REGISTERED NUMBER 1585070

NORTHCOTE ENERGY LIMITED
(FORMERLY EVEREST ENERGY LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 8 MONTHS ENDED

31 DECEMBER 2012

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CORPORATE INFORMATION

Directors	Randall Connally Ross Warner Daniel Jorgensen Charles Wood Kevin Green
Company Number	1585070
Registered Office	Ogier Fiduciary Services (BVI) Limited Nemours Chambers Road Town Tortola VG1110 British Virgin Islands
Bankers	Barclays Bank PLC One Churchill Place London E14 5HP
Independent Auditors	Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Kerman & Co. LLP 200 Strand, London, WC2R 1DJ
Nominated Advisor and joint broker	Beaumont Cornish Limited 2nd Floor Bowman House 29 Wilson Street London EC2M 2SJ
Joint Broker	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU

CHAIRMAN'S STATEMENT

Everest Energy Limited was listed on PLUS markets (now ISDX) with the sole intention of securing an acquisition that had the potential to generate considerable value for shareholders and we are pleased to report that the period under review culminated in the Directors completing the reverse acquisition of Northcote Energy Limited and AIM listing on 14 January 2013. We take this opportunity to thank the outgoing Directors of Everest Energy Limited for their efforts in securing this transformational acquisition and welcome to the board the Directors of Northcote.

Northcote is an now asset-backed, revenue-generating oil and gas producer focussed on low risk development plays in the proven US onshore formations of Oklahoma including the Mississippi Lime. Much has been achieved in the short space of time since listing, we have achieved operator status in Osage County and by executing a number of corporate acquisitions we will be the majority working interest party in two Osage County projects substantially increasing our net production, reserves and ultimately cash flow ahead of time. We are focussed on increasing production to at least 100boepd by the end of the year and with a range of operational initiatives already underway and fully funded, including the drilling and completion of three new wells and the commencement of our first frack, I look forward to updating shareholders over the coming months regarding our progress towards this target.

Our portfolio consists of a balanced mix of producing assets and drilling leases (subject to the completion of transactions announced 25 March 2013) related to four projects in Osage and Woods Counties in Oklahoma: the Horizon Project, Osage County (50.15% WI and 39.8% NRI) which has on-going workover and hydraulic fracture stimulation programmes on its 10 producing wells to lift production; the recently acquired OKE Project, Osage County (100% WI) which confers operatorship status for Northcote, spans 1,040 acres and is held by production with potential to significantly increase existing shallow oil production complemented by plans to target the Mississippi Lime; the Bird Creek Project Osage County (3.125% WI) where the Company is participating in the drilling of two new wells; and the DeAgua Project Woods County (average 0.348% WI) which provides exposure to 22 well locations and a 12 well drilling programme planned for 2013.

As evidenced by our recent acquisition of the OKE Project, we are also committed to increasing our exposure to the Mississippi Lime and consolidating our position in Osage County. We believe that we have a competitive advantage in terms of contacts and knowledge in this region and we continue to evaluate further potentially value accretive opportunities.

The Group's Horizon Project and Woods County Projects alone provide the Company with a P1 PV10 of US$61.94 million (at average 50.15% WI) based on net oil and condensate reserves of 1,181 Mbbl and net natural gas reserves of 3,107 MMcf, demonstrating the level of asset backing behind our market valuation. We also hold interests in two further projects which are not included in this reserve valuation, and with our market cap (pre-issue of the placing and consideration shares in April 2013) currently standing at £13.44 million, the additional upside potential available from our portfolio is clear.

Horizon Project, Osage County (expected 50.15% average working interest)

The Horizon Project, in which we expect to assume a controlling 50.15% average working interest, is our flagship project and we currently produce from 10 wells with one further well pending completion. Of these, nine are unfracked horizontal wells which produce from the Mississippian formation and one is a vertical well producing from the shallower Layton formation (Burkhart #3).

For a relatively low cost, hydraulic fracturing techniques can lift production by between 2 and 30 times and therefore our nine unfracked wells represent a low cost high impact development opportunity. Starting with the Big Hill #1 well, we have initiated the first of our 2013 frack programme and once complete we plan to move straight on to Big Hill #2. With between 4 and 6 frack's planned for this year, this is an exciting time for the Company and we look forward to announcing the results on the first 30 day average production rate after injected water volumes have been recovered in due course. This typically takes around 35 to 45 days after stimulation.

Upon listing, we immediately commenced a workover programme focussed on four wells not scheduled for fracture stimulation in the near term. This decision was based on the evaluation of wells and bottomhole pressure tests run in December 2012 in preparation for the fracture stimulation programme. Depending on the well, workover programmes consist of increasing water disposal capacity, re-acidizing, pumping down fluid levels and in some cases installing larger submersible pumps.

