NEW WORLD OIL AND GAS PLC

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 2010

NEW WORLD OIL AND GAS PLC

INDEX

NEW WORLD OIL AND GAS PLC

CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED

31ST DECEMBER 2010

New World Oil and Gas Plc was incorporated in April 2010, as an oil and gas focussed investment vehicle. With the increasing pressure to find new reserves and resources to meet global demand, and the positive long-term pricing fundamentals, we recognise that there is an opportunity for us to utilise our experience and source assets that are underperforming, undeveloped and/or undervalued, from which to unlock significant value.

We have developed an investment strategy based on particular evaluation criteria and we are currently looking at a number of potentially exciting deals. Opportunities are initially sourced through the Directors' contacts in the industry. Sourced research is conducted to understand the fundamentals of each project and a thorough financial analysis is implemented, where assumptions are identified and economics scoped. Oil and gas reserves for each project are carefully reviewed ahead of independent due diligence, with particular consideration given to ensure the project is in line with investors' expectations. Importantly all projects will be subject to a Competent Person's Report in line with best practice and any investment must be approved by the Board of Directors.

With this investment discipline in place we identified Central America as our initial focus, in particular the Peten Basin located beneath the Yucatan Peninsula, where over 70 billion bbls of proven oil reserves have been booked by Pemex, the national oil company of Mexico, and where the Board believes that significant opportunities exist particularly in Belize. We are currently evaluating a number of highly prospective projects in this region that we believe fulfil our investment criteria. Additionally we are also looking at other jurisdictions including Eastern Canada where we have distinct working knowledge of.

As I mentioned, we have a highly experienced team both corporately and in sourcing and developing oil & gas projects, and we have a proven track record in creating shareholder value. This skill set should enable a quick determination of opportunity viability to enable us to carry out our investment objectives. Additionally, as part of our corporate development we are also in the process of listing the Company on AIM to ensure that we are capitalised adequately and to enhance discussions with potential vendors and partners.

I am truly excited about the potential for New World Oil & Gas and look forward to the future. As mentioned, the demand for oil and gas continues to rise and the long-term fundamentals underpin the development of assets in this sector. The success of oil and gas juniors highlights the potential that companies with the right management with proven track records can succeed and as such our aim is to continue this vein and build a significant oil and gas E&P company.

Bill Kelleher
Chairman

10 May 2011

NEW WORLD OIL AND GAS PLC

DIRECTOR'S REPORT FOR THE PERIOD ENDED

31ST DECEMBER 2010

PRINCIPAL ACTIVITIES

The Company was incorporated on 15th April 2010 with the intention of making investments in the oil and gas sector.

RESULTS AND DIVIDENDS

The loss for the period amounts to $517,000.

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)	Appointed 15 April 2010
G. N. Sztyk	(Canadian)	Appointed 15 April 2010
P. R. Sztyk	(Canadian)	Appointed 15 April 2010
S. K. Polakoff	(American)	Appointed 4 May 2010

RE-ELECTION OF DIRECTORS

In accordance with the Company's Memorandum and Articles of Association Mr Polakoff's appointment as a director will cease unless he is reappointed at the forthcoming Annual General Meeting and Mr G N Sztyk will retire by notation. 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.

The Company had no trade creditors outstanding as at 31 December 2010.

SUBSTANTIAL SHAREHOLINGS

At 15 March 2011 the shareholders were as follows:-

	Holding of 0.15p ordinary shares	% of issued ordinary share capital
Hydrocarbon Technologies Limited	11,500,000	30.19%
S.K. Polakoff	600,000	1.57%
The Black Sea and Caspian Trust	23,000,000	60.37%
S. L. King	3,000,000	7.87%

W. C. Kelleher has an interest in Hydrocarbon Technologies Limited.

G. N. Sztyk and P. R. Sztyk have a beneficial interest in The Black Sea and Caspian Trust.

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

Date 10 May 2011

Statement of Directors' Responsibilities

Directors' Responsibilities for the Accounts
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year in accordance with generally accepted accounting principles. The Directors have elected to prepare the financial statements under IFRS as adopted for use in the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991 which requires the financial statements to give a true and fair view of, or be presented fairly in all material respects so as to show (i) the company's profit and loss for the period covered by the financial statements and (ii) the state of its affairs at the end of the period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a matter that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial statements included on the Company's website.

