PetroWorld Corp.

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ANNUAL INFORMATION FORM

For the Financial Year Ended December 31, 2005

Dated June 5 , 2006

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Dollar amounts expressed herein are in United States (US) dollars, Canadian (CDN) dollars and UK pounds. Exchange rates on December 31, 2005 and June 5, 2006 were:

	December 31, 2005	June 5, 2006
US$1.00	CDN $1.17	CDN $1.10
US$1.00	£0.58	£0.53
CDN $1.00	US$0.86	US$0.90
CDN $1.00	£0.50	£0.49

Certain statements contained in this annual information form, including statements that contain words such as "anticipates", "can", "may", "expect", "believe", "believes" and "will" and similar expressions, are forward-looking statements. These statements include, but are not limited to, future capital expenditures, future financial resources, future oil and gas well activity, outcome of specific events, and trends in the oil and gas industry. These statements are derived from certain assumptions and analyses made by the Company based on its experience and interpretation of historical trends, current conditions and expected future developments, and other factors that it believes are appropriate in the circumstances. These statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations, such as prevailing economic conditions; commodity prices; sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel; dependence on major customers; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; regional competition; and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this annual information form are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

1. Corporate Structure

(a) Name, Address and Incorporation

PetroWorld Corp. (the "**Company**") was incorporated as "Action Ventures Ltd." on May 26, 2004 under the laws of the Cayman Islands. On November 10, 2004, the Company changed its name to "PetroWorld Corp". The Company's head and registered office is located at 1st Floor, Cayman Corporate Centre, 27 Hospital Road, PO Box 1793 GT, George Town, Grand Cayman, BWI.

The Company has one class of shares, being common shares with nominal or par value of US$0.01 per share (each a "**common share**").

The Company was admitted to trading on the Alternative Investment Market ("**AIM**") of the London Stock Exchange ("**AIM**") on January 25, 2005 under the symbol "PWC", and commenced trading on the TSX Venture Exchange (the "**TSX-V**") on September 16, 2005 under the symbol "PWD". The Company is a reporting issuer in each of British Columbia and Alberta.

(b) Intercorporate Relationships

The Company has two subsidiaries, Petroworld Nevada Corp., a company incorporated under the laws of Nevada and Petroworld Corp. (UK) Limited, a company incorporated under the laws of the United Kingdom. PNC and PCL each have one class of issued securities, being common shares, 100% of which are owned by the Company.

2. General Development of the Business

The Company was incorporated on May 26, 2004. The Company applied for a listing on the AIM Market of the London Stock Exchange, which listing was obtained on January 25, 2005 trading under the symbol "PWC".

The Company acquired interests in oil and gas exploration properties in Thailand on June 15, 2005 and in Nevada, USA on April 15, 2005.

In respect of its Thailand property, the Company is party to a June 15, 2005 Farm-out Agreement (the "**NuCoastal Agreement**") with NuCoastal (Thailand) Limited ("**NuCoastal**") pursuant to which it has acquired a 50% working interest in Petroleum Concession Agreement No. 7/2546/64 covering Block G5/43 in offshore Thailand (the "**PCA**"), which covers approximately 17,110 square hectares off the east coast of Thailand (the "**Concession Area**"). The Company has received from Petrotech Engineering Ltd. ("**Petrotech**") a Technical Report dated effective December 31, 2005 titled "*Evaluation of the Interests of PetroWorld Corp. in the Development of Songkha and Bua Ban Fields in the Songkhla Basin Concession G5/43, Thailand*" (the "**Petrotech Report**"). The Petrotech Report, which was prepared by John Yu, P. Eng., a qualified evaluator and auditor as defined in National Instrument 51-101 of the Canadian Securities Administrators, indicates the Company's net share of proved and probable undeveloped oil reserves on the Concession Area are 2,710,384 and 4,815,558 barrels respectively for a total of 7,525,942 barrels. See "Description of Business – Thailand Properties".