CHAIRMAN'S STATEMENT (CONTINUED)

We also elected to participate in the deepening of the Burkhart#1 well and recently announced that this has successfully reached its target depth of 4,226 feet. Originally drilled to and produced from the Mississippi Chat formation, the decision was made to deepen it to evaluate further formations. The well intercepted oil shows in multiple objectives and the Company is now evaluating completion options in the Viola and Mississippi Lime formations. We are pleased that the Burkhart #1 well highlighted the multiple pay zones that can be targeted for production on our leases and that it illustrates that all oil bearing zones with a strong investment case will be considered for development.

OKE Project, Osage County: (100% working interest)

We recently announced the acquisition of 100 per cent. of the outstanding membership interests of Oklahoma Energy LLC (`OKE') which is the operator and holder of 100% WI in the OKE Project. This is comprised of 1,040 acres in Oklahoma that are currently held by production and, in the Board's view, have significant potential to produce from the proven Mississippi Lime formation. Once completed the acquisition of OKE will be seen as a milestone transaction for the Company resulting in it achieving operator status in a very short space of time since listing.

The OKE Project currently has an average gross current production rate of 12 bopd from the shallow Bartlesville formation, which generates average gross revenue of over US$30,000 per month and of this, we are currently entitled to a 41.5% net revenue interest in production. Prior to Northcote agreeing to purchase OKE, BlueRock Capital LLC ('BlueRock') acquired a 41.5% term overriding royalty interest in the OKE Project. BlueRock's royalty will expire when it has received $1.23million and an internal rate of return on that amount of 15% from its share of the Project revenues. On expiry of BlueRock's royalty our net revenue interest will increase to 80% and leave us well positioned to develop all zones within our tenure.

Naturally we are dedicated to increasing production from the OKE Project significantly, particularly as this will enable the Company to accelerate the BlueRock payout. Accordingly, our first step will be the commencement of workover programmes at the existing wells which will be low cost at around US$150,000.

The project also benefits from having infrastructure in place to support existing and increased production from the Bartlesville and other formations including the Mississippi Lime and Cleveland Sands. With this in mind, we are planning a 3D seismic programme for the project which will assess targets in the highly prospective Mississippi Lime which will provide us with a solid basis for drilling going forward.

Bird Creek Prospect, Osage County: (average 3.125% working interest)

We acquired a 3.125% working interest in the Bird Creek Prospect shortly after listing in line with our stated strategy to increase our acreage in Osage County. We have already elected to participate in the drilling of two wells, one of which, the Bray #1, has been drilled to target depth of 1,820 feet resulting in good oil shows being encountered across 10 feet of pay from 1,704 to 1,714 feet. We now plan to drill the Keese #1 well which is currently being permitted, following which we can commence drilling later in March/ April 2013. Once the Keese #1 is drilled to target depth, the better of the two wells will be completed as a producer and the other well will be completed as a salt water disposal well to support future production.

DeAgua Project, Woods County: (average 0.348 % working interest)

While we currently have only a small working interest in the DeAgua Project, it nevertheless allows us to participate in wells alongside Chesapeake and Midstates, two of the leading operators in the Mississippi Lime. As paying participants in the 12 well drilling programme planned for 2013, Northcote Energy will have access to key well data and information that will deepen our already extensive knowledge of the play. If the opportunity arises, we will look to increase our interest in the Project. In preparation for the drilling campaign, the salt water disposal well that will service the Woods County wells, the Busse #1H and the Bouziden #1H-17, is complete. These first two wells will be added to production starting in April 2013 with initial production rates to be announced in due course.

Financial Review

As at 31 December 2012, the Group had cash of £356,000, since the year end this has since been supplemented by the completion of a fundraising totalling £1,000,000 for the issue of 100,000,000 at 1 pence per share.

Furthermore on 25 March 2013 the Company announced that it has raised £1.5 million (before expenses) by way of a placing 100,000,000 new Ordinary Shares (`Placing Shares') at a price of 1.5 pence per share. The Placing is conditional, inter alia, on admission of the Placing Shares to trading on AIM and it is expected that trading in the Placing Shares will begin, at 8.00 a.m. on Wednesday 3 April 2013. The Placing Shares will rank pari passu in all respects with the Company's existing Ordinary Shares.

The Company made a pre-tax loss of £212,314 for the period (30 April 2012: £108,939), which was principally related to expenses incurred in connection with the AIM IPO that was completed post year end on 14 January 2013.

Conclusion

This has been a successful period for the Company during which we have delivered value through our projects targeting the Mississippi Lime formation. In order to maintain this momentum and build Northcote into a substantial oil company, we continue to implement our strategy focussed on rapidly growing our acreage, well participation and interests, particularly in Osage County where we have a strong understanding of the industry and geology.

Major milestones for the Company over the coming weeks include the results from our first frack at Big Hill #1 closely followed by the commencement of our second frack, and the continuing development activity at our other projects as well as evaluating the acquisition of further working interests and assets to expand our acreage and status in this proven region.

I look forward to providing regular updates regarding these initiatives and I would like to thank our shareholders and dedicated team for their support and hard work over the period.

Ross Warner
Chairman
27 March 2013

The Directors present their report and the audited financial statements for the period ended 31 December 2012.