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 2010 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 1 to 14. 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 are 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 2010 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

10 May 2011

NEW WORLD OIL AND GAS PLC

STATEMENT OF COMPREHENSIVE INCOME
For the period from 15 April 2010 to 31 December 2010

	Notes	$'000
Administrative expenses		(280)
Legal and professional costs		(236)
Operating Loss	4	(516)
Interest payable	6	(1)
Loss on ordinary activities before taxation		(517)
Taxation on loss on ordinary activities	7	-
Loss for the period		(517)
Total comprehensive loss for the period		(517)
		======
Attributable to		
Equity shareholders of the Company		(517)
		======
Loss per share (expressed in cents)		
- Basic	8	(1.37)

All financial results presented are from continuing operations.

NEW WORLD OIL AND GAS PLC

STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Notes	$'000
Current assets		
Cash and cash equivalents		155
Other receivables	9	2
		157
Liabilities		
Current liabilities		
Trade and other payables	10	(131)
Net current assets		26
Net assets		26
Shareholders' equity		
Share capital	12	87
Share premium		146
Equity element of convertible loan		310
Retained loss		(517)
Total equity		26

.... P. Sztyk

.... G. Sztyk

10 May 2011

STATEMENT OF CHANGES IN EQUITY
For the period from 15 April 2010 to 31 December 2010

	Share capital account	Share premium reserve	Equity element of convertible loan	Retained loss	Total equity
	$'000	$'000	$'000	$'000	$'000
Balance at 15 April 2010	**-**	**-**	**-**	**-**	**-**
Share capital issued	87	146	-	-	**233**
Cost of shares issued	-	-	-	-	**-**
Convertible loan issued (equity element)	-	-	310	-	**310**
Comprehensive loss for the period	-	-	-	(517)	**(517)**
Balance at 31 December 2010	**87**	**146**	**310**	**(517)**	**26**

STATEMENT OF CASH FLOWS
For the period from 15 April 2010 to 31 December 2010

	$'000
Net cash (outflow) from operating activities	
Operating loss	(516)
Increase in trade and other payables	31
Increase in other receivables	(2)
Net cash outflow from operating activities	(487)
Capital expenditure	
Purchase of tangible fixed assets	-
Net cash outflow for capital expenditure	-
Financing	
Issue of ordinary share capital	233
Expenses relating to share issues	-
Convertible loans and other short-term borrowings	409
Net cash inflow from financing	642
Net increase in cash	155
Cash and cash equivalents at the start of the period	-
Cash and cash equivalents at end of the period	155

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards as adopted by the European Union and IFRIC interpretations and were authorised for issue by the Board of Directors on 26 April 2011.

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 Company's accounting policies. There are currently no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting financial period.

The financial statements as disclosed are unaffected by IFRS's issued but not effective, nor by the effect of new and revised standards.

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.

Revenue

The Company had no revenue during the period.

Foreign currencies

The financial statements are stated in thousands of United States Dollars ($), which is the reporting currency and functional currency of the Company. 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.

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.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Income tax

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in use in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Share capital
Ordinary shares are classified as equity. Convertible loans are classified as equity as they can be settled only by the issuance of a fixed number of its own equity shares. There is, therefore, no liability component to the convertible loans.

Financial instruments
The Group's material financial assets consist of cash and cash equivalents.

The Group's financial liabilities consist of trade and other payables and short term borrowings, which are stated at their cost. All interest and other borrowing costs incurred in connection with the above are expensed as incurred and reported as part of net financing costs in the income statement.

2. Revenue and Segmental Analysis

The Company had no revenue during the period.

The Company operates in only one business and geographical segment which is that of an investing Company with no specific central management base.

3. Financial risk management

The Company's material financial assets comprise cash and cash equivalents.

The Company's financial liabilities comprise trade and other payables and short-term borrowings which are categorised as financial liabilities held at amortised cost. These are all deemed to be current financial liabilities.

