GOLD OIL PLC

ANNUAL REPORT & ACCOUNTS

for the year ended 30 April 2010

Contents

1 Corporate Information

Directors	**John Bell** Chairman **Richard Mew** Chief Executive Officer **Ian Reid** Exploration Director **Thomas Tidow** Operations Director **Dr John Charlton** Non-Executive Director **Mark Pritchard** Non-Executive Director **Guy Cowan** Non-Executive Director
Registered Office	Finsgate 5-7 Cranwood Street London EC1V 9EE
Company Secretary	**Geoffrey Barnes**
Auditors	**Jeffreys Henry LLP** Finsgate 5-7 Cranwood Street London EC1V 9EE
Solicitors	**Kerman & Co LLP** 200 Strand London WC2R 1DJ
Nominated Adviser and Broker	**Seymour Pierce Limited** 20 Old Bailey London EC4M 7EN
Registrars	**Computershare Investor Services (Ireland) Limited** Heron House Corrig Road Sandyford Industrial Estate Dublin 18 Ireland
Communications	Website www.goldoilplc.com
Company number	5098776 (England and Wales)

2 Corporate Statement

Gold Oil Plc ("the Company") is an independent oil and natural gas exploration and exploitation company focused on Central and Southern America. Shares in the Company are quoted on the AIM market in London – (Stock Quote GOO.L).

The Company is seeking to maintain a balanced portfolio of high-risk high reward and low risk cash flow projects by establishing significant licence positions concentrated in a few geographic areas. The Company, and its subsidiaries (together "the Group" or "Gold Oil") currently has significant acreage and is recognised as an operator for both onshore and offshore Peru, is an operator with exploration licences in onshore Colombia, and is an operator of production onshore Colombia.

The Group's objective is to deliver shareholder value through capital appreciation.

3 Chairman's Statement

Introduction

It is with great pleasure that I present my first statement to shareholders of Gold Oil Plc ("Gold" or "the Company"). I was appointed by the board as Chairman of Gold in August 2010 following the investment by Sheer Energy Pty Ltd ("Sheer") in Gold which was announced on 6 May 2010. I have over 30 years experience in the oil and gas industry and my company Australian Drilling Associates Pty. Ltd (ADA) is a well established independent drilling project management company with a particular expertise in offshore exploration and production. I have for sometime been considering the development of an exploration and production company and, recognizing the potential for such companies in South America, I established Sheer as a vehicle to look for opportunities in that region.

I was attracted to make an investment in Gold as I felt the core asset base had great potential. The combination of "blue sky" exploration blocks in both Peru and Colombia with some existing production in region was compelling. Both of these countries have thriving economies, stable governments and excellent opportunities for exploration and producing assets ideally suited to junior independents. I also saw the opportunity for me and my multi-disciplined team of drilling engineers and geoscientists to add considerable value to the portfolio through our considerable knowledge base and expertise in both the geopolitical and geological domains in which Gold operates and thereby accelerate the development programme and consequent growth of the Company.

The year under review has been a challenging one for the Company. The on-going fallout from the global credit crunch continued to create uncertainty in the world economy and this was exacerbated for companies such as Gold by a low oil price.

Notwithstanding the challenging environment and ongoing financing requirement, the Company was successful in keeping all of the assets active.

In Peru the 2D seismic acquisition for Z34 was achieved on terms which were ultimately very advantageous for us. For both blocks in Peru, PMA's (permits to undertake work) were executed and presented to the Ministry of Energy and Mines.

In Colombia, we opened an office and employed a dedicated Country Manager, Carlos Gaviria. This was in advance of Gold taking over the operatorship of the Nancy Burdine Maxine fields in June 2009 and followed the acquisition of a majority stake in the block which took place in mid 2008. As operator we undertook production tests on three wells in the Burdine field with some encouraging results. A third party detailed analysis of the tests is currently underway which it is expected will justify a further workover programme on wells early next year. This and possible further production and water injection wells are being considered and will be discussed sometime in the near future with the licence holder.

On the Rosa Blanca exploration block we recovered our 90% interest and fulfilled the second phase obligatory exploration programme without incurring any major expenditure, thereby creating an opportunity to farm out the acreage. This was achieved in May of this year when we agreed a farm out arrangement with Montecz S.A., a Colombian based oil field services company.

With regard to our 20% interest in the Azar block all our obligations were successfully met. During 2010 73 square kilometres of 3D seismic were acquired and are currently being interpreted prior to a decision on a further well on the block. If a well is drilled Gold Oil is carried for 50% of the cost of the first well under an existing carry agreement.

It was necessary during the year that Gold raised additional capital to fund its on-going exploration activities and contractual commitments. The fund raising process took up a considerable amount of management time but was completed in March 2010 when Sheer initially invested US$3 million and has an option to invest a further US$1.75 million.

3 Chairman's Statement

Portfolio

The current portfolio consists of five assets (four exploration and one producing block)

- Peru Block Z34 Offshore Talara (100% interest)
- Peru Block XXI Onshore Piura/Sechura (100% interest)
- Colombia Nancy Burdine Maxine Onshore Putumayo (net 27.4% interest after Royalty and Ecopetrol carry)
- Colombia Azar Onshore Putumayo (20% interest)
- Colombia Rosa Blanca Onshore Valle Medio Magdalena (25% interest post Montecz carry)

Review of Operations

Peru

Block Z-34

We continue to have great hopes for our offshore block in Northern Peru. We have contracted with Schlumberger to conduct a pre stack processing of the 2,013 km of 2D seismic acquired last year and which clearly confirmed the large resource potential of this block.

We continue with our efforts to farm out this block with experienced deep water offshore companies. We have recently opened a data room for this project and have received significant interest from international oil companies who are evaluating the data. At the present time negotiations are at an early stage. The events surrounding BP's Macondo well and the loss of the Deepwater Horizon Rig and subsequent oil spill in the Gulf of Mexico initially took some momentum out of discussions, but we are now confident that that there is a high level of interest in the block and are hopeful that the additional analysis of the data by Schlumberger will serve to increase interest levels further.

We also successfully applied for Force Majeure due to the delays in the approval of the PMA permit for the new configuration of the 3D grid which has given a further extension of six months. The impact of this is to allow additional time with which to meet the ongoing contractual obligations under the licence.

Block XXI

We continue with our efforts to optimise the development potential of the block. After an extensive review of the activity on the block to date it has been decided to try and seek additional partners for this asset. Without any seismic data it is difficult to reach definitive conclusions and therefore investment decisions on this block. The sheer size of the block makes the acquisition of seismic data very expensive. We successfully applied for the application of Force Majeure to gain an extension of time to assess farm out opportunities.

We are still seeking to sign a Study Licence for a 50,000 hectare area North of Block XXI which we believe may have development potential and negotiations continue with the Ministry.

Colombia

Nancy Burdine Maxine

The Nancy-1 well continues to produce at an average of approximately 250 bopd. However the production output does suffer considerable fluctuation and as a result we have contracted a specialized consulting firm to evaluate the potential of this well and develop a strategy to maximize production. This company has also been asked to define a work over programme for the three Burdine wells.

Our short term objective for this field is to workover the Burdine wells with a view to bringing on additional production. In a testing period earlier this year Burdine 1 produced approximately 200 bopd but at high water cuts, and Burdine 5, showed approximately 100 bopd. We believe that there is the potential to increase production significantly in the short term and higher production is possible with the addition of new wells although the acquisition of additional seismic data on the acreage will be required and is part of our forward programme. We are seeking to negotiate some of the licence terms on the block although progress to date has been slow.

3 Chairman's Statement

Azar

Despite only holding a 20% interest in this block Azar represents the highest investment commitment in the current period across our portfolio. Along with our partners, Gran Tierra Energy and Lewis Energy we are in the process of identifying target structures. If explored successfully this could be developed into an important asset.

The anticipated programme for 2010 is to drill one exploration well in the southern part of the Block, known as La Vega East, in the fourth quarter 2010 and shoot an additional 72 km of 3D in the northern part of the block. This well might be relocated after evaluation of 3D seismic results to Florida West.

Rosa Blanca

Following the abandonment of the RB-1 well, Gold recovered its initial 90% interest from its farm-in partners Osage and Lewis Energy. Empesa SA, a local services company, holds the balance.

In order to meet the on-going licence obligations, the Company contracted for the acquisition of a 60km 2D seismic survey. This was financed by Gold from monies in escrow with the ANH Agencia Nacional De Hidrocarburos (National Hydrocarbon Agency).

The subsequent interpretation of seismic data revealed three drillable leads and on the basis of the results, we have farmed out the block to a Colombian company Montecz SA. The terms of the farm out, as announced on 6 May 2010 were that Montecz acquired a 72% interest in the block and assumed operatorship in return for assuming all costs associated with drilling and testing one well. Gold retains a 25.2% interest and Empesa a 2.8% interest. An exploration well is scheduled to spud in the fourth quarter of 2010.

Production

In the period under review the Company produced approximately 26,000 net barrels of oil. We have in previous years had a statement of the net oil reserves and contingent resources prepared by an external consultant. The Board has decided this year, after a cost benefit review not to commission a reserves report on the basis that the stated reserves would most likely be that same as reported last year minus the production reported above.

Conclusions

We have a clear and defined target to grow Gold Oil substantially in the short term. A detailed assessment of the asset base of the Company is now complete and we have a defined strategic plan against which we need to execute. To assist us in delivering on this growth strategy we have recently appointed an experienced executive, Richard Mew, as Chief Executive Officer and I would like to take this opportunity to welcome him to the board.