Principal activities, business review and future developments

The principal activity of Northcote Energy Limited (formerly Everest Energy Limited) during the period was as an investment vehicle in the natural resources sector. On 29 November 2012 the Company changed its name from Everest Energy Limited to Northcote Energy Limited.

Since the year end the Company has acquired a 100% interest in Northcote Energy Limited, Cayman Islands ("Northcote CI") which completed on 14 January 2013. The Group now exists to develop its onshore US Oil & Gas business. Further details on the activities of the new Group are provided in the Chief Executive's statement.

Results and dividends

Loss on ordinary activities after taxation amounted to £212,314 (30 April 2012: £108,939). The Directors do not recommend payment of a dividend (30 April 2012: £Nil).

Key Performance Indicators ('KPIs')

The Board monitors the activities and performance of the Company on a regular basis. During the period the Company was an investment vehicle and sought therefore to manage its sole asset being cash and cash equivalents, which at 31 December 2012 stood at £356,000 (30 April 2012: £482,000), the Company did not need to monitor any additional KPIs.

Since the completion of the reverse acquisition of Northcote CI the Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators of Oil production, Cash and Cash equivalents will be used by the Board to assess performance over the year to 31 December 2013 and beyond.

Risks and uncertainties

The only risk during the period was finding suitable investment opportunities. Since the period end this has been mitigated by the acquisition of a 100% interest in Northcote CI. The risks and uncertainties inherent in an operating oil and gas company are summarised below:

- Volatility of Oil & Gas commodity prices
- Foreign Currency volatility
- Availability of finance for capital programmes and acquisitions
- Environmental responsibility

Political and charitable donations

The Company made £900 (2012: £Nil) charitable donations during the period. The Company made no political donations during the period or prior period.

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include the effect of changes in debt market prices and foreign currency exchange rates, credit risk, liquidity risk and interest rate risk. The Company has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company does not use derivative financial instruments to manage interest rate or foreign exchange costs and, as such, no hedge accounting is applied. Details of the Company's financial risk management policies are set out in Note 8 to the Financial Statements.

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Company's control environment and any related shortfalls during the year. Since the Company was established, the Directors are satisfied that, given the current size and activities of the Company, adequate internal controls have been implemented.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusions thereon are included in Note 2.2 to the Financial Statements.

Events after the reporting date

These financial statements were approved on 27 March 2013; See note 15 for details of events after the reporting date.

Directors and directors' interests

The following Directors held office during the period:

Ross Michael Warner	– appointed 31 March 2011
Charles Ainslie Wood	– appointed 14 May 2010
Lincoln John Moore	– appointed 14 May 2010, resigned 14 January 2013
Ross David Marsh	– appointed 5 April 2011, resigned 14 January 2013

The following Directors were appointed since the period end:

Randall James Connally	– appointed 14 January 2013
Daniel Bandholtz Jorgensen	– appointed 14 January 2013
Kevin Douglas Green	– appointed 14 January 2013

Directors' interests

The beneficial and non-beneficial interests in the Company's shares of the Directors and their families, as reported by the Directors who were in office at the date of approval of the financial statements:

	31 December 2012 Ordinary shares	1 May 2012 Ordinary shares
Ross Warner	**9,120,000**	9,120,000
Charlie Wood	**8,371,000**	8,371,000
Randall Connally	**-**	-
Dan Jorgensen	**-**	-
Kevin Green	**-**	-

Details of the Directors' remuneration are given in note 7 to the Financial Statements.

Directors' third-party indemnity provisions

During the period under review the company did not provide any third party indemnity provisions. Since the period end indemnity insurance has been put in place.

Employees

As at the period end the Company has no employees other than Directors (30 April 2012: Nil)

Policy and practice on payment of creditors

The Company's policy is to agree terms of payment with suppliers. These normally provide for settlement within 30 days of the date of the invoice, except where other arrangements have been negotiated. It is the policy of the Company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.

Provision of information to auditors

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

Littlejohn LLP was appointed during the prior year and has signified its willingness to continue in office.

This report was approved by the Board and signed on its behalf by:

Daniel Jorgensen
Finance Director
27 March 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual' Report and the Financial Statements in accordance with the applicable law and regulations including AIM Rules for Companies.

The Directors are required to prepare financial statements for each financial year. The Directors have elected to prepare the Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The Company is compliant with AIM rule 26 regarding the Company's website.

NORTHCOTE ENERGY LIMITED
(FORMERLY EVEREST ENERGY LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHCOTE ENERGY LIMITED (FORMERLY EVEREST ENERGY LIMITED)

We have audited the Financial Statements of Northcote Energy Limited (formerly Everest Energy Limited) for the period ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the AIM Rules for Companies.

