trade payables	279	-	-	-
Accruals	90	90	31	31
Other payables	203	203	100	100
	572	**293**	131	131

The directors consider that the carrying amount of trade payables approximates to their fair value.

12 Share capital

	Number of shares	Nominal value $000's
<u>Called up, allotted, issued and fully paid</u>:		
As at 31 December 2011		
Ordinary shares of no par value	132,289,869	-

On incorporation, the Company had an authorised share capital of £1,500,000 divided into 1,000,000,000 ordinary shares of £0.0015 each, of which 2 were issued, fully paid, to the subscribers to the memorandum of association of the Company.

On 15 April 2010, one subscriber share was transferred to Hydrocarbon Technologies Limited and one subscriber share was transferred to Peter Sztyk (Peter Sztyk then transferred the subscriber share to The Black Sea and Caspian Trust on 4 May 2010), and the number of shares issued and fully paid was increased from 2 ordinary shares to 37,500,000 ordinary shares by the issue of a further 37,499,998 ordinary shares to the founder Shareholders at a price of £0.004 per share so that their shareholdings comprised 23,000,000 ordinary shares held by The Black Sea and Caspian Trust, 11,500,000 ordinary shares held by Hydrocarbon Technologies Limited and 3,000,000 ordinary shares held by Simon King.

On 17 November 2010, the number of shares issued and fully paid was increased from 37,500,000 ordinary shares to 38,100,000 ordinary shares by the issue of a further 600,000 ordinary shares to Stephen Polakoff.

On 6 April 2011 the founder shareholders capitalised a further £22,600 of expenses in total in respect of their holdings of 37,500,000 ordinary shares.

Between 26 April and 4 May 2011:

(a) the share capital was converted to no par value and consolidated on the basis of 28 Ordinary Shares for every 100 existing ordinary shares;

(b) the Company converted loans of US$ 310,000 (at an agreed conversion rate of US $1/£0.625, giving loans of £193,750) into 3,875,000 new Ordinary Shares at a price of 5p per share; and

(c) entered into agreements to issue a total of 18,600,000 Warrants to subscribe for Ordinary Shares at 5p per share with an expiry date of 11 May 2016.

resulting in an authorised share capital divided into 280,000,000 Ordinary Shares of no par value, of which 14,543,000 were in issue, plus a total of 18,600,000 Warrants.

On Admission to AIM on 11 May 2011 the Company:

(a) issued 60,000,000 Ordinary Shares for cash at £0.05 per share;

(b) issued 660,000 Ordinary Shares to advisers at £0.05 per share; and

(c) issued 74,543,000 Warrants to subscribe for Ordinary Shares at 10p per share with an expiry date of 11 May 2014.

On 27 May 2011: issued 525,000 ordinary shares at 5p per share in settlement of professional fees.

On 28 June 2011:

(a) issued 943,841 ordinary shares at 6.5p per share in agreed partial payment of historical costs in relation to the Blue Creek Project, Belize;

(b) issued 641,815 ordinary shares at 6.5p per share and 455,840 ordinary shares at 6.75p per share as agreed part payment of services provided by consultants on the seismic programme in relation to the Blue Creek Concession, Belize; and

(c) issued 250,000 ordinary shares at 5p per share together with 250,000 warrants to subscribe for shares at 10p per share expiring on 28 June 2014 for consultancy services further to the Agreement with First Meadows Limited to source oil and gas projects.

On 6 July 2011 issued 50,000,000 ordinary shares for cash at 6p in a Placing to raise £3 million before expenses together with 3,000,000 warrants to subscribe for shares at 6p per share expiring on 6 July 2016 as part of the fees under the Placing arrangements.

On 6 July 2011 issued 148,423 ordinary shares at 6.7375p in settlement of professional fees.

In the period from 30 September 2011 to 30 December 2011 issued 4,121,950 ordinary shares at an average price of 6.1p per share in settlement of professional fees and other transactional obligations entered into over the preceding six months.

13 Outstanding warrants

As at 31 December 2011 the number of outstanding warrants were:-

- 18,600,000 warrants exercisable at 5p with an expiry date of 11 May 2016;
- 74,543,000 warrants exercisable at 10p with an expiry date of 11 May 2014;
- 250,000 warrants exercisable at 10p with an expiry date of 28 June 2014;
- 3,000,000 warrants exercisable at 6p with an expiry date of 6 July 2016.