We will look to grow the asset base and whilst South America will remain our focus we will look at other countries in the region to see if there are short term opportunities for Gold. We also intend growing the Company through acquisition of producing assets and company acquisition; in this respect Richard's previous experience will be very valuable to us.

I would like to thank the employees of Gold for their contribution during the year and again to thank shareholders for their support and patience.

I look forward to the future with a high degree of optimism.

John Bell
Chairman

27 September 2010

4 Report of the Directors

The directors submit their report together with the audited financial statements of Gold Oil Plc ("the Company") and its subsidiaries (collectively "the Group"), for the year ended 30 April 2010.

Directors

The following are biographical details of the directors of Gold Oil Plc:

John Bell Chairman
John Bell (aged 62) is currently CEO, and sole shareholder of Australian Drilling Associates Pty. Ltd. ("ADA"), a well engineering and drilling project management company headquartered in Melbourne Australia, established in 1994. He is also the sole shareholder of Sheer Energy Pty Ltd. Mr. Bell has over 30 years experience in exploration and production drilling, having commenced his career as a drilling engineer with British Petroleum in the North Sea in 1974. He held various positions with oil companies and drilling contractors working, in the Middle East, North Africa, the UK, Norway and Canada before joining BHP in Australia 1988. Mr. Bell co-founded his first private well engineering and drilling project management company in Australia in 1994. He successfully introduced offshore multi-operator consortium management in Australia and South East Asia. He also co-founded an E&P company with exploration assets in Western Australia, Victoria and West Africa.

Richard Mew Chief Executive Officer
Mr Richard Mew (aged 54) is a highly experienced senior executive in the oil industry with particular experience in business development. Richard was until recently the Director of Business Development for Centrica Energy where he was responsible for all upstream acquisitions, divestments, and business development activity. He led the 2009 successful acquisition of Venture Production for approximately £1.5 billion by Centrica and during his time with the company, completed a number of other significant acquisitions. Prior to Centrica, Richard held senior management positions with ChevronTexaco, Amerada Hess and Conoco all with business development focus.

Ian Reid Exploration Director
Ian Reid (aged 48), trained as a petroleum geologist at the Royal School of Mines, Imperial College, London. He had a 14 year career with Shell International in Holland, New Zealand, Oman, Australia, Vietnam and Norway where he undertook senior roles in petroleum geoscience. Since 1997 he has been a consultant in Australia for the petroleum and geothermal industries, working for Government and industry. Mr Reid is a non-executive director of Panax Geothermal Ltd. listed in Australia.

Thomas Tidow Operations Director
Thomas Tidow (aged 51) graduated with a degree in Mechanical Engineering from Stuttgart in 1985 and was granted an Executive MBA from the IESE Business School in Barcelona, Spain in 1992. Following a career in the German automotive sector, Thomas entered the natural resources sector and worked in senior management positions for Repsol, Vopak and Shell both in Peru and internationally. He has held the Country Manager position for Gold Oil Peru since the formation of the company in 2004 and has joint German and Peruvian nationality.

Dr John Charlton Non-Executive Director
Dr John Charlton (aged 66) had a successful career with ICI where he rose to the position of Group Treasurer leading the finance function with around 1,000 qualified staff worldwide, John moved to Kvaerner the Anglo Norwegian engineering and construction Group where he was appointed Chief Financial Officer. Since leaving Kvaerner in 2001, John has served on a number of boards including Biofuels Corporation PLC, Bateman Litwin N.V. and Potatopak Limited, and has been the CFO of Trikona Advisers Ltd, the manager of AIM listed Trinity Capital PLC.

4 Report of the Directors

Directors continued

Mark Pritchard Non-Executive Director

Mark Pritchard (aged 48) following a 12 year career in investment banking in the City of London, working for financial institutions including, Interallianz Bank Zurich and Nomura International, Mr. Pritchard established a private investment firm, Lomond Consultancy Limited in 1992. Mr Pritchard is currently president of Allied Minds Inc., a private equity vehicle specializing in early stage technology investment which he founded in 2004. Mr. Pritchard has a BSc from Cass Business School in London.

Guy Cowan Non-Executive Director

Guy Cowan (aged 58) is a dual qualified UK Chartered Accountant and US CPA. Mr Cowan has had a 23 year career with Shell during which his responsibilities included a regional focus on Colombia, Peru, and Chile, and was Commercial Director of SPDC Nigeria and CFO of Shell Oil USA. From February 2005 to February 2009, Mr. Cowan was CFO of Fonterra Co-operative Group, one of the world's leading dairy companies headquartered in New Zealand. Mr. Cowan was born in Argentina and has lived and worked in Latin America for over 30 years and is currently non executive director of three listed companies in Australia and Chile.

Principal activities

The principal activity of the Group is that of oil and gas exploration and production.

Business review

A review of the Group's business during the financial period and its likely development is given in section 3.

Proposed dividend

The directors do not recommend the payment of a dividend in respect of the financial year ended 30 April 2010.

Political and charitable contributions

In 2010 the Group made no political or charitable contributions.

Policy and practice on payment of creditors

The Group and Company policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transactions and to abide by those terms. The Group and the Company do not follow any code or statement on payment policy.

Activities and results

A loss of £976,000 (2009 – £3,039,000) was recorded for the year. Net assets of the Group at 30 April 2010 amounted to £7,849,000 (2009 – £7,070,000). No dividends or transfers to reserves are proposed.

Details of the Group's affairs and the development of its various activities during the period, important events since the year end and details of the Company's plans for the next year are given in section 3.

Key performance indicators

At this stage in the company's development, the key performance indicators that the directors monitor on a regular basis are management of liquid resources, that is cash-flows and bank balances and also general administrative expenses, which are tightly controlled. Specific exploration-related key performance indicators that will be relevant in the future include: the probability of geological success (Pg), the probability of commerciality or completion (Pc) and the probability of economic success (Pe).

4 Report of the Directors

Key risks and uncertainties

Exploration for hydrocarbons is speculative and involves significant degree of risks. The key risks and their impact to the group are summarised below along with the impact on the group and the action that the board take to minimise those risks.

Oil prices

Gold Oil's results are strongly influenced by oil prices which are dependent on a number of factors impacting world supply and demand. Due to these factors, oil prices may be subject to significant fluctuations from year to year. The Group's normal policy is to sell its products under contract at prices determined by reference to prevailing market prices on international petroleum exchanges. Oil price fluctuations can also have an impact on demand for specialist staff, equipment, materials and supplies in the oil industry, which can cause skills and material shortages and create cost pressure on the Group's operating and capital costs, which affect financial performance.

Impact

Oil prices can fluctuate widely and could have a material impact on the Group's asset values, revenues, earnings and cash flows. In addition, oil price increases could cause supply or capacity constraints in areas such as specialist staff or mining equipment.

Action

The Group keeps under regular review its sensitivity to fluctuations in oil prices. The Group does not as a matter of course hedge oil prices, but may enter into a hedge programme for oil where the Board determines it is in the Group's interest to provide greater certainty over future cash flows.

Liquidity risk

The Group is exposed to liquidity risks, including the risk that borrowing facilities are not available to meet capital expenditure requirements, and the risk that financial assets cannot readily be converted to cash without the loss of value.

Impact

Failure to manage financing risks could have a material impact on the Group's cash flows, earnings and financial position as well as reducing the funds available to the Group for working capital, capital expenditure, acquisitions, dividends and other general corporate purposes.

Action

The Group manages liquidity risk by maintaining adequate committed borrowing facilities and working capital funds. The Board monitors the net debt level of the Group taking into consideration the expected outlook of the Group.

Taxation

As the tax legislation in Colombia and Peru is developing, tax risks are substantially greater than typically found in countries with more developed tax systems. Tax law is evolving and is subject to different and changing interpretations, as well as inconsistent enforcement. Tax regulation and compliance is subject to review and investigation by the authorities who may impose severe fines, penalties and interest charges.

Impact

The uncertainty of interpretation and application, and the evolution, of tax laws creates a risk of additional and substantial payments of tax by the Group, which could have a material adverse effect on the Group's cash flows, earnings and financial position.

Action

The Group makes every effort to comply with tax legislation, The group takes appropriate professional tax advice and works closely with the tax authorities to ensure compliance.

4 Report of the Directors

The environment

The Company is firmly committed to protecting the environment wherever we do business. We will do our upmost to minimise the impact of the business on the environment. Both the Company and its employees will try and be recognised by regulatory agencies, environmental groups and governments where we do business for our efforts to safeguard the environment.

Community

We believe it is our responsibility as a good corporate citizen to improve the quality of life in the communities in which we do business. Where we can we will seek to contribute towards local cultural and educational organisations.

Future outlook

Details of the Group's affairs and the development of its various activities during the period, important events since the year end, and details of the Company's plans for the next year are given in section 3.

Directors' interests

The interests of the directors and their families in the issued share capital of the Company are as follows:

	30 April 2010 Number of Ordinary shares	**30 April 2009 Number of Ordinary shares**
M Pritchard	42,500,000	42,500,000
M N Burchell (resigned 5 May 2009)	7,300,000	7,300,000
J R Bell (appointed 5 May 2010)*	–	–
T Tidow	–	–
R Mew (appointed 18 August 2010)	–	–
Dr J Charlton (appointed 18 August 2010)	–	–
G Cowan (appointed 5 May 2010)	–	–
I Reid (appointed 5 May 2010)	–	–

Warrants and options held by the directors are as follows:	**2010 Number of options £0.04****	**2009 Number of warrants £0.01**	**2009 Number of warrants £0.09**
M N Burchell	–	–	5,400,000
T Tidow	6,500,000	–	5,200,000

*J R Bell shareholding in the company is held via Sheer Energy Pty Ltd.