Littlejohn LLP

Chartered Accountants
And Registered Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD

27 March 2013

NORTHCOTE ENERGY LIMITED
(FORMERLY EVEREST ENERGY LIMITED)

STATEMENT OF COMPREHENSIVE INCOME
PERIOD ENDED 31 DECEMBER 2012

	Note	Period ended 31 December 2012 £000's	Year ended 30 April 2012 £000's
Administrative expenses	6	(212)	(109)
Operating Loss		(212)	(109)
Finance cost		-	-
Loss before Taxation		(212)	(109)
Taxation	9	-	-
Loss after Taxation		(212)	(109)
Other Comprehensive Income/(loss):			
Exchange difference on translating foreign operations		-	-
Total comprehensive loss for the year attributable to equity shareholders		(212)	(109)
Loss per share for loss attributable to the equity holders of the Company during the year			
Basic and diluted (pence per share)	3	(0.2)	(0.1)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The accounting policies and notes on pages 15 to 28 form part of these Financial Statements.

NORTHCOTE ENERGY LIMITED
(FORMERLY EVEREST ENERGY LIMITED)

STATEMENT OF FINANCIAL POSITION
PERIOD ENDED 31 DECEMBER 2012

REGISTERED NUMBER 1585070

	Notes	31 Dec 2012 £'000	30 Apr 2012 £'000
ASSETS			
Current assets			
Trade & other receivables	10	25	7
Cash and cash equivalents		356	482
		381	489
Total Assets		381	489
LIABILITIES			
Current liabilities			
Trade and other payables	11	(150)	(46)
Total Liabilities		(150)	(46)
Net Assets		231	443
EQUITY			
Equity Attributable to Shareholders			
Share premium	4	560	560
Retained losses		(329)	(117)
Total Equity		231	443

The Financial Statements were approved and authorised for issue by the Board of Directors on 27 March 2013 and were signed on its behalf by

Daniel Jorgensen
Finance Director

The accounting policies and notes on pages 15 to 28 form part of these Financial Statements.

NORTHCOTE ENERGY LIMITED
(FORMERLY EVEREST ENERGY LIMITED)

STATEMENT OF CHANGES IN EQUITY
PERIOD ENDED 31 DECEMBER 2012

	Share Premium £'000s	Shares to be issued £'000s	Retained Losses £'000s	Total equity £'000s
Balance at 1 May 2011	-	47	(8)	39
Issue of shares	611	(47)	-	564
Share issue costs	(51)	-	-	(51)
Loss for the year	-	-	(109)	(109)
Balance at 30 April 2012	560	-	(117)	443
Loss for the period	-	-	(212)	(212)
Balance at 31 December 2012	560	-	(329)	231

The accounting policies and notes on pages 15 to 28 form part of these Financial Statements.

NORTHCOTE ENERGY LIMITED
(FORMERLY EVEREST ENERGY LIMITED)

CASH FLOW STATEMENT
PERIOD ENDED 31 DECEMBER 2012

	Period ended 31 Dec 2012 £'000s	Year ended 30 Apr 2012 £'000s
Cash flows from operating activities		
Loss for the period	(212)	(109)
Adjustments for Share based payments charge	-	10
(Increase) in Trade and other receivables	(18)	(7)
Increase in Trade and other payables	104	38
Net cash generated from operating activities	(126)	(68)
Cash flows from financing activities		
Proceeds from issue of shares	-	581
Share issue costs paid	-	(51)
Net cash inflow from financing activities	-	530
(Decrease)/increase in cash and cash equivalents	(126)	462
Foreign exchange movements on cash		
Cash and cash equivalents at beginning of the period	482	20
Cash and cash equivalents at the end of the period	356	482

Major Non Cash Transactions

During the prior period shares were issued in exchange for services provided, with a fair value £10,000.

The accounting policies and notes on pages 15 to 28 form part of these Financial Statements.

1. General Information

The principal activity of Northcote Energy Limited ('the Company') for the period under review was that of an investment company. Since the period end the Company and its subsidiaries (together "the Group") have as their principal activity the exploration and extraction of Oil & Gas in the United States. The Company's shares were listed on the Alternative Investment Market ("AIM") of the London Stock Exchange on 14 January 2013.

The Company was incorporated in the British Virgin Islands on 13 May 2010 as a private limited company with the name Everest Energy Limited. The Company changed its name from Everest Energy Limited to Northcote Energy Limited on 29 November 2012 and as at the period end was domiciled in the British Virgin Islands.

2 Summary of significant accounting policies

2.1. Basis of Preparation

The financial information is presented in UK Pounds Sterling (£'000).

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, as adopted by the EU.

The financial information has also been prepared under the historical cost convention. A summary of the significant accounting policies, which have been applied consistently, are set out below.

The preparation of the financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving judgements or where estimates and assumptions are significant are disclosed in Note 2.9.