It is, and has been throughout the period of the financial statements, the Company's policy that no trading in financial instruments shall be undertaken.

Liquidity risk is the most significant aspect for the Company in the area of financial instruments. It is no exposed to significant credit risk or interest rate risk and the exposure to foreign currency risk is not significant. Policy for managing these risks is set by the Board.

Foreign currency risk
The Company's functional currency is the US Dollar and the Company has no other receivables in currencies other than the US Dollar. The Company has annual pound sterling commitments going forward and the currency risk on this is dealt with by holding the appropriate cash balances in Sterling.

As at 31 December 2010 the financial assets and financial liabilities were all denominated in US Dollars.

Interest rate risk
The Company is not exposed to interest rate risk as the interest bearing loans are fixed at 9%.

Liquidity risk
The liquidity risk is managed by the directors. The main risk for the Company's operations is reliance on equity investors for working capital support. All classes of financial assets and liabilities have contractual maturities of less than twelve months.

Credit risk
The Company is not exposed to credit risk as it does not trade, and the cash balances held by the Company are with reputable institutions.

Fair values
The fair values of the Company's financial assets and liabilities are not materially different from the carrying values in the statement of financial position.

4. Operating loss is stated after charging:-

	$'000
Expenses by nature	
Staff costs (see note 5)	-
Auditors remuneration	9
Legal and professional costs	236
Other expenses	277
Total expenses	516

5. Staff costs

The Directors of the Company are deemed to be the key management of the Company and they were not entitled to any remuneration during the period. No staff costs were incurred during the period.

6. Interest payable

The Company accepted a loan of £18,500 from The Black Sea and Caspian Trust with an interest rate of 9 per cent per annum. The accrued interest on this loan for the period from 17 August 2010 to 31 December 2010 amounted to $1,000. The loan is repayable in full on or before 16 August 2011.

7. Taxation

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

No deferred tax assets have been created due to the applicable zero tax rate however the unrelieved tax losses which are available for offset against future profits if the applicable tax rates were to change in the future amount to approximately $500,000.

8. Loss per share

	$'000
Loss for the year	(517)
Weighted average number of ordinary shares in issue during the period	37.6 million
Basic loss per ordinary share (cents)	(1.37)

9. Other receivables

	$'000
Prepaid expenses	2
	=====

10. Trade and other payables

	$'000
Accruals	31
Shareholder loan	40
Other payables	60
	131
	======

11. Called up share capital

	£'000	$'000
Authorised		
1,000,000,000 ordinary shares of 0.15p each	1,500	2,295
	=====	=====
Issued, called up and fully paid		
38,100,000 ordinary shares of 0.15p each	57	87
	=====	=====

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 Petro Sztyk (Petro 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.

12. Short term borrowings

The convertible loans of $310,000 are classified as equity, with no liability component, as they are not repayable in cash or other financial assets and are to be settled by the issuance of 3,875,000 new ordinary shares at an agreed conversion rate of 5p per share.

13. Related party transactions

	$'000
Hydrocarbon Technologies Limited, a shareholder and company in which William Kelleher has an interest	
Expenses paid on behalf of the Company	75
Amounts loaned to Company	1
Share issue proceeds received	76
Due to at 31 December 2010	1
The Black Sea and Caspian Trust, a shareholder and trust in which Georges Sztyk and Petro Sztyk have a beneficial interest	
Expenses paid on behalf of the Company	11
Amounts loaned to Company	98
Interest charged	1
Share issue proceeds received	153
Due to at 31 December 2010	99
Stephen Polakoff, a shareholder and director of the Company	
Expenses paid on behalf of the Company	4
Share issue proceeds received	4
Due to at 31 December 2010	-

14. Net Asset Value per share

- As at 31 December 2010, based on 38,100,000 ordinary shares of 0.15p each	0.068 cents
- As at 31 December 2010, based on 10, 668,000 post-conversion nil par value shares	0.244 cents

15. Events after the reporting date

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.

On 26 April 2011:

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

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 entered into agreements to issue a total of 18,600,000 Existing Warrants,

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 Existing Warrants.