**Each £0.04 warrant grants the holder the right to subscribe for one Ordinary Share at £0.04 per share, and are granted under two separate options contracts, the first to be exercisable at any time prior to 30 April 2012, and the second any time prior to 17 February 2013.

The 2009 £0.09 warrants lapsed on 6 October 2009 without being exercised.

There have been no contracts or arrangements of significance during the year in which the directors of the company were interested.

Currently there are service contracts in place with all directors of the company and the contracts are available for inspection at the registered office of the company on request.

4 Report of the Directors

Remuneration policy

The Remuneration Committee takes into account both Company and individual performance, market value and sector conditions in determining director and senior employee remuneration. The Company has maintained a policy of paying only minimum salaries compared with peer companies in the oil and gas independent sector until the Company established a good position with acreage, assets, income and cash at hand. All current salaries are without pension benefits.

Basic salaries

Basic salaries are reviewed annually or when individuals change positions or responsibility or the Company's position changes. Details of the fees are shown below.

	2010 £	2009 £
Executive Directors		
Mark Pritchard	30,000	30,000
Thomas Tidow	111,355	49,320
Non Executive Director		
Michael Norman Burchell	20,000	20,000

The share options held by the directors are disclosed above and no pension contributions were made for the directors.

Employees

The Group seeks to keep employees informed and involved in the operations and progress of the business by means of regular staff meetings by country open to all employees and directors.

The Group operates an equal opportunities policy. The policy provides that full and fair consideration will be given to disabled applications for employment and that existing employees who become disabled will have the opportunity to retrain and continue in employment wherever possible.

Events after the reporting period

In May 2010, the Company issued 56,132,473 ordinary shares to Sheer Energy Pty Ltd., along with options in respect of a 32,743,942 shares at 3.5p per share, which can be exercised up to 30 September 2010, and options in respect of a further 50,000,000 shares at 4p per share, which can be exercised up to 31 December 2010.

4 Report of the Directors

Financial review

Liquidity & Share Trading

The board believes that high liquidity is important in attracting both small and institutional investors to Gold Oil. During the last financial year Gold Oil has had a reasonably high stock liquidity on the E&P sector on AIM.

Shares in Issue and Shareholders Profile

The number of shares in issue at 17 September 2010 was of 557,219,082 Ordinary Shares, each share having equal voting rights.

Gold Oil has 1,395 shareholders with the majority of shares held by a few individuals. The shareholding distribution at 17 September 2010 is as follows:

Range	Number of shares	Number of shareholders
>10%	159,482,467	2
5-10%	70,533,764	2
1-5%	174,132,441	13
0.5-1%	49,594,047	12
<0.5%	103,476,363	1,356
	557,219,082	1,385

Significant shareholdings

The Company has been informed that, as of 17 September 2010, the following shareholders own 3% or more of the issued share capital of the Company:

Name	Shares	% of company
Pershing Nominees Limited	103,349,994	18.5%
Sheer Energy Pty Ltd*	56,132,473	10.1%
Mr Mark Pritchard	42,500,000	7.6%
Clachan Nominees Limited	28,033,764	5.0%
TD Waterhouse Nominees (Europe)	26,947,512	4.8%
Mr Ben Anderson	22,500,000	4.0%
Barclayshare Nominees Limited	22,305,449	4.0%
Total	301,769,192	54.0%

*The shares are beneficially owned by J Bell.

Financial instruments

Details of the financial risk management objectives and policies, and details on the use of financial instruments by the Company and its subsidiary undertakings, are provided in note 21 to the financial statements.

4 Report of the Directors

Going concern

With the cash reserves the Group's medium term investment plans in Peru and Colombia show, in the directors' opinion, that there is a reasonable expectation that the resources available to the Company will allow it to continue operations. Thus, the going concern for the preparation and reporting of accounts has been adopted.

Publication on company's website

Financial statements are published on the Company's website. The maintenance and integrity of the website is the responsibility of the directors. The directors' responsibility also extends to the financial statements contained therein. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other countries.

Indemnity of officers

The Group may purchase and maintain, for any director or officer, insurance against any liability and the Group does maintain appropriate insurance cover against legal action bought against its directors and officers.

By order of the Board

Geoffrey Barnes
Secretary

27 September 2010

5 Corporate Governance Statement

The directors recognise the importance of sound corporate governance commensurate with the Group's size and the interests of shareholders. As the Group grows, policies and procedures that reflect the FRC's UK Corporate Governance Code will be developed. So far as is practicable and appropriate, taking into account the size and nature of the Company, the directors will take steps to comply with the UK Corporate Governance Code.

The Board

The board comprises three executive directors and four non-executive directors, details of who are contained in section 4 of this report.

The board meets at least four times a year.

The board is responsible for the strategy, reviewing and approving of acquisition opportunities, capital expenditures, budgets, trading performance and all significant financial and operational issues.

The Audit Committee

The Audit Committee is comprised of two directors with Guy Cowan as chairman and Mark Pritchard as the other member. Michael Burchell was a member of the audit committee until his resignation as a director on 5 May 2010. The Audit Committee meets at least twice a year and the external auditors have the opportunity to meet with the Audit Committee without any executive management being present. The Audit Committee´s terms of reference include the review of the Interim and Annual Accounts, review of internal controls, risk management and compliance procedures, consideration of the Company accounting policies and all issues with the annual audit.

The Remuneration Committee

The Remuneration Committee is comprised of two directors with John Bell as chairman and Mark Pritchard as the other member. Michael Burchell was a member of the remuneration committee until his resignation as a director on 5 May 2010. The Remuneration Committee determines the contract terms, remuneration and other benefits of the directors and senior employees. The Remuneration Committee meets as required, but at least twice a year.

The Nominations Committee

Due to the small size of the Group, it is not considered necessary to have a Nominations Committee at this time in the Company´s development and the board reserves to itself the process by which a new director is appointed.

Communications

The Company provides information on Group activities by way of press releases, Interim and Annual Accounts and also the website (www.goldoilplc.com). The Company website is updated as often as possible and contains all operational reports, press releases and Interim and Annual Accounts.

Internal control

The board has the overall responsibility for identifying, evaluating and taking the necessary action to manage the major risks faced by the Company and the Group. The process of internal control is not to eliminate risk, but to manage the risk to reasonably minimise loss.

6 Statement of Directors' Responsibilities

in respect of the Financial Statements

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year in accordance with applicable law, International Financial Reporting Standards ("IFRS") as adopted by the European Union, which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required:

- to select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or Company will continue in business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006 and as regards the Group financial statements, article 4 of the IAS regulation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution for the reappointment of Jeffreys Henry LLP as auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board

John Bell
Chairman

27 September 2010

7 Report of the Independent Auditors

to the Members of Gold Oil Plc

We have audited the Group and Company financial statements of Gold Oil Plc for the year ended 30 April 2010 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cash flows and the related notes on pages 18 to 49. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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 a Report of the Auditors 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

As explained more fully in the Statement of Directors' Responsibilities set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 April 2010 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted for use in the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted for use in the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and as regards to the Group financial statements, Article 4 of the IAS regulation.

7 Report of the Independent Auditors

to the Members of Gold Oil Plc

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Report of the Directors and Chairman's statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Sanjay Parmar
Senior Statutory Auditor
For and on behalf of Jeffreys Henry LLP, statutory auditor

Finsgate
5-7 Cranwood Street
London EC1V 9EE

27 September 2010

8 Consolidated Income Statement

for the year ended 30 April 2010

	Notes	2010 £'000	2009 £'000
Revenue		957	1,004
Cost of sales		(555)	(925)
Gross profit		402	79
Development expenditure written off	3	(246)	(1,932)
Administration expenses		(1,028)	(1,321)
Other operating Income		23	–
Operating loss	3	(849)	(3,174)
Finance cost	5	(30)	–
Finance income	5	9	101
Loss on ordinary activities before taxation		(870)	(3,073)
Income tax (expense)/benefit	6	(106)	34
Loss for the year		(976)	(3,039)
Loss on ordinary activities after taxation is attributable to:			
Owners of the parent Company		(976)	(3,039)
		(976)	(3,039)
Loss per ordinary share	8		
Basic		(0.19p)	(0.62p)
Diluted		(0.19p)	(0.62p)

9 Consolidated Statement of Comprehensive Income

for the year ended 30 April 2010

	2010 £'000	2009 £'000
Loss on ordinary activities after taxation	(976)	(3,039)
Other comprehensive income:		
Exchange difference on translating foreign operations	(257)	876
Total comprehensive income for the year	(1,233)	(2,163)
Total comprehensive income attributable to owners of the parent	(1,233)	(2,163)

10 Consolidated Statement of Financial Position

as at 30 April 2010

	Notes	2010 £'000	2009 £'000
ASSETS			
Non current assets			
Property, plant and equipment			
– oil and gas assets	9	178	144
– others	9	11	14
Intangibles	10	3,115	2,399
Goodwill	11	2,191	1,862
		5,495	4,419
Current assets			
Inventories	13	115	123
Trade and other receivables	14	474	2,696
Cash and cash equivalents	15	2,906	2,179
		3,495	4,998
Total assets		8,990	9,417
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	125	125
Share premium account	18	10,800	10,752
Other reserve	18	1,964	–
Foreign exchange translation reserve	18	619	876
Retained losses	18	(5,659)	(4,683)
Total equity		7,849	7,070
Current liabilities			
Trade and other payables	16	1,141	2,347
Total equity and liabilities		8,990	9,417