14 Investment in subsidiaries

	2011 $000's	2010 $000's
As at 1 January	-	-
Additions	16	
At 31 December	**16**	-

The subsidiaries of New World Oil and Gas Plc, all of which have been included in these consolidated financial statements, are as follows:

Name		Country of incorporation	Proportion of ownership interest	Nature of business
Directly-held subsidiaries				
Gaia Resources Limited	(1)	British Virgin Islands	100%	Holding Company
Emery SARL	(2)	Luxembourg	100%	Holding Company
Indirectly-held subsidiaries				
New World Oil and Gas (Belize) Limited	(3)	Belize	100%	Oil and Gas Exploration
New World Oil and Gas (Belize) Operations Limited	(3)	Belize	100%	Oil and Gas Exploration
New World Jutland Aps	(4)	Denmark	100%	Oil and Gas Exploration
New World Operations Aps	(4)	Denmark	100%	Oil and Gas Exploration

(1) Subsidiary was acquired on incorporation on 4 January 2011
(2) Subsidiary was acquired on incorporation on 1 August 2011
(3) Subsidiary was acquired on incorporation on 14 June 2011
(4) Subsidiary was acquired on incorporation on 15 September 2011

15 Financial Instruments

The Board of Directors determine, as required, the degree to which it is appropriate to use financial instruments to mitigate risk. Currently the Company's principal financial instruments comprise cash and equity capital.

The Company does not enter into complex derivatives to manage risk.

Foreign currency risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the Group companies are operating. The Group's net assets are exposed to currency risk giving rise to gains or losses on retranslation into US Dollars.

Liquidity risk

The Company's policy throughout the year has been to ensure that it has adequate liquidity by careful management of it's working capital.

16 Group Related party transactions

Transactions between the parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of director's remuneration, being the only key personnel, are given in note 5.

Included within other receivables is a travel expense advance to Bill Kelleher of $26,000 (2010; nil).

Included within other payables are Performance-Related Pay awards to the Directors as follows (2010: nil):-

	$'000
Bill Kelleher	25
Peter Sztyk	75
Georges Sztyk	75
Stephen Polakoff	25
Total	200

Also included within other payables is unpaid Director's fees to Fred Hodder of $3,000 (2010: nil).

Included within other payables as at 31 December 2010 were short-term loans owing by the Company to:-

	$'000
Hydrocarbon Technologies Limited, a shareholder and Company in which Bill Kelleher has an interest.	1
The Black Sea and Caspian Trust, a shareholder and trust in which Georges Sztyk and Peter Sztyk have a beneficial interest.	99

17 Ultimate controlling party

In the opinion of the directors there is no controlling party.

18 Retirement benefit scheme

The Group does not operate either a defined contribution or defined benefit retirement scheme.

19 Commitments

As at 31 December 2011, the Group has no material commitments not included within Trade Payables**.**

20 Events after the end of the reporting period

During January and February, the Company issued 5,524,000 new ordinary shares at a price per 10p per share pursuant to the exercise of warrants raising gross proceeds of $870,000.

On 9 March 2012, the Company announced the Placing of 106,250,000 new ordinary shares at a price of 8p per share to raise gross proceeds of $13.4 million. The total number of shares in issue following the Placing amounts to 244,063,869.

21 Profit and loss account of the parent company

As permitted by Jersey Company Law, the profit and loss account of the parent company has not been separately presented in these accounts. The parent company loss for the year was $2,614,000 (2010: $517,000 loss).

Corporate Information

DIRECTORS	Bill Kelleher – Executive Chairman Peter Sztyk – Executive Director , Legal/Commercial Georges Sztyk – Executive Financial Director Stephen Polakoff – Non Executive Director Fred Hodder – Non Executive Director Chris Einchcomb – Non Executive Director
COMPANY SECRETARY	Ogier Corporate Services (Jersey) Limited
REGISTERED OFFICE	Ogier House The Esplanade St. Helier, Jersey JE4 9WG Channel Islands
NOMINATED ADVISOR	Beaumont Cornish Limited 2nd Floor, Bowman House, 29 Wilson Street London EC2M 2SJ
AUDITORS	Chapman Davis LLP 2 Chapel Court London SE1 1HH
PUBLIC RELATIONS	St. Brides Media & Finance Ltd Chaucer House 38 Bow Lane London EC4M 9AY
BROKER	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
SOLICITORS	Watson, Farley & Williams LLP 15 Appold Street London, EC2A 2HB United Kingdom
REGISTRARS	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St. Helier Jersey, JE1 1ES Channel Islands