

TRANSWORLD ENERGY & MINERALS RESOURCES PLC

28378/8.

Annual report for the year ended 31 December 1996

	Pages
Directors' report	1 - 2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the financial statements	7 - 9



TRANSWORLD ENERGY & MINERALS RESOURCES PLC

1

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 1996.

Principal activities

The profit and loss account for the year is set out on page 4. The company did not trade during the year. The company has not yet applied to the Registrar of Companies for a trading certificate.

Review of business and future developments

The company did not trade during the year and the directors will continue to look for suitable trading opportunities in the future. Significant events occurring after the balance sheet date are set out below.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The loss for the year of £36 (1995:£79) will be transferred to reserves.

Post balance sheet events

Transworld Energy Minerals Resources plc ("Transworld") has entered into a management contract with Simto Pty Limited ("Simto") on 14 January 1997, under the terms of the contract, Simto will act as General Managers and consultants for and on behalf of Transworld in all matters pertaining to mining operations. Transworld will pay Simto certain management fees and expenses.

The company has also entered into a joint venture agreement to explore for mineral resources. The agreement was ratified 15 May 1997. Under the terms of this agreement Transworld will not contribute until mining is implemented.

The shareholders of the company have confirmed their intention to continue to support the company for the foreseeable future in order to ensure that the company is able to settle its debts as they become due.

Directors

The directors of the company who held office during the year are listed below:

Joseph A Caruso
Mark V Caruso
John V Caruso

TRANSWORLD ENERGY & MINERALS RESOURCES PLC

2

Directors' interests

The interests of the directors of the company in the shares of the company at 31 December 1996 were:

	1996 Number	1995 Number
Ordinary shares of £1 each		
Joseph A Caruso	1	1
Mark V Caruso	1	1

Other than shown in the table above no director had any interest in the shares of the company during the year.

Taxation status

The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

For and on behalf of

CLIFFORD CHANCE SECRETARIES LTD

Company Secretary

Report of the auditors to the members of TRANSWORLD ENERGY & MINERAL RESOURCES PLC

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

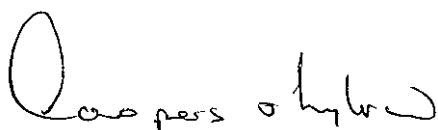
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1996 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

27 October 1997

TRANSWORLD ENERGY & MINERALS RESOURCES PLC

4

Profit and loss account for the year ended 31 December 1996

	Notes	1996 £	1995 £
Administrative expenses		<u>36</u>	<u>79</u>
Retained loss for the year	5	<u>36</u>	<u>79</u>

The company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

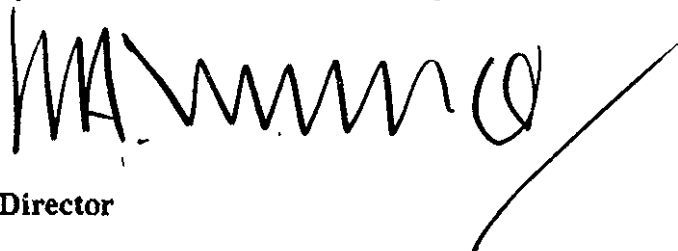
TRANSWORLD ENERGY & MINERALS RESOURCES PLC

5

Balance sheet at 31 December 1996

	Notes	1996 £	1995 £
Current assets			
Cash at bank		-	28
		<u> </u>	<u> </u>
Creditors: amounts falling due within one year	6	121	113
		<u> </u>	<u> </u>
Net current liabilities and net liabilities		<u>(121)</u>	<u>(85)</u>
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account	8	(123)	(87)
		<u> </u>	<u> </u>
Equity shareholders' deficit	9	<u>(121)</u>	<u>(85)</u>

The financial statements on pages 4 to 9 were approved by the board of directors on 20 October 1997 and were signed on its behalf by:



Director

TRANSWORLD ENERGY & MINERALS RESOURCES PLC

6

Cash flow statement for the year ended 31 December 1996

	Notes	1996 £	1995 £
Net cash flow from operating activities		(36)	(79)
Net cash outflow before financing		<u>(36)</u>	<u>(79)</u>
Financing			
Loan from shareholders		<u>1</u>	<u>15</u>
Net cash inflow from financing		<u>1</u>	<u>15</u>
Decrease in cash and cash equivalents	10	<u>(35)</u>	<u>(64)</u>

Net cash flow from operating activities refers to non-trading administrative expenditure.

**Notes to the financial statements
for the year ended 31 December 1996**

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Related party transactions

FRS 8 'Related party disclosures' requires the disclosure of the details of material transactions between the reporting entity and any related parties. The new standard applies to this financial year. There were no related party transactions in the year.

2 Shareholders' support

The shareholders of the company have confirmed that they will continue to support the company for the foreseeable future in order to ensure that the company is able to settle its debts as they become due.

3 Directors' emoluments

No directors received any emoluments during the year.

4 Employee information

Other than the directors, the company has had no other employees during the year.

5 Retained loss for the year

In arriving at the retained loss for the year, any amounts due in respect of auditors' remuneration and legal services have been charged to another company. As the company did not trade there is no tax charge in respect of the year.

6 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank overdraft	7	-
Loan from shareholders	114	113
	<u>121</u>	<u>113</u>

The loan is interest free with no fixed terms of repayment.

7 Called up share capital

	1996 £	1995 £
Authorised 50,000 shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid 2 shares of £1 each	<u>2</u>	<u>2</u>

8 Profit and loss account

	1996 £	1995 £
Loss brought forward at 1 January	87	8
Retained loss for the year	<u>36</u>	<u>79</u>
Loss carried forward at 31 December	<u>123</u>	<u>87</u>

9 Reconciliation of movements in equity shareholders' deficit

	1996 £	1995 £
Opening shareholders' deficit	85	6
Loss for the financial year	<u>36</u>	<u>79</u>
Closing shareholders' deficit	<u>121</u>	<u>85</u>

TRANSWORLD ENERGY & MINERALS RESOURCES PLC

9

10 Cash and cash equivalents

	1996 £	1995 £
At 1 January	28	92
Net cash (outflow)	(35)	(64)
At 31 December	<u>(7)</u>	<u>28</u>

11 Post balance sheet events

Details of post balance sheet events are given in the directors report.