The financial statements were approved and authorised for issue by the Board of Directors on 13 September 2010 and were signed on its behalf by:

Mark Pritchard
Director

Guy Cowan
Director

Company registration number: 5098776 (England and Wales)

11 Company Statement of Financial Position

as at 30 April 2010

	Notes	2010 £'000	2009 £'000
ASSETS			
Non current assets			
Property, plant and equipment			
– oil and gas assets	9	120	98
– others	9	8	4
Intangibles	10	1,529	503
Investments	12	5,156	4,864
		6,813	5,469
Current assets			
Trade and other receivables	14	287	1,292
Cash and cash equivalents	15	2,746	1,967
		3,033	3,259
Total assets		9,846	8,728
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	125	125
Share premium account	18	10,800	10,752
Other reserve	18	1,964	–
Foreign exchange translation reserve	18	15	91
Retained losses	18	(6,980)	(6,300)
Total equity		5,924	4,668
Current liabilities			
Trade and other payables	16	3,922	4,060
Total equity and liabilities		9,846	8,728

The financial statements were approved and authorised for issue by the Board of Directors on 13 September 2010 and were signed on its behalf by:

Mark Pritchard
Director

Guy Cowan
Director

Company registration number: 5098776 (England and Wales)

12 Consolidated and Company Statement of Changes in Equity

for the year ended 30 April 2010

GROUP

	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Foreign Exchange Translation £'000	Retained Losses £'000	Total £'000
As at 1 May 2008	120	10,124	–	–	(1,644)	8,600
Shares issued	5	676	–	–	–	681
Cost of share issue	–	(48)	–	–	–	(48)
Loss for the year	–	–	–	–	(3,039)	(3,039)
Foreign exchange translation	–	–	–	876	–	876
As at 30 April 2009	125	10,752	–	876	(4,683)	7,070
Shares issued	–	48	–	–	–	48
Shares to be issued	–	–	1,964	–	–	1,964
Loss for the year	–	–	–	–	(976)	(976)
Foreign exchange translation	–	–	–	(257)	–	(257)
As at 30 April 2010	125	10,800	1,964	619	(5,659)	7,849

COMPANY

	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Foreign Exchange Translation £'000	Retained Losses £'000	Total £'000
As at 1 May 2008	120	10,124	–	–	(3,305)	6,939
Shares issued	5	676	–	–	–	681
Cost of share issue	–	(48)	–	–	–	(48)
Loss for the year	–	–	–	–	(2,995)	(2,995)
Foreign exchange translation	–	–	–	91	–	91
As at 30 April 2009	125	10,752	–	91	(6,300)	4,668
Shares issued	–	48	–	–	–	48
Shares to be issued	–	–	1,964	–	–	1,964
Loss for the year	–	–	–	–	(680)	(680)
Foreign exchange translation	–	–	–	(76)	–	(76)
As at 30 April 2010	125	10,800	1,964	15	(6,980)	5,924

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses.

Retained losses represents the cumulative loss of the group attributable to owners of the parent Company.

Foreign exchange translation occurs on consolidation of the translation of the subsidiary's balance sheet at the closing rate of exchange and its income statement at the average rate.

13 Consolidated and Company Statement of Cash Flows

for the year ended 30 April 2010

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Operating activities	1,775	2,086	(2,476)	3,013
Investing activities				
Return from investment and servicing of finance	9	4	101	106
Acquisition of investment assets	–	(292)	–	(2,028)
Acquisition of goodwill	(329)	–	(1,698)	–
Loan advanced to subsidiary	–	–	–	(1,935)
Acquisition of intangible assets	(716)	(1,026)	(294)	–
Purchase of tangible fixed assets	(60)	(41)	(143)	(99)
Share of joint venture bank	–	–	–	48
Received on acquisition of subsidiary*	–	–	906	–
	(1,096)	(1,355)	(1,128)	(3,908)
Financing activities				
Proceeds from issue of share capital	48	48	633	633
Net cash inflow/(outflow)	727	779	(2,971)	(262)
Cash and cash equivalents at the beginning of the year	979	767	3,950	1,029
Cash and cash equivalents at the end of the year	1,706	1,546	979	767
Reconciliation to Consolidated Financial Position				
Bank deposit	1,200	1,200	1,200	1,200
Cash and cash equivalents (refer to note 15)	2,906	2,746	2,179	1,967

*This arises from the acquisition of Plectrum Petroleum Lim ited for a consideration of $32.165M. Plectrum was owed $33.665M by the seller and, as a result, a net sum of $1.5M was paid to the Group.

Notes to the Statement of Cash Flows

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Operating activities				
Operating loss for the year	(879)	(611)	(3,174)	(1,100)
Depreciation and amortisation	29	15	21	9
Tax paid	(242)	(193)	(47)	(66)
Foreign exchange translation	(257)	(76)	876	91
Operating cash outflows before movements in working capital	(1,349)	(865)	(2,324)	(1,066)
Decrease in inventories	8	–	91	–
Decrease in receivables	2,222	1,005	491	2,032
(Decrease)/increase in payables	(1,070)	(18)	(1,361)	1,420
Short term loans received	1,964	1,964	627	627
Net cash inflows/(outflows) from operating activities	1,775	2,086	(2,476)	3,013

14 Notes to the Financial Statements

for the year ended 30 April 2010

General information

Gold Oil Plc is a company incorporated in England and Wales and quoted on the AIM market of the London Stock Exchange. The address of the registered office is disclosed on page 2 of the financial statements. The principal activity of the Group is described in the Report of the Directors in section 4.

1 Significant accounting policies

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

Going concern basis

The Group considers it appropriate to continue using the going concern basis of preparing these financial statements due to the opportunities available to farm out various interests of the Group and to attract new investment in those interests. The Group has no obligations in respect of exploration that are not covered by currently available resources.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations issued by the International Accounting Standard Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

New standards and interpretations

The new standards and interpretations which were issued during the year are set out below.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 May 2009:

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income).

  The new titles for the financial statements (for example, 'statement of financial position' instead of balance sheet) will be used in the accounting standards but are not mandatory for use in financial statements.

  The Group has elected to present two statements: an income statement and a statement of comprehensive income and also to adopt the new title of 'statement of financial position' replacing balance sheet.

- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'.It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive committee that makes strategic decisions.

  The operating segments have changed in 2010 to reflect the Group's reportable segments under IFRS 8, which are the geographical locations of the oil properties.

  Information regarding the Group's reportable segments is presented in Note 2. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

  Goodwill is allocated by management to groups of cash-generating units on a segment level.

  The change in reportable segments has not resulted in any additional goodwill impairment. There has been no further impact on the measurement of the Group's assets and liabilities. Comparatives for 2009 have not been restated.

14 Notes to the Financial Statements

for the year ended 30 April 2010

1 Significant accounting policies continued

New standards and interpretations continued

- IFRS 2 (amendment), 'Share-based payment' (effective from 1 January 2009). It deals with vesting conditions and cancellations.It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group applied IFRS 2 (amendment) from 1 January 2009.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 May 2009 and have not been early adopted:

- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group.

  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) to all business combinations from 1 May 2010.

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 May 2010.

- IAS 38 (amendment), 'Intangible assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has a similar useful economic life. The amendment will not result in a material impact on the Group's financial statements.

- FRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

- IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 May 2009, but are not currently relevant for the Group:

- IAS 23 (amendment), 'Borrowing costs'.
- IAS 32 (amendment), 'Financial instruments: Presentation'.
- IFRIC 13, 'Customer loyalty programmes'.
- IFRIC 15, 'Agreements for the construction of real estate'.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.
- IFRS 7 (disclosure amendment); 'Financial instruments: fair value measurement and liquidity risk'.

14 Notes to the Financial Statements

for the year ended 30 April 2010

1 Significant accounting policies continued

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and associated undertakings.

Subsidiaries

Subsidiaries are all entities over which Gold Oil Plc has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures

The Group is engaged in oil and gas exploration and appraisal through unincorporated joint ventures. The group accounts for its share of the results and net assets of these joint ventures as jointly controlled assets. The group's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it re-sells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss. In addition, where the Group acts as operator of the joint venture, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint venture are included in the Consolidated Balance Sheet.

Business combinations

The Group has chosen to adopt IFRS 3 prospectively from the date of transition and not restate historic business combinations from before this date. Business combinations from the date of transition are accounted for under IFRS 3 using the purchase method.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates.

14 Notes to the Financial Statements

for the year ended 30 April 2010

1 Significant accounting policies continued

Impairment of non-financial assets

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

Intangible assets

Oil and gas assets: exploration and evaluation

The Group has continued to apply the 'successful efforts' method of accounting for Exploration and Evaluation ("E&E") costs, having regard to the requirements of IFRS 6 'Exploration for the Evaluation of Mineral Resources'.