The following new standards and amendments to standards are mandatory for the first time for the Group for the financial period 1 May 2012. Except as noted, the implementation of these standards did not have a material effect on the Group:

Standard	Impact on initial application	Effective date
IAS 12 (Amendment)	Deferred tax: recovery of underlying assets	1 January 2012[*]

b) Standards, amendments and interpretations that are not yet effective and have not been early adopted:

Standard		Effective date
IFRS 10	Consolidated financial statements	1 January 2013[*1]
IFRS 11	Joint arrangements	1 January 2013[*1]
IFRS 12	Disclosure of interest in other entities	1 January 2013[*1]
IFRS 13	Fair value measurement	1 January 2013
IAS 19 (Amendment 2011)	Employee benefits	1 January 2013[*2]
IAS 27 (Amendment 2011)	Separate financial statements	1 January 2013[*]
IAS 28 (Amendment 2011)	Investments in associates and joint ventures	1 January 2013[*1]
IFRS 7 (Amendment 2011)	Disclosures – offsetting financial assets and financial liabilities	1 January 2013
IAS 32 (Amendment 2011)	Offsetting financial assets and financial liabilities	1 January 2014
IFRS 9	Financial instruments	1 January 2015[*2]

[*1] Effective date 1 January 2014 for the EU. [*2] Not yet endorsed by the EU

The Group is evaluating the impact of the above pronouncements and will consider the potential impact of IFRS 11. No other pronouncement is expected to have a material impact on the Group's earnings or shareholders' funds.

2.2. Going Concern

In forming its opinion as to going concern, the Board prepared a working capital forecast based upon its assumptions as to trading and current available cash resources.

The Board also prepares a number of alternative scenarios modelling the business variables and key risks and uncertainties. Based upon these, the Board remains confident that the Company's current cash on hand, current production and future anticipated revenues from the wells to be drilled, fracked or worked over under the Company's development programme will enable the Company to fully finance its future working capital discretionary expenditures beyond the period of 12 months of the date of this report.

However whilst the Board take the necessary steps to reduce the key risks associated with oil development activity, there can be no guarantee of the success of future wells, consequently further capital may be required in the event that the Company's expectations are not achieved. The Board believes that, despite this lack of guarantees, the Company will continue in the foreseeable future and therefore continues to adopt the going concern basis for preparing the Financial Statements.

2.3. Segmental Reporting

Due to the current nature of the Company's operations, all costs are incurred within one segment. As a result, the format of the financial statements showing the Company's operations complies with the requirements of IFRS 8.

2.4. Financial instruments

Financial assets

The Company classifies its financial assets into trade and other receivables and cash and cash equivalents, which comprise the categories discussed below, depending on the purpose for which the asset was required. The Company has not classified any of its financial assets as held to maturity or available for sale. The Company has not classified any of its assets at fair value through profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with a maturity of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash and overdrafts repayable on demand. Bank overdrafts, if appropriate, are shown within borrowings in current liabilities on the statement of financial position.

Financial liabilities

The Company classifies its financial liabilities into categories depending on the purpose for which the liability was acquired. The Company has not classified any of its liabilities at fair value through profit and loss.

The Company's accounting policy for each category is as follows:

Held at amortised cost
Trade payables and other short and long-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Borrowing Costs
Interest on borrowings is capitalised where the related proceeds are clearly allocated to the development of a qualifying asset. Capitalisation of interest is suspended once the qualifying asset is bought into production.

2.5. Equity

Equity comprises the following:

- "Share premium" represents the Premium paid on Ordinary Shares issued of no par value
- "Shares to be issued" represents the value of the premium on Shares allocated for which the consideration is received, or is receivable, but are not allotted; and
- "Retained earnings" represents retained profits or losses.

2.6. Related Parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

2.7. Foreign Currency Translation

- **Functional and presentational currency**

Items included in the financial information are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Financial Statements are presented in Sterling (£), which is the Company's functional and presentational currency.

- **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income.

2.8. Share Based Payments

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The equity-settled share-based payments are expensed to the consolidated statement of comprehensive income or capitalised to investments or intangibles in the statement of financial position over a straight line basis over the vesting period based on the Company's estimate of shares that will eventually vest.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received over a straight line basis over the vesting period based on the Company's estimate of shares that will eventually vest, except where it is in respect to costs associated with the issue of securities, in which case it is charged to the share premium account.

2.9. Critical Accounting Estimates and Judgements

Use of Estimates and Judgements

The preparation of the Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As at 31 December 2012 there were no critical accounting estimates and judgements to disclose. In light of the acquisition completed on 14 January 2013 the 2013 Financial Statements will include further disclosure as appropriate for the acquired business.

3. Loss per Share

Basic loss per Share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	Period ended 31 December 2012 £'000s	Year ended 30 April 2012 £'000s
Loss attributable to equity holders of the Company	(212)	(109)
Weighted average number of ordinary shares in issue (thousands)	102,871	102,871
Loss per share (pence)	(0.2)	(0.1)

In accordance with international accounting standard 33 'Earnings per share', no diluted earnings per share is presented for the effect of allotting Shares to Be Issued as the effect would be to decrease the loss per share. Details of shares to be issued that could potentially dilute earnings per share in future years are set out in Note 5.