On August 31, 2005, the Company announced that it had successfully completed an appraisal drilling program on the Bua Ban Field, located in the Concession Area, and that the Company and NuCoastal would focus their efforts for the balance of 2005 on preparing plans to support an application to the Thai authorities to develop the field. Management believes the success of the wells it has drilled validates the potential of the Lower Oligocene reservoir in the Songkhla Basin, which contains three other existing discoveries in addition to an extensive portfolio of mapped prospects.

The Company entered into a Seismic Option Agreement (the "**Seismic Option**") dated April 15. 2005 with Cortez Exploration LLC ("**Duffield**") to evaluate 44,604 acres of Federal leases located in Gabbs Valley, Nevada, USA (the "**Lease Area**"). The Lease Area covers a portion of the Cobble Cuesta anticline, one of the largest surface anticline features in western Nevada. Recent drilling activity on the flank of the feature has confirmed the presence of hydrocarbons in the Tertiary section. Additional geological work and a seismic survey was required to confirm the presence and extent of reservoirs on the property. The Seismic Option granted the Company the exclusive right to acquire seismic data over the Cobble Costa anticline. Under the Seismic Option, the Company paid Cortez US$100,000 in back costs and was required to spend US$250,000 to acquire 2-D seismic data over the structure. After review of the seismic data the Company elected to drill a test well. Upon such well being drilled, the Company had a right to acquire a 50% interest in the Lease Area. However, the Company elected to commit for only one-half of the drilling and land cost obligation, therefore it will pay only 50% of the land cost ($675,000) and 45% of the drilling cost to earn a 30% working interest in the 44,604 acre lease block and test well.

On July 20, 2005, the Company closed a brokered private placement offering (the "**Placement**") of 18,750,000 units (each a "**Unit**") at a price of 35 pence per Unit (then US$0.64 per Unit), each Unit consisting of one common share and one-half of a common share purchase warrant, each warrant entitling the holder to purchase one Share at a price of 70 pence per common share for a period of five years ending July 20, 2010. In connection with the Placement, the Company issued 1,125,000 common share purchase warrants to its agent, Canaccord Capital (Europe) Ltd. ("**Canaccord Europe**"), each warrant entitling Canaccord Europe to acquire one common share at a price of 35 pence until January 20, 2007.

Part of the proceeds of the Placement were used to repay a £2.3m (US$4.287) loan facility from parties unrelated and related to the Company. The loan facility was drawn down in order to advance funds required to be paid pursuant to the terms of the Company's agreement with NuCoastal. In exchange for the facility, the Company agreed to pay the lenders an annualized six per cent interest on the loan facility and issued 214,350 share purchase warrants to the lenders, each entitling the holder to purchase one common share of the Company at an exercise price of 35 pence until July 20, 2007.

The Company applied to list its common shares on the TSX Venture Exchange, which commenced on September 16, 2005.

3. <u>Description of Business</u>

The Company believes that over the next several years, the oil and gas sector will be a focus of capital investment and expanded opportunities for development based on growing demand and higher hydrocarbon prices. The Company's strategy is to invest in opportunities in oil and gas related industries. These investments might include acquisitions of interests in oil and gas properties with proven or readily provable reserves, or acquisitions of interests in companies in oil and gas related industries.

The Company has interests in exploration properties in Thailand and Nevada. The Company does not have any production from either of these properties, each of which is at the exploration stage.

(a) ***Thailand Properties***

Pursuant to the NuCoastal Agreement, the Company acquired an undivided 50% working interest in the PCA covering Block G5/43, an area of approximately 17,100 square kilometres off the east coast of Thailand. The location of Block G5/43 is indicated in figure 1.