The successful efforts method means that the only costs which relate directly to the discovery and development of specific oil and gas reserves are capitalised. Such costs may include costs of licence acquisition, technical services and studies, seismic acquisition; exploration drilling and testing but do not include costs incurred prior to having obtained the legal rights to explore the area. Under successful efforts accounting, exploration expenditure which is general in nature is charged directly to the income statement and that which relates to unsuccessful drilling operations, though initially capitalised pending determination, is subsequently written off. Only costs which relate directly to the discovery and development of specific commercial oil and gas reserves will remain capitalised and to be depreciated over the lives of these reserves. The success or failure of each exploration effort will be judged on a well-by-well basis as each potentially hydrocarbon-bearing structure is identified and tested. Exploration and evaluation costs are capitalised within intangible assets. Capital expenditure on producing assets is accounted for in accordance with SORP 'Accounting for Oil and Gas Exploration'. Costs incurred prior to obtaining legal rights to explore are expensed immediately to the income statement.

All lease and licence acquisition costs, geological and geophysical costs and other direct costs of exploration, evaluation and development are capitalised as intangible or property, plant and equipment according to their nature. Intangible assets comprise costs relating to the exploration and evaluation of properties which the directors consider to be unevaluated until reserves are appraised as commercial, at which time they are transferred to tangible assets as 'Developed oil and gas assets' following an impairment review and depreciated accordingly. Where properties are appraised to have no commercial value, the associated costs are treated as an impairment loss in the period in which the determination is made.

Costs are amortised on a field by field unit of production method based on commercial proven and probable reserves.

The calculation of the 'unit of production' amortisation takes account of the estimated future development costs and is based on the current period and un-escalated price levels. Changes in reserves and cost estimates are recognised prospectively.

E&E costs are not amortised prior to the conclusion of appraisal activities.

14 Notes to the Financial Statements

for the year ended 30 April 2010

1 Significant accounting policies continued

Property, plant and equipment

Oil and gas assets: development and production

Development and production ("D&P") assets are accumulated on a well by well basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined above. The carrying values of producing assets are depreciated on a well by well basis using the unit of production method based on entitlement to provide by reference to the ratio of production in the period to the related commercial reserves of the well, taking into account any estimated future development expenditures necessary to bring additional non producing reserves into production.

An impairment test is performed for D&P assets whenever events and circumstances arise that indicate that the carrying value of development or production phase assets may exceed its recoverable amount. The aggregate carrying value is compared against the expected recoverable amount of each well, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves.

The D&P assets for Nancy-Burdine- Maxine well are amortised evenly at 40% per year.

Decommissioning

Site restoration provisions are made in respect of the estimated future costs of closure and restoration, and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted where material and the unwinding of the discount is included in finance costs. Over time, the discounted provision is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. At the time of establishing the provision, a corresponding asset is capitalised where it gives rise to a future benefit and depreciated over future production from the mine to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount rates or life of operations. Any change in restoration costs or assumptions will be recognised as additions or charges to the corresponding asset and provision when they occur. For permanently closed sites, changes to estimated costs are recognised immediately in the income statement.

Non oil and gas assets

Property, plant and equipment other than oil and gas assets are stated at cost, less accumulated depreciation, and any provision for impairment. Depreciation is provided at rates estimated to write off the cost, less estimated residual value of each asset evenly over its expected useful life as follows:

Motor vehicle	5 years
Equipment and machinery	4-10 years

Investments

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

1 Significant accounting policies continued

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Inventories

Inventories, including materials, equipment and inventories of gas and oil held for sale in the ordinary course of business, are stated at weighted average historical cost, less provision for deterioration and obsolescence or, if lower, net realisable value.

Revenue

Oil and gas sales revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the Group's share of oil and gas supplied in the period. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue is recognised when the oil and gas produced is despatched and received by the customers.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the same income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

14 Notes to the Financial Statements

for the year ended 30 April 2010

1 Significant accounting policies continued

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Group at the balance sheet date approximated their fair values, due to relatively short term nature of these financial instruments.

The Company provides financial guarantees to licensed banks for credit facilities extended to a subsidiary company. The fair value of such financial guarantees is not expected to be significantly different as the probability of the subsidiary company defaulting on the credit lines is remote.

Share-based compensation

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

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

Equity instruments

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

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

14 Notes to the Financial Statements
for the year ended 30 April 2010

1 Significant accounting policies continued

Foreign currencies

(i) **Functional and presentation currency**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which are mainly in Pounds Sterling (£), US Dollars (USD), Colombian Pesos (COP) and Peruvian Nuevo Sol (PEN). The financial statements are presented in Pounds Sterling (£), which is the Group's presentation currency.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the presentational currency using 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.

(iii) **Group companies**

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

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised as a separate component of equity.

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

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

14 Notes to the Financial Statements

for the year ended 30 April 2010

1 Significant accounting policies continued

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The resulting accounting estimates will, by definition, differ from the related actual results.

Carrying value of property, plant and equipment (Note 9)

Carrying value of intangible exploration and evaluation fixed assets (Note 10)

Valuation of petroleum and natural gas properties: consideration of impairment includes estimates relating to oil and gas reserves, future production rates, overall costs, oil and natural gas prices which impact future cash flows. In addition, the timing of regulatory approval, the general economic environment and the ability to finance future activities through the issuance of debt or equity also impact the impairment analysis. All these factors may impact the viability of future commercial production from developed and unproved properties, including major development projects, and therefore the need to recognise impairment.

Commercial reserves estimates

Oil and gas reserve estimates: estimation of recoverable reserves include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs all of which impact future cashflows. It also requires the interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in estimated reserves can impact developed and undeveloped property carrying values, asset retirement costs and the recognition of income tax assets, due to changes in expected future cash flows. Reserve estimates are also integral to the amount of depletion and depreciation charged to income.

Decommissioning costs

Asset retirement obligations: the amounts recorded for asset retirement obligations are based on each field's operator's best estimate of future costs and the remaining time to abandonment of oil and gas properties, which may also depend on commodity prices. The directors are in the opinion that the decommissioning costs are immaterial to be included in the accounts.

Share based payments (Note 19)

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

Notes to the Financial Statements

for the year ended 30 April 2010

2 Segmental Information

In the opinion of the Directors the Group has one class of business, being the exploration for, and development and production of, oil and gas reserves, and other related activities.

The Group's primary reporting format is determined to be the geographical segment according to the location of the oil and gas asset. There are currently two geographic reporting segments: South America which is involved in production, development and exploration activity, and the United Kingdom being the head office.

Exploration and production 2010

	United Kingdom £'000	South America £'000	Total £'000
Revenue – oil	–	957	957
Cost of sales	–	(555)	(555)
Gross profit	–	402	402
Development expenditure written off	(11)	(235)	(246)
Administration expenses	(323)	(705)	(1,028)
Other operating income	–	23	23
Finance costs	(30)	–	(30)
Operating profit/(loss)	(364)	(515)	(879)
Finance income	1	8	9
Profit/(loss) before taxation	(363)	(507)	(870)
Income Tax expense	–	(106)	(106)
Profit/(loss) before taxation	(363)	(613)	(976)
Assets and liabilities			
Segment assets	55	6,029	6,084
Cash and cash equivalents	2,562	344	2,906
Total assets	2,617	6,373	8,990
Segment liabilities	683	296	979
Current tax liabilities	–	162	162
Total liabilities	683	458	1,141
Other segment items			
Capital expenditure	–	61	61
Depreciation and amortisation	–	29	29

Notes to the Financial Statements

for the year ended 30 April 2010

2 Segmental Information continued

Exploration and production 2009

	United Kingdom £'000	South America £'000	Total £'000
Revenue – oil	–	1,004	1,004
Cost of sales	(39)	(886)	(925)
Gross profit	(39)	118	79
Development expenditure written off	(129)	(1,803)	(1,932)
Administration expenses	(786)	(535)	(1,321)
Operating profit/(loss)	(954)	(2,220)	(3,174)
Finance income	53	48	101
Profit/(loss) before taxation	(901)	(2,172)	(3,073)
Income Tax expense	145	(111)	34
Profit/(loss) before taxation	(756)	(2,283)	(3,039)
Assets and liabilities			
Segment assets	429	6,809	7,238
Cash and cash equivalents	1,567	612	2,179
Total assets	1,996	7,421	9,417
Segment liabilities	689	1,324	2,013
Current tax liabilities	148	186	334
Total liabilities	837	1,510	2,347
Other segment items			
Capital expenditure	–	142	142
Depreciation and amortisation	1	19	20

14 Notes to the Financial Statements

for the year ended 30 April 2010

3 Loss from operations

The loss on ordinary activities before taxation is stated after charging:

	2010 £'000	2009 £'000
Pre-production costs	246	1,932
Auditors' remuneration		
Group – audit	34	17
Company – audit	12	17
Group – non-audit services	7	12
Company – non-audit services	7	12
Depreciation of non oil and gas assets	26	8
Depreciation of oil and gas assets	3	13
Loss on exchange	51	295

The analysis of development and administrative expenses in the consolidated income statement by nature of expense is:

	2010 £'000	2009 £'000
Pre-production costs	246	2,023
Changes in inventories	–	(91)
Employee benefit expense	300	488
Depreciation, amortisation and impairment charges	29	21
Legal and professional fees	112	162
Technical consultancy	185	–
Other expenses	402	650
	1,274	3,253

4 Staff numbers and cost

The average number of persons employed by the group (including directors) during the year, analysed by category, were as follows:

	2010 Number	2009 Number
Directors	3	3
Technical	5	3
Administration	3	2
Total	11	8

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	24	171
Directors' fees	165	352
Social security costs	29	6
	218	529

Notes to the Financial Statements

for the year ended 30 April 2010

5 Net finance income

	2010 £'000	2009 £'000
Bank interest received	9	101
Finance cost	(30)	–
	(21)	101

Finance costs relates to interest payable on loans repayable within 5 years.