4. Share Premium

	As at 31 Dec 2012 £'000	As at 30 Apr 2012 £'000
Allotted and Called up: Premium on 102,870,880 shares of no par value	560	560

Date	Issue Price	Number of no par value shares	Share Premium £'000
1 May 2011	Opening balance	1,000	-
June 2011	Placing	102,869,880	611
June 2011	Costs of placing	-	(51)
30 April 2012 and 31 December 2012	**Closing balance**	**102,870,880**	**560**

See note 15 for further details on share capital and warrant issues since the year end.

5. Share-based payments

	Period ended 31 December 2012 £'000	Year ended 30 April 2012 £'000
IFRS 2 charge	-	10

Options outstanding at 31 December 2012 and 30 April 2012:

Date of grant	Number of options	Exercise price	Exercisable between
6 June 2011	1,000,000	1.0p	Up to 6 June 2013
	1,000,000		

On 6 June 2011 the Company granted 1,000,000 warrants to Beaumont Cornish Limited. The warrants have an exercise period of two years from the date that the Company listed on PLUS, 8 June 2011, and exercise price of 1 pence. None of the warrants had been exercised at the period end. The Directors have valued the warrants using the Black Scholes method and the resulting fair value is immaterial. In addition see note 15 for further details on share capital and warrant issues since the period end.

6. Expenses by nature

	Period to 31 Dec 2012 £'000	Year to 30 Apr 2012 £'000
The Company's operating loss is stated after charging /(crediting):		
Listing including professional fees	-	28
Auditors' remuneration - audit services	10	5
Legal and professional fees	173	19
Travel and accommodation	10	5
Share-based payments charge (note 5)	-	10
Rent	-	6
Directors' remuneration (excluding share-based payments)	(6)	36
Other expenses	25	-
Total administrative expenses	212	109

7. Staff costs (including Directors)

	Period to 31 Dec 2012 £'000	Year to 30 Apr 2012 £'000
Wages, salaries and fees	(6)	36
	(6)	36

There were a total of 4 (2012: 4) directors during the period. Note that one of the Directors, Ross Warner, waived their accrued salary totalling £6,000. The remaining amounts of £30,000 remained outstanding as at 31 December 2012. See note 15 for details of post period end settlement of these fees.

Key management of the Company are considered to be the Directors of the Company and their remuneration of those in office during the period was as follows:

	Fees/ allowances/ salaries £'000	Total 2012 £'000	Total 2012 £'000
Ross Michael Warner	**(6)**	**(6)**	**6**
Charles Ainslie Wood	**-**	**-**	**12**
Lincoln John Moore [1]	**-**	**-**	**12**
Ross David Marsh [1]	**-**	**-**	**6**
Total Key Management	**(6)**	**(6)**	**36**

[1] resigned as a director on 14 January 2013

8. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board.

(a) Market Risk

Foreign exchange risk

The Company operates internationally, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

As at 31 December 2012 the exposure to this risk is not considered material to the Company's operations and thus the Directors consider that, for the time being, no hedging or other arrangements are necessary to mitigate this risk. The Company has become more exposed to foreign exchange risk as a result of the reverse acquisition completed since the period end and further details will be disclosed in the annual report of the Group.

(b) Credit Risk

Credit risk arises from cash and cash equivalents.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Company will only keep its holdings of cash and cash equivalents with institutions which have a minimum credit rating of 'A'.

(c) Liquidity Risk

Management of liquidity risk is achieved by monitoring budgets and forecasts against actual cash flows.

(d) Capital Risk Management

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the equity held by the Company, which at 31 December 2012 was £356,382 (30 April 2012: £442,697).

9. Taxation

As the Company is BVI incorporated, no tax is payable on profits. As such, no tax losses have arisen in the period.

10. Trade and Other Receivables

	31 Dec 2012 £'000	30 Apr 2012 £'000
Other receivables	25	7
	25	7

Receivables are all due within one year and relate entirely to prepaid IPO costs which will be capitalised against share premium when the shares are issued. The fair value of all receivables is the same as their carrying value stated above.

The carrying amount of the Company's trade and other receivables is denominated in the following currency:

	31 Dec 2012 £'000	30 Apr 2012 £'000
UK Pounds	25	7

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

11. Trade and other payables

	31 Dec 2012 £'000	30 Apr 2012 £'000
Trade payables	110	-
Accruals	40	46
	150	46

12. Capital Commitments

There were no capital commitments authorised by the Directors or contracted for at 31 December 2012 (30 April 2012: None).

13. Related party transactions

During the period the Company was charged rent of £Nil (30 April 2012: £6,306) by Ortac Resources Limited, a Company of which Charles Wood is also a Director. At the period end £nil was due and outstanding.

The Directors charged fees of £Nil (30 April 2012: £36,000) of which £30,000 (30 April 2012: £36,000) is outstanding at the period end. In addition, Directors were reimbursed for expenses incurred during the course of business. See note 15 for details of post period end settlement of these fees.

14. Ultimate controlling party

The directors believe there to be no ultimate controlling party.

15. Events after the reporting date

On 14 January 2013 the Company acquired 100% of the issued share capital of Northcote Energy Limited, Cayman Islands ("Northcote CI"), a US focussed on-shore oil and gas company, for a consideration of US$10 million to be satisfied by the issue of 645,084,519 new Shares to the Sellers. The Company was incorporated as an investment vehicle focussed on the completion of a natural resources acquisition. The Directors identified and completed the acquisition of Northcote CI in line with this strategy and to further the business interests of the Company.

In accordance with IFRS 3 (Revised) the acquisition represents a reverse acquisition and the details of the reverse acquisition are below:

Total consideration	**£000's**
Equity instruments in issue (5,995,841 ordinary shares at 17.012p each)	1,020

Recognised amounts of identifiable assets acquired and liabilities assumed	
ASSETS	
Receivables	25
Cash and cash equivalents	356
Total identified net assets	381
LIABILITIES	
Trade and other payables	(150)
Total identified liabilities	**(150)**
Total identified net assets	**231**
Goodwill	**789**

In a reverse acquisition the acquisition date fair value of the consideration transferred by Northcote Energy Limited is based on the number of equity instruments that Northcote CI would have had to issue to the owners of Northcote Energy Limited to give the owners of Northcote Energy Limited the same percentage of equity interests that results from the reverse acquisition. The cost of the combination was calculated using the fair value of all the pre-acquisition issued equity instruments of Northcote Energy Limited at the date of acquisition. The fair value of the share consideration was based on the latest share transaction of Northcote Energy CI from October 2012 of £0.17 immediately prior to the acquisition.

The costs of the reverse acquisition of Northcote CI totalled £430,000; of this amount £190,000 was recorded in the period under review of which £165,000 was expensed and £25,000 was prepaid to be carried forward against the completion of the acquisition in 2013.

Goodwill of £789,000 will be expensed immediately on acquisition and all the acquisition related costs will also be expensed in accordance with IFRS 3 (Revised).

About Northcote CI

Northcote CI was established in 2009. It acquired an interest in Oil & Gas producing assets at various stages during the year ended 31 December 2012. In accordance with IFRS, as agreed with AIM at the time of the Company's admission to AIM in January 2013, the Company sets out below the primary Financial Statements of Northcote CI for the year ended 31 December 2012 (with 2011 comparatives):

15. Events after the reporting date (continued)

The Statement of Comprehensive Income' of Northcote CI for the period ended 31 December 2012 is presented below:

	Group Year ended 31 December 2012 £'000s	Company Year ended 31 December 2011 £'000s
Revenue	71	-
Cost of sales	(33)	-
Gross profit	**38**	**-**
Administrative expenses	(151)	5
Operating (Loss)/Profit	**(113)**	**5**
Finance cost	-	-
(Loss)/Profit before and after Taxation	**(113)**	**5**
Other Comprehensive Income/(loss):		
Currency translation differences	14	-
(Loss)/ Profit before and after Taxation	**(99)**	**5**

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

15. Events after the reporting date (continued)

The Statement of Financial Position of Northcote CI as at 31 December 2012 is presented below:

	Group 31 December 2012 £'000s	Company 31 December 2011 £'000s
Assets		
Non-Current Assets		
Oil & Gas assets	853	-
Total Non-Current Assets	**853**	-
Current Assets		
Trade and other receivables	69	-
Cash and cash equivalents	6	20
Total Current Assets	**75**	**20**
Total Assets	**928**	**20**
Current Liabilities		
Trade and other payables	(50)	(48)
Convertible loan	(155)	-
Total Current Liabilities	**(205)**	**(48)**
Non-Current Liabilities		
Borrowings	(294)	-
Total Non-Current Liabilities	**(294)**	**-**
Total Liabilities	**(499)**	**(48)**
Net Assets / (Liabilities)	**429**	**(28)**
Equity		
Ordinary shares	23	9
Share premium	880	322
Foreign currency translation reserve	(14)	-
Retained losses	(460)	(359)
Total Equity / (Deficit)	**429**	**(28)**

15. Events after the reporting date (continued)

The Cash Flow Statement of Northcote CI for the year ended 31 December 2012 is presented below:

	Year ended 31 Dec 2012 £'000s	Year ended 31 Dec 2011 £'000s
Cash flows from operating activities		
(Loss)/Profit for the year	(113)	5
(Increase)/Decrease in trade and other receivables	(66)	12
Increase in payables	2	(70)
Net cash used in operating activities	(177)	(53)
Cash Flows from Financing activities		
Proceeds from convertible loan	155	-
Share issue	8	-
Net cash inflow from financing	163	-
Decrease in cash and cash equivalents	(14)	(53)
Cash and cash equivalents at beginning of the year	20	73
Cash and cash equivalents at the end of the year	6	20

The major non-cash transactions in the period related to £294,000 of promissory notes and £558,000 of shares granted in respect of the acquisition of Oil & Gas assets.

Other share, options and warrant issues

On 14 January 2013 certain investors were allotted and issued 100,000,000 Shares pursuant to the Placing at a price of 1 pence per share to raise gross proceeds of £1million.

Furthermore on this date the Company issued 3,025,612 Shares in satisfaction of the aggregate accrued but outstanding fees of £30,000 due to former Directors, Ross Marsh and Lincoln Moore and to current Director Charlie Wood.

Also on 14 January 2013 the Company discharged the $250,000 debt to Randall Connally with the issue of 15,923,567 shares. Between 10 October and 11 December 2012, Mr Randall Connally loaned the sum of US$250,000 to Northcote CI to fund immediate working capital requirements for its group on an interest free basis and repayable on demand.

In addition on 14 January 2012, the Company granted a warrant to Shore Capital to subscribe for 14,669,046 at a price of 1 pence per warrant. Furthermore on the same date the Company agreed to vary the terms of the existing 1,000,000 1 pence warrants with Beaumont Cornish dated 6 June 2011 such that the warrant could be exercised up to 14 January 2016.

Furthermore on 25 March 2013 the Company announced that it has raised £1.5 million (before expenses) by way of a placing 100,000,000 new Ordinary Shares (`Placing Shares') at a price of 1.5 pence per share. The Placing is conditional, inter alia, on admission of the Placing Shares to trading on AIM and it is expected that trading in the Placing Shares will begin, at 8.00 a.m. on Wednesday 3 April 2013. The Placing Shares will rank pari passu in all respects with the Company's existing Ordinary Shares.

15. Events after the reporting date (continued)

Other events

Horizon Project additions

On 13 February 2013 Northcote CI's wholly owned subsidiary, Northcote USA Inc, exercised an option to acquire an additional 10% working interest in the nine unfracked horizontal wells and surface infrastructure in Osage County from Horizon Drilling Partners, LP ('Horizon') for US$800,000. The outstanding consideration (after cash pre-payments of US$107,500) was agreed to be satisfied as follows:

1. US$500,000 by the issue of 18,083,183 fully paid Shares in Northcote at a price of 1.75p per Share to rank pari passu with existing Shares in issue; and
2. US$192,500 by the issue of a promissory note on the terms set out below.

WCR Royalty Option

On 13 February 2013 Northcote CI's wholly owned subsidiary, Northcote USA Inc, exercised an option to acquire a 2.2% royalty interest in the nine unfracked horizontal wells in Osage County from WCR Royalties LLC (`WCR') for US$300,000. The outstanding consideration (after cash pre-payments of US$51,000) was agreed to be satisfied as follows:

1. a cash payment of US$50,000;
2. US$150,000 by the issue of 5,424,955 fully paid Shares in Northcote at a price of 1.75p per Share to rank pari passu with existing Shares in issue; and
3. US$49,000 by the issue of a promissory note on the terms set out below.

Promissory Notes terms

The promissory notes are unsecured and shall mature five years from the date of delivery of the assignment of the relevant interest. Interest shall accrue at 4.5 per cent per annum and is payable monthly. After three years, monthly payments of 2 per cent of the original principal shall be payable. The outstanding principal and interest is payable at maturity.

Eagle Option

As more fully described in paragraph 13.2(g) of Part V of the Company's AIM admission document, Eagle Production & Development LP (`Eagle') granted Northcote's wholly owned subsidiary, Northcote Oklahoma, LLC, an option (the 'Eagle Option'), since admission Eagle has assigned the interests to Osage Energy Holdings, LLC.

On 22 March 2013, Northcote Oklahoma LLC has exercised this option and expects to enter into a sale and purchase agreement with Osage Energy Holdings, LLC to acquire an average 7.25% working interest in 10 wells at the Company's Horizon Project for consideration of US$600,000 to be satisfied by the issue of 22,857,143 new Ordinary Shares at a price of 1.75 pence per new share. The sale and purchase will be entered into shortly.

Horizon Acquisition

Additionally on 22 March 2013 the Company entered into an agreement with Horizon to acquire a further 6 per cent. Working interest in the Horizon Project for US$480,000 payable in cash. The acquisition is contingent upon the transfer of the working interest to the Company and the settlement of the consideration, which is expected to complete during the course of April 2013.

15. Events after the reporting date (continued)

Acquisition of Oklahoma Energy ("OKE")

On 22 March 2013 the Company entered into the OKE acquisition agreement to acquire from Mr. Vince Coble ("Seller") 100 per cent. of the outstanding membership interests of OKE. Oklahoma Energy is the operator and holder of a 100% working interest in 1,040 acres in Oklahoma that are currently held by production and, in the Board's view, have significant potential to produce from the proven Mississippi Lime formation. The consideration for the acquisition is as follows:

1. US$50,000 in cash (`OKE Cash Consideration');
2. US$250,000 to be settled by the issue of 9,523,809 new Ordinary Shares at 1.75 pence per new Ordinary Share (`OKE Consideration Shares'); and
3. up to a maximum payment of US$200,000 in cash payable at the rate of US$10 per boed produced up until 4 March 2020.

The OKE Acquisition will complete on payment of the OKE Cash Consideration which is expected to occur prior to 3 April 2013. Under the OKE Agreement, the OKE Consideration Shares must to be issued to the Seller within 120 days from completion of the OKE Acquisition.