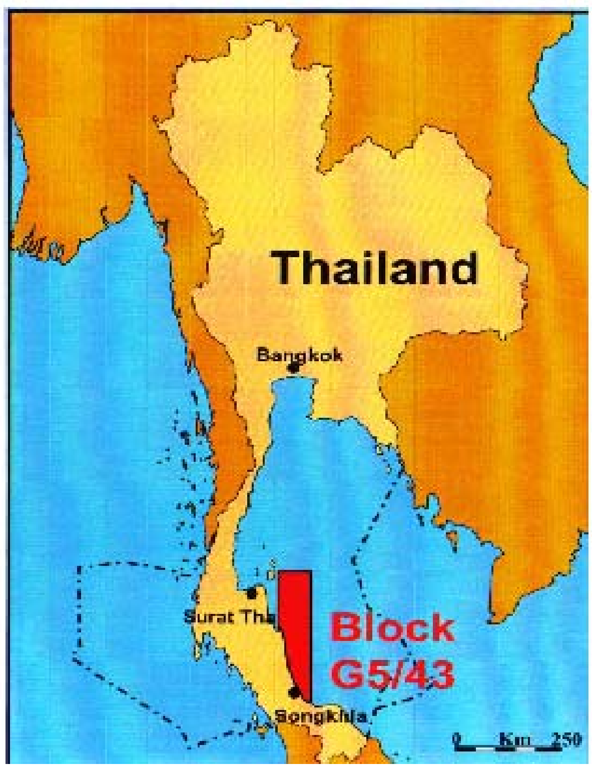

Figure 1 – Location of Block G5/43

(i) The PCA

The PCA was awarded to NuCoastal on July 17, 2003, and permits NuCoastal to conduct petroleum exploration in the Concession Area for a period of six years (the "**PCA Term**"). The PCA requires NuCoastal as holder of the PCA to incur the following expenditures in connection with the Concession Area during the following periods:

PCA Expenditure Obligations

First Obligation Period (for three years):

First Year	Seismic reprocessing	US$125,000
	Geological studies	US$150,000
Second Year	Geological studies	US$150,000
	Drill two wells	US$1,500,000
Third Year	Geological studies	US$100,000
Total		US$2,025,000

Second Obligation Period (for three years):

Geological studies	US$200,000
3-D seismic survey, processing	US$1,250,000
Drill one well	US$750,000
Total	US$2,200,000

NuCoastal may extend the exploration period beyond the PCA Term by applying for a Third Obligation Period six months before the end of the Second Obligation Period. The obligations relating to the Third Obligation Period will be negotiated and agreed at the time of such extension. In respect of the First Obligation Period, to the extent that any of the above amounts is not expended during the time periods stipulated, NuCoastal is required to pay the unspent amount to the Department of Mineral Fuels. Unspent amounts from the Second Obligation Period are required to be spent on other exploration activities in the Concession Area.

NuCoastal may also apply for petroleum production for a period of 20 years at the end of the petroleum exploration period. Application for extensions of the production period may be made six months prior to its expiration. The PCA provides for the payment of various fees in connection with petroleum production from the Concession Area, including royalties ranging from 5% to 15% of the value of petroleum sold or disposed of during a month, the amount of such royalties depending on the volume of all types of petroleum produced.

NuCoastal is not related to the Company, however, subsequent to the completion of the Company's most recent year end, the Company entered into a letter of intent with NuCoastal respecting a proposed transaction which will involve the acquisition by the Company of all of NuCoastal's outstanding share capital. See "Recent Developments".

(ii) The NuCoastal Agreement

The NuCoastal Agreement provided the Company with the right to earn an undivided 50% interest in the PCA by paying US$5 million (the "**Consideration"**) to NuCoastal, which NuCoastal, as operator, was obligated to apply towards drilling two wells in the Concession Area (the "**Drilling Program**"), which was completed in September, 2005 when the Company earned its 50% interest in the Concession Area.

After the Consideration had been spent, the NuCoastal Agreement obligates NuCoastal and the Company to share equally in the costs of further exploration of the Concession Area, including the costs identified in the 2005-2006 Budget attached as Exhibit "D" to the NuCoastal Agreement, the Work Program, and all obligations under the PCA. Under the NuCoastal Agreement, NuCoastal is entitled to issue cash calls to fund such further expenditures. If the Company fails to contribute its 50% share of such expenses going forward, NuCoastal may terminate the NuCoastal Agreement upon 15 days notice of such breach which remains uncured by the Company.

As at May 31, 2006, the Company has paid NuCoastal the Consideration and has paid an additional US$3.9 million in respect of its 50% share of the costs of further exploration of the Concession Area.

No insider or promoter has held an interest in the Company's Thailand property in the past three years.