6 Income tax expense

	2010 £'000	2009 £'000
The tax charge on the profit on ordinary activities was:		
UK Corporation Tax – current	–	–
UK Corporation Tax – adjustment to prior year	–	(144)
Foreign taxation	106	110
	106	(34)

The total charge for the year can be reconciled to the accounting profit as follows:

	2010 £'000	2009 £'000
Loss before tax		
Continuing operations	(870)	(3,073)
Tax at domestic income tax rate of 28%	(244)	(860)
Effects of:		
Losses/(profits) not subject to UK tax	(13)	168
Increase in tax losses	205	566
Other timing differences not accounted for	7	–
Permanently disallowable	45	126
Adjustment to prior year tax	–	(144)
Foreign taxation	106	110
Tax expense	106	(34)

The Group has tax losses of £4,722,000 (2009 – £3,866,000) to carry forward against future profits. The deferred tax asset on these tax losses at 28% of £1,322,000 (2009 – £1,083,000) has not been recognised due to the uncertainty of the recovery.

7 Loss for the period

As permitted by section 408 of the Companies Act 2006, the parent Company's income statement has not been included in these financial statements. The loss for the financial year is made up as follows:

	2010 £'000	2009 £'000
Parent Company's loss	680	2,995

Notes to the Financial Statements

for the year ended 30 April 2010

8 Loss per share

	2010	2009
Loss per ordinary share		
– Basic	(0.19p)	(0.62p)
– Diluted	(0.19p)	(0.62p)

Loss per ordinary share is based on the Group's loss for the financial year of £976,000 (2009 – £3,039,000).

The weighted average number of shares used in the calculation is the weighted average ordinary shares in issue during the year.

	2010 Number	2009 Number
Weighted average ordinary shares in issue during the year	500,685,682	488,567,333
Shares to be issued	56,132,473	–
Potentially dilutive warrants issued	4,206,849	–
Weighted average ordinary shares for diluted earning per share	561,025,004	488,567,333

On 7 May 2010, 56,132,473 shares were issued at 3.5p to Sheer Energy Pty Ltd, with funds being received prior to the Balance Sheet date.

Due to the group's results for the year, the diluted earnings per share is deemed to be the same as the basic earnings per share.

9 Property, plant and equipment

GROUP	Development and production costs £'000	Equipment and machinery £'000	Vehicles £'000	Total £'000
Cost				
At 1 May 2008	320	17	19	356
Expenditure	87	56	–	143
Transferred on acquisition of controlling interest	–	112	–	112
Reclassified on acquisition	(407)	–	–	(407)
At 1 May 2009	–	185	19	204
Expenditure	–	12	–	12
Provision for decommissioning	49	–	–	49
Disposal	–	(1)	–	(1)
At 30 April 2010	49	196	19	264
Depreciation				
At 1 May 2008	137	6	13	156
Charge for the year	–	18	3	21
Transferred on acquisition of controlling interest	–	6	–	6
Reclassified on acquisition	(137)	–	–	(137)
At 1 May 2009	–	30	16	46
Charge for the year	–	26	3	29
At 30 April 2010	–	56	19	75
Net book value				
At 30 April 2010	49	140	–	189
At 30 April 2009	–	155	3	158

14 Notes to the Financial Statements

for the year ended 30 April 2010

9 Property, plant and equipment continued

COMPANY	Development and production costs £'000	Equipment and machinery £'000	Vehicles £'000	Total £'000
Cost				
At 1 May 2008	320	5	–	325
Transferred on inclusion of share of joint venture	–	77	–	77
Expenditure	87	37	–	124
Transferred to investments	(407)	–	–	(407)
At 1 May 2009	–	119	–	119
Expenditure	–	10	–	10
Provision for decommissioning	34	–	–	34
At 30 April 2010	34	129	–	163
Depreciation				
At 1 May 2008	137	4	–	141
Transferred on inclusion of share of joint venture	–	4	–	4
Charge for the year	–	9	–	9
Transferred to investments	(137)	–	–	(137)
At 1 May 2009	–	17	–	17
Charge for the year	–	18	–	18
At 30 April 2010	–	35	–	35
Net book value				
At 30 April 2010	34	94	–	128
At 30 April 2009	–	102	–	102

14 Notes to the Financial Statements

for the year ended 30 April 2010

10 Intangible fixed assets

GROUP	Acquisition of licence £'000	Exploration evaluation costs £'000	Total £'000
Cost			
At 1 May 2008	2,105	–	2,105
Reclassified	(209)	209	–
Expenditure	–	294	294
At 1 May 2009	1,896	503	2,399
Expenditure	–	952	952
At 30 April 2010	1,896	1,455	3,351
Impairment			
At 1 May 2008 and 1 May 2009	–	–	–
Charge for the year	–	236	236
At 30 April 2010	–	236	236
Net book value			
At 30 April 2010	1,896	1,219	3,115
At 30 April 2009	1,896	503	2,399

COMPANY	Acquisition of licence £'000	Exploration evaluation costs £'000	Total £'000
Cost			
At 1 May 2008	–	–	–
Expenditure	–	503	503
At 1 May 2009	–	503	503
Expenditure	–	1,026	1,026
At 30 April 2010	–	1,529	1,529
Impairment			
At 1 May 2008 and 2009	–	–	–
Charge for the year	–	–	–
At 30 April 2010	–	–	–
Net book value			
At 30 April 2010	–	1,529	1,529
At 30 April 2009	–	503	503

The exploration and evaluation costs above represent the cost in acquiring, exploring and evaluating the Nancy Burdine Maxine, Rosa Blanca and Azar licences through the Company's Colombian branch. The Nancy Burdine Maxine oil fields have commercial reserves and are currently in production. The assets have been assessed for impairment.

The acquisition of licence relates to the 20% interest in the Azar field in Colombia through the company's subsidiary, Red River Capital Advisors SA. The value of the group's investments in these assets is dependent on the successful exploration and potential development of the licences.

14 Notes to the Financial Statements

for the year ended 30 April 2010

11 Goodwill

GROUP	Goodwill on consolidation of subsidiaries £'000
Cost	
At 1 May 2008	150
Expenditure	1,862
At 1 May 2009	2,012
Expenditure	329
At 30 April 2010	2,341
Impairment	
At 1 May 2008	150
Charge for the year	–
At 1 May 2009	150
Charge for the year	–
At 30 April 2010	150
Net book value	
At 30 April 2010	2,191
At 30 April 2009	1,862

The carrying value of goodwill represents the acquisition of Inversiones Petroleras de Colombia SA, which has an effective 18.05% interest in the Nancy-Burdine-Maxine oil fields which, when added to the Group's existing 40% interest in these assets, gives the Group control over these operations.

12 Investments

COMPANY	Loans to group undertakings £'000	Shares in group undertakings £'000	Total £'000
Cost			
At 1 May 2008	3,571	2,223	5,794
Expenditure	1,432	2,011	3,443
At 1 May 2009	5,003	4,234	9,237
Expenditure	135	316	451
At 30 April 2010	5,138	4,550	9,688
Impairment			
At 1 May 2008	2,313	125	2,438
Charge for the year	1,921	14	1,935
At 1 May 2009	4,234	139	4,373
Charge for the year	159	–	159
At 30 April 2010	4,393	139	4,532
Carrying value			
At 30 April 2010	745	4,411	5,156
At 30 April 2009	769	4,095	4,864

12 Investments continued

In August 2008, the Group acquired the whole of the issued share capital of Inversiones Petroleras de Colombia SA, incorporated in Colombia, which holds an effective 18.05% interest in the Nancy-Burdine-Maxine oil fields. When added to the existing 40% interest held by the Group, this gives the Group control of the joint venture operating the operations.

The Company has made provision on the outstanding loan to Gold Oil Peru S.A.C. of £4,393,000 (2009 – £4,234,000) as the company has been unsuccessful with the exploration of onshore hydrocarbons.

The Group has recognised its 58.05% interest in the Nancy-Burdine-Maxine fields by incorporating its share of the assets and liabilities, and sales and results of the joint venture. The Company has also recognised its 40% interest. They are included in the balance sheet and income statement.

	100% of the joint venture	Group share at 58.05%	Company share at 40%
Assets			
Long-term assets	220	128	88
Current assets	398	231	159
Total assets	618	359	247
Liabilities			
Current liabilities	145	84	58
Net assets	473	275	189
Income	1,650	958	660
Cost of sales and expenses	(1,128)	(655)	(451)
Profit after income tax	522	303	209

There are no commitments or contingent liabilities relating to the Group's interest in the joint venture, or within the venture itself.

The Company's subsidiary undertakings at the year end were as follows:

Company	Country of Incorporation	Shareholdings	Principal activity
Gold Oil Plc Sucursal Colombia	Colombia	Branch	Exploration and production of oil and gas
Gold Oil Peru S.A.C	Peru	100%	Exploration of oil and gas
Gold Oil Caribbean Limited	Commonwealth of Dominica	100%	Exploration of oil and gas
Ayoopco Ltd	England	100%	Exploration and production of oil and gas
Red River Capital Advisors SA	Panama	100%	Exploration of oil and gas
Union Temporal II & B (i)	Colombia	Joint venture 58.05% controlled	Exploration of oil and gas
Nexxus Energy Corporation	Panama	100%	Holding company
Inversiones Petroleras de Colombia SA (ii)	Colombia	100%	Exploration of oil and gas
Plectrum Petroleum Limited (iii)	UK	100%	Exploration of oil and gas

(i) The Union Temporal II & B ("UT") is a joint venture operating in the Nancy-Burdine-Maxine fields in southern Colombia.
(ii) Held by Nexxus Energy Corporation.
(iii) Held by Gold Oil Caribbean Limited.

Notes to the Financial Statements

for the year ended 30 April 2010

13 Inventories

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Exploration materials and consumables	115	–	123	–

14 Trade and other receivables

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade receivables	91	69	288	33
Other receivables	368	182	1,922	1,162
Amounts owed by subsidiary and associate undertakings	–	25	–	81
Prepayments and accrued income	15	11	486	16
	474	287	2,696	1,292

Also included in other receivables are amounts totalling £100,925 (2009 – £1,099,000) in respect of deposits paid to state oil authorities in Colombia and Peru, which will be repaid when the Group fulfils its licence commitments.

15 Cash and cash equivalents

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank current accounts	1,435	1,472	461	300
Bank deposit accounts	1,471	1,274	1,718	1,667
	2,906	2,746	2,179	1,967

Bank deposit accounts comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less and earn interest at respective short-term deposit rates. The carrying amount of these assets approximates to their fair value.

As at 30 April 2010, bank deposits included £1,200,000 (2009 – £1,200,000) that is being held as a guarantee in respect of a letter of credit and is not available for use until the Group fulfils certain licence commitments in Peru. This is not considered to be liquid cash and has therefore been excluded from the cash flow statement.

16 Trade and other payables

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Short term loans	622	622	627	627
Trade payables	19	18	31	27
Other payables	204	179	409	72
Amounts owed by subsidiary and associate undertakings	–	2,936	–	2,809
Accruals and deferred income	85	85	982	357
Provisions	49	34	–	–
Taxation	162	48	298	168
	1,141	3,922	2,347	4,060

The short term loans are repayable in April 2011 and attract interest at a rate of 4.5% per annum. One of the loans totalling £475,000 is secured by way of pledge against all of the assets of the subsidiary company Inversiones Petroleras de Colombia SA. The other loan totalling £147,000 is unsecured.

17 Share capital

	2010 £'000	2009 £'000
Authorised		
1,000,000,000 ordinary shares of £0.025 each	250	250
Alloted, called up and fully paid		
Equity: 501,086,609 (2009 – 500,429,909) ordinary shares of £0.025 each	125	125

On 30 September 2009, 328,850 shares were issued at 4p per share in lieu of geological consultancy services.

On 18 February 2010, a further 328,850 shares were issued at 4p per share in lieu of geological consultancy services.

On 7 May 2010, 56,132,473 shares were issued at 3.5p to Sheer Energy Pty Ltd., with funds being received prior to the Balance Sheet date.

Warrants

Details of warrants issued, exercised and lapsed during the year together with warrants outstanding at 30 April 2010 are as follows:

Issue date	Final exercise date	Exercise price	1 May 2009 '000	New issue '000	Exercised '000	Lapsed '000	30 April 2010 '000
9 October 2006	6 October 2009	£0.09	22,000	–	–	(22,000)	–
1 May 2009	30 April 2012	£0.04	–	2,500	–	–	2,500
17 February 2010	17 February 2013	£0.04	–	7,000	–	–	7,000
			22,000	9,500	–	(22,000)	9,500

Each £0.09 warrant grants the holder the right to subscribe for one Ordinary Share at £0.09 per share, such right to be exercisable at any time prior to 6 October 2009. The Warrants issued to directors and staff may only be exercised in tranches no more than twice in any twelve-month period.

The above warrants have lapsed with none being exercised.

Each £0.04 warrant grants the holder the right to subscribe for one Ordinary Share at £0.04 per share, and are granted under two separate options contracts, the first to be exercisable at any time prior to 30 April 2012, and the second any time prior to 17 February 2013.

Issue date	Final exercise date	Exercise price	1 May 2008 '000	New issue '000	Exercised '000	Lapsed '000	30 April 2009 '000
8 June 2004	8 June 2007	£0.01	3,450	–	–	(3,450)	–
9 October 2006	6 October 2009	£0.09	22,000	–	–		22,000
			25,450	–	–	(3,450)	22,000

14 Notes to the Financial Statements

for the year ended 30 April 2010

18 Share premium and reserves

GROUP	Share premium account £'000	Other reserves £'000	Foreign exchange translation reserve £'000	Retained losses £'000
At beginning of the year	10,752	–	876	(4,683)
Loss for the year	–	–	–	(976)
Foreign exchange translation adjustments	–	–	(257)	–
Premium on share issues	48	–	–	–
Shares to be issued	–	1,964	–	–
	10,800	1,964	619	(5,659)

COMPANY	Share premium account £'000	Other reserves £'000	Foreign exchange translation reserve £'000	Retained losses £'000
At beginning of the year	10,752	–	91	(6,300)
Loss for the year	–	–	–	(680)
Foreign exchange translation adjustments	–	–	(76)	–
Premium on share issues	48	–	–	–
Shares to be issued	–	1,964	–	–
	10,800	1,964	15	(6,980)

19 Share based payments

The warrants and options will not normally be exercisable during a closed period, and furthermore can only be exercisable if the performance conditions are satisfied. Subsisting warrants and options will lapse no later than 3 years after the date of grant. Warrants and options, which have vested immediately before either the death of a participant or his ceasing to be an eligible employee by reason of injury, disability, redundancy, retirement or dismissal (otherwise than for good cause) shall remain, exercisable (to the extent vested) for 12 months after such cessation, and all non-vested options shall lapse.

The fair values of the options granted have been calculated using Black-Scholes model assuming the inputs shown below:

Grant date	February 2010	May 2009
Number of warrants granted	7,000,000	2,500,000
Share price at grant date	3.52p	3.75p
Exercise price at grant date	4.00p	4.00p
Option life	3 years	3 years
Risk free rate	2.25%	2.25%
Expected volatility	20%	20%
Expected dividend yield	0%	0%
Fair value of option	0p	0p

The warrants issued in October 2006 lapsed on 9 October 2009 with none being exercised.

14 Notes to the Financial Statements

for the year ended 30 April 2010

20 Directors' emoluments

	2010 £'000	2009 £'000
Directors' remuneration	165	45
Directors' fees	–	286
	165	331

The directors' fees paid to M N Burchell and J G Moore shown above in the year ended 30 April 2009 included amounts paid through Tupac Oil Corporation of £282,000 under a consultancy agreement dated 1 March 2008. This arrangement ceased in March 2009.

Highest paid director emoluments and other benefits are as listed below.

	2010 £'000	2009 £'000
Remuneration	111	28
Fees	–	190
	111	218

21 Financial instruments

The Group's activities expose it to a variety of financial risks: credit risk, cash flow interest rate risk, foreign currency risk, liquidity risk, price risk and capital risk. The Group's activities also expose it to non-financial risks: market risk. The Group's overall risk management programme focuses on unpredictability and seeks to minimise the potential adverse effects on the Group's financial performance. The Board, on a regular basis, reviews key risks and, where appropriate, actions are taken to mitigate the key risks identified.

Financial instruments – Risk Management

The Group is exposed through its operations to the following risks:

- Credit risk
- Cash flow interest rate risk
- Foreign Exchange Risk
- Liquidity risk
- Price risk
- Capital risk
- Market risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

- Loans and receivables
- Trade and other receivables
- Cash and cash equivalents
- Short term investments
- Trade and other payables

14 Notes to the Financial Statements

for the year ended 30 April 2010

21 Financial instruments continued

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receive regular updates from the Executive Directors through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies. The Group's credit risk is primarily attributable to its trade. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experiences, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

As at 30 April 2010 the ageing analysis of trade receivables is as follows:

	Total £'000	Neither past due nor impaired £'000
2010	474	474
2009	2,696	2,696

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk from its deposits of cash and cash equivalents with banks. The cash balances maintained by the Group are proactively managed in order to ensure that the maximum level of interest is received for the available funds but without affecting the working capital flexibility the Group requires.

The Group is not at present exposed to cash flow interest rate risk on borrowings as it has no debt. No subsidiary company of the Group is permitted to enter into any borrowing facility or lease agreement without the prior consent of the Company.

Interest rates on financial assets and liabilities

The Group's financial assets consist of cash and cash equivalents, loans, trade and other receivables. The interest rate profile at 30 April of these assets was as follows:

2010	Financial assets on which interest earned £'000	Financial assets on which interest not earned £'000	Total £'000
UK sterling	1,200	64	1,264
US dollar (USD)	–	1,354	1,354
Euro (EUR)	–	–	–
Colombian pesos (COP)	62	423	485
Peruvian Nuevo Sol (PEN)	–	277	277
	1,262	2,118	3,380

21 Financial instruments continued

Interest rates on financial assets and liabilities continued

2009	**Financial assets on which interest earned £'000**	**Financial assets on which interest not earned £'000**	**Total £'000**
UK sterling	1,200	666	1,866
US dollar (USD)	–	435	435
Euro (EUR)	–	130	130
Colombian pesos (COP)	1,096	424	1,520
Peruvian Nuevo Sol (PEN)	503	572	1,075
	2,799	2,227	5,026

The Group earned interest on its interest bearing financial assets at rates between 1% and 5% (2009 4% and 5%) during the year.

A change in interest rates on the balance sheet date would increase/ (decrease) the equity and the anticipated annual income or loss by the theoretical amounts presented below. The analysis is made on the assumption that the rest of the variables remain constant. The analysis with respect to 30 April 2009 was prepared under the same assumptions.

	Change of 1.0% in the interest rate as of			
	30 April 2010		**30 April 2009**	
	Increase of 1.0%	**Decrease of 1.0%**	**Increase of 1.0%**	**Decrease of 1.0%**
Instruments bearing variable interest (£'000)	12.5	(12.5)	28	(28)

It is considered that there have been no significant changes in cash flow interest rate risk at the reporting date compared to the previous year end and that therefore this risk has had no material impact on earnings or shareholders' equity.

Foreign exchange 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 other Group companies are operating. Although its geographical spread reduces the Group's operation risk, the Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains and losses on retranslation into Sterling. Only in exceptional circumstances will the Group consider hedging its net investments in overseas operations, as generally it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques. It is the Group's policy to ensure that individual Group entities enter into local transactions in their functional currency wherever possible and that only surplus funds over and above working capital requirements should be transferred to the parent company treasure. The Group considers this policy minimises any unnecessary foreign exchange exposure.

In order to monitor the continuing effectiveness of this policy the Board through their approval of both corporate and capital expenditure budgets and review of the currency profile of cash balances and management accounts, considers the effectiveness of the policy on an ongoing basis.

The following table discloses the major exchange rates of those currencies utilised by the Group:

Foreign currency units to £1 UK Sterling (rounded)

	USD	**EUR**	**COP**	**PEN**
Average for 2010	1.59	1.13	3,627	4.77
At 30 April 2010	1.53	1.15	3,459	4.58
Average for 2009	1.69	1.20	3,436	5.13
At 30 April 2009	1.48	1.12	3,670	4.43

14 Notes to the Financial Statements

for the year ended 30 April 2010

21 Financial instruments continued

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain readily available cash balances (or agreed facilities) to meet expected requirements for a period of at least 60 days. The Group currently has no long term borrowings.

It is considered that liquidity risk of the Group at the reporting date has been substantially reduced compared to the previous year end given the material asset disposal transactions entered in to by the Group which had had an extremely significant positive impact on both on earnings and shareholders' equity.

Price risk

Oil and gas sales revenue is subject to energy market price risk. The Group's oil and gas sales revenue in 2010 have suffered from the fall in crude oil price during this period.

Given current production levels, it is not considered appropriate for the Group to enter into any hedging activities or trade in any financial instruments, such as derivatives. This strategy will continue to be subject to regular review through 2010 and 2011 as the production levels increase.

It is considered that price risk of the Group at the reporting date has not increased compared to the previous year end given the Group's decrease in hydrocarbon production levels in percentage terms and the volatility in oil and gas prices seen during 2009 which has continued in to 2010.

Volatility of crude oil prices

A material part of the Group's revenue will be derived from the sale of oil that it expects to produce. A substantial or extended decline in prices for crude oil and refined products could adversely affect the Group's revenues, cash flows, profitability and ability to finance its planned capital expenditure. The movement of crude oil prices is shown below:

		Average price	
	2010	**2009**	**2008**
Per barrel – US$	61.08	91.48	64.20
Per barrel – £	39.65	49.4	34.03

Gold Oil's results are strongly influenced by oil prices which are dependent on a number of factors impacting world supply and demand. Due to these factors, oil prices may be subject to significant fluctuations from year to year. The Group's normal policy is to sell its products under contract at prices determined by reference to prevailing market prices on international petroleum exchanges.

Capital risk

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

Market risk

The market may not grow as rapidly as anticipated. The Group may lose customers to its competitors. The Group's major competitors may have significantly greater financial resources than those available to the company. There is no certainty that the company will be able to achieve its projected levels of sales or profitability.

14 Notes to the Financial Statements

for the year ended 30 April 2010

22 Capital commitments

As of 30 April 2010, the Group had no material capital commitments.

23 Contingent Liabilities

The Group has given guarantees of $2,160,000 to Peru Petro SA to fulfil licence commitments for Block XXI and Z34. The company has made provision in respect of decommissioning costs of producing fields and does not consider that there are any further contingent liabilities in this regard.

24 Events after the reporting period

In May 2010, the company issued 56,132,473 ordinary shares to Sheer Energy Pty Ltd (Sheer). In accordance with a contract dated 1 March 2010. The cash was received prior to the year end and recognised in other reserves.

On 6 May 2010, Sheer was granted options in respect of a 32,743,942 shares at 3.5p each, which can be exercised up to 30 September 2010, and options in respect of a further 50,000,000 shares at 4p each, which can be exercised up to 31 December 2010.

Transactions with companies controlled by Mr John Bell

In order to provide additional technical support to the management of Gold it is intended that Gold will enter into service agreements with Australian Drilling Associates Pty Ltd (ADA) and Sheer Energy Pty Ltd (Sheer) for the provisions of a broad range of sub surface and well engineering services. The relationship between Gold and each of ADA and Sheer will be conducted on an arm's length basis and services charged accordingly. ADA and Sheer will each have the option to be paid in new ordinary shares for the services it provides to Gold.

ADA and Sheer are both owned and controlled by Mr John Bell.

25 Ultimate controlling party

Gold Oil Plc is listed on the Alternative Investment Market (AIM) operated by the London Stock Exchange. At the date of the Annual Report in the Directors opinion there is no controlling party.

26 Related party transactions

Company

During the year, the Company advanced loans to its subsidiaries. The details of the transactions and the amount owed by the subsidiaries at the year end were:

	2010		2009	
	Balance £'000	**Loan advance £'000**	**Balance £'000**	**Loan advance £'000**
Gold Oil Peru S.A.C*	5,019	126	4,893	1,429
Ayoopco Limited*	110	–	110	–

*The company has provided for an impairment of £4,393,000 on the outstanding loans

15 Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2010 Annual General Meeting of Gold Oil Plc (the "Company") will be held at 10 a.m. on Thursday 21 October 2010 at Milton Heath House, Westcott Road, Dorking, Surrey RH4 3NB to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions:

Ordinary Resolutions

1. To receive the Company's accounts for the financial year ended 30 April 2010 together with the Reports of the Directors and Auditors thereon.
2. To appoint John Bell who was appointed following the last annual general meeting, as a Director of the Company.
3. To appoint Richard Mew, who was appointed following the last annual general meeting, as a Director of the Company.
4. To appoint Dr John Charlton, who was appointed following the last annual general meeting, as a Director of the Company.
5. To appoint Guy Cowan, who was appointed following the last annual general meeting, as a Director of the Company.
6. To appoint Ian Reid, who was appointed following the last annual general meeting, as a Director of the Company.
7. To re-appoint Jeffreys Henry LLP as auditors to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to determine their remuneration.

To transact any other ordinary business of the Company.

Special Resolutions

8. That the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £110,695 (equal to the authorised but unissued share capital of the Company as at 12 August 2010), provided that this authority shall expire on the date of next annual general meeting held by the Company following the passing of this resolution save that the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to such offers or agreements as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot shares and grant Rights be and are hereby revoked.
9. That, subject to the passing of Resolution 8 set out above, the Directors be empowered pursuant to section 570 and section 573 of the Companies Act 2006 ("Act") to allot equity securities, within the meaning of section 560 of that Act, for cash pursuant to the authority conferred by Resolution 8, as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

15 Notice of Annual General Meeting

(a) in connection with a rights issue to holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory authority or any stock exchange; and

(b) otherwise than pursuant to paragraph (a) above up to an aggregate nominal value of £110,695 (equal to the authorised but unissued share capital of the Company as at 12 August 2010)

and such power shall expire upon the expiry of the authority conferred by Resolution 8 set out above, save that the Directors shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired.

By Order of the Board

Geoffrey Barnes
Company Secretary

Registered office:
Finsgate
5-7 Cranwood Street
London EC1V 9EE

Dated: 27 September 2010

Notes to the Notice of Annual General Meeting

1. Only those persons entered in the Register of Members of the Company (the "Register") as at 6pm on Tuesday 19 October 2010; or if this meeting is adjourned, at 6pm two days prior to the adjourned meeting, shall be entitled to attend or vote at the AGM in respect of the number of ordinary shares in the capital of the Company registered in their names at that time.
2. Any member of the Company who is unable to or does not wish to attend the AGM is entitled to appoint one or more proxies to exercise all or any of his rights to attend and to speak and vote on his behalf at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. Appointing a proxy does not prevent a member from attending and voting in person if he is entitled to do so and so wishes.
3. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to a different shares or shares held by the member. To do this a member must complete a separate Form of Proxy for each proxy.
4. The notes to the proxy form explain how to direct your proxy how to vote on each Resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed and signed, sent or delivered to and received by Computershare Investor Services (Ireland) Limited at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland no later than 48 hours before the time of the AGM or any adjournment thereof. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

15 Notice of Annual General Meeting

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. In the case of joint holders, where more than one of the joint holders purports to vote or appoint a proxy, only the vote or appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Computershare Investor Services (Ireland) Limited. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
8. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services (Ireland) Limited at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Computershare Investor Services (Ireland) Limited no later than 48 hours before the time of the AGM or any adjournment thereof. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.
9. As at the close of business on 17 September 2010, the Company's issue share capital comprised 557,219,082 ordinary shares of 0.025 p each. Each ordinary share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at the time and date of given above is 557,219,082.

Printed by Michael Searle & Son Limited

www.goldoilplc.com