(iii) The Petrotech Report

The Petrotech Report uses the definition of reserves category from the Canadian Oil and Gas Evaluation Handbook. The net cash flow is calculated at current and forecast prices and costs on reserves, to all future time and after deduction of the royalties, capital and operating costs, but before the deduction of income tax. All cash flow data is in US dollars. A summary of the Company's net share of probable and possible undeveloped reserves and net share of the future net revenue from the Concession Area, discounted at 0%, 5%, 10%, 15% and 20% is presented as follows:

Constant and Forecast Cases	**Gross Oil**	**Net Oil**
Reserves	(barrels)	(barrels)
Proved Undeveloped	2,710,384	2,509,265
Probable Undeveloped	4,815,558	4,462,758
Total Proved + Probable Undeveloped	7,525,942	6,972,023

Constant Case Present Worth Net Cash Flow (in US$M) Discounted @

Reserves	0%	5%	10%	15%	20%
Proved Undeveloped	71,680	56,472	45,234	36,484	34,715
Probable Undeveloped	108,917	85,499	68,182	54,697	39,055
Total Proved + Probable Undeveloped	180,597	141,971	113,416	91,181	73,770

Forecast Case Present Worth Net Cash Flow (in US$M) Discounted @

Reserves	0%	5%	10%	15%	20%
Proved Undeveloped	33,277	25,563	19,804	15,297	11,753
Probable Undeveloped	27,826	28,375	21,239	15,623	11,182
Total Proved + Probable Undeveloped	71,103	53,938	41,043	30,920	22,935

Concurrently with filing this Annual Information Form, the Company has filed reports in Form 52-101 F1 *Statement of Reserves Data and Other Oil and Gas Information*, Form 52-101 F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor*, and 51-101 F3 *Report of Management and Directors on Oil and Gas Disclosure*, each of which is incorporated by reference herein.

(b) Nevada Properties

See "General Description of the Business" for a summary of the Seismic Option Agreement and the Company's interest in its Nevada property.

(c) Risk Factors

Prospective investors should be aware that an investment in the Company involves a high degree of risk and should only be made by those with the necessary expertise to appraise the investment. The following are considered by the Company's directors (the "**Directors**") to be the main risk factors which could have a material adverse effect on the business, financial condition, results or future operations of the Company and which are material to making investment decisions in respect of the common shares and should be read in conjunction with the other information contained in this document. The following list is not intended to be exhaustive, but it should be considered carefully by prospective investors in evaluating whether to make an investment in the Company in addition to the other information contained in this document. Additional risks and uncertainties not presently known to the Directors or which they reasonably believe to be immaterial may also have an adverse effect on the Company.

An investment in the Company is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested).

There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives.

- *Limited operating history:* Although the Directors have experience in the acquisition, development, operation and sale of assets similar to those assets acquired and intended to be acquired by the Company, the Company does not have a sustained operating history (i) upon which it is possible to evaluate its likely performance or (ii) which is sufficient to give confidence that the Company will succeed as a business enterprise. Investors should be aware of the difficulties normally encountered by small oil and gas companies and the high rate of failure of such enterprises. These risks include, without limitation, the fact that initial investments in properties may use the available start-up capital and not result in producing oil and/or gas properties.

  Operating losses: The Company has incurred losses since inception. The Company currently does not have any revenues to meet its ongoing expenses. Since the Company may invest in unproved properties, it is possible that the Company will not generate revenue sufficient to pay the ongoing expenses in the future. If the Company, at some point in the future, is not able to generate revenue from the operations of its properties sufficient to cover its expenses, without further funding the Company may not be able to continue operations and any purchasers of the common shares may lose their investment. No assurances can be given that the Company's prospects and projects will achieve commercial viability through successful exploration and/or production. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

- *Resource and reserve estimate:* Although oil and gas has been discovered in the areas in which the Company holds interests, it is not known whether it has been found in commercial quantities and there is no certainty that it will be found in commercial quantities. Hydrocarbon resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. They are therefore imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Estimates that were reasonable when made may change significantly when new information from additional drilling and analysis becomes available. This may result in alterations to development and production plans which may, in turn, adversely affect operations. Estimates of the possible hydrocarbon resources that might be hosted in licence areas in which the Company holds interests should not be taken to imply that any hydrocarbon resources are present in these structures.

- *Exploration risk:* The business of exploration for oil and gas involves a high degree of risk. Few properties that are explored are ultimately developed into producing oil and gas fields.

Substantial expenditure is required to establish the extent of oil and gas reserves through seismic surveys and drilling. There can be no guarantee or assurance that exploration on the licences in which the Company currently holds interests, or on other licence areas that may be acquired in the future, will lead to the discovery of hydrocarbon resources or, if hydrocarbons are discovered, that commercial quantities can be economically exploited.

The evaluation (for example through seismic surveys) and drilling of exploration targets may be curtailed, delayed or cancelled by the unavailability of drilling rigs or technical contractors, mechanical difficulties, adverse weather and ocean conditions, environmental issues, compliance with government requirements or technical hazards, such as unusual or unexpected formations or pressures. Drilling may result in unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some hydrocarbons, are not sufficiently productive to justify commercial development. Furthermore, the successful completion of a well does not assure a profit on investment or the recovery of drilling, completion and operating costs.

- *Operating risk:* Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gases, the occurrence of any of which could result in substantial losses to the Company due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Damages occurring as a result of such risks may give rise to claims against the Company which may not be covered, in whole or part, by insurance.

- *Risks related to Thailand:*

  - *There are certain risks associated with doing business in Thailand: From* 1996 to 1998, Thailand's gross domestic product ("GDP") growth slowed significantly in relation to historical levels and the country entered a recession. Since 1999, Thailand's economy has been recovering, recording positive GDP growth each year. According to the National Economic and Social Development Board, Thailand's GDP grew by 6.8 per cent. in 2004 and 6.5 per cent. in the first quarter of 2005. Prospects for the global and regional economy are uncertain. The demand for energy is generally correlated with GDP, thus a fall in Thailand's GDP could lead to a reduction in the demand for energy, which could have a material adverse effect on the financial condition and results of operations of the Company.

  - *Political and economic conditions in Thailand will have a direct impact on the business of the Company:* The Company will be subject to a political, economic, legal and regulatory environment in Thailand that differs in certain significant respects from that prevailing in certain other countries with economies that are more developed than Thailand's economy. The results of operations of the Company and those of most of its customers may be influenced in part by the political situation in Thailand and the general state of the Thai economy. The political situation in Thailand has been unstable from time to time in the past. Future political and economic instability in Thailand could have an adverse effect on the Company's business and operations and those of its principal customers. The Government frequently has intervened in the Thai economy and occasionally made significant changes in policy. The Government's actions to control inflation and effect other policies have included, among other things, wage and price controls, capital controls and limits on imports. The business, financial condition and results of operations of the Company may be harmed by changes in policies involving petroleum products, tariffs, exchange controls, tax policies and other matters.

- o *The consequences of terrorist attacks could adversely affect the Company:* The terrorist attacks in the United States on September 11, 2001 disrupted securities markets worldwide, have adversely affected economic conditions in the United States and elsewhere and have resulted in increased political and economic uncertainty worldwide. Further terrorist actions in Bali and Jakarta, Indonesia, and terrorist activity throughout Southeast Asia, including Thailand, have also increased political and economic uncertainty in Southeast Asia. In addition, the ongoing military operations and presence in Iraq which began in the early part of 2003 have further disrupted the world financial markets and worldwide economic activity from time to time. Political or economic developments related to these crises could adversely affect the Thai economy and could have an adverse effect on Company and the price of its common shares.

- *Depreciation in the value of the Baht could adversely affect demand for the Company's products and financial condition and results of operations:* Since the Asian financial crisis began in July 1997, the value of the Baht against the US dollar has fluctuated from a high of Baht 25.79 on June 30, 1997 (the last business day before the Bank of Thailand ceased foreign exchange intervention) to a low of Baht 56.06 per US dollar on January 13, 1998. The Bank of Thailand interbank exchange rate equalled Baht 38.29 per US dollar on June 1, 2006. Adverse economic conditions in Thailand incidental to the depreciation of the value of the Baht could increase energy prices in Thailand and reduce overall demand for the products of the Company and adversely affect its financial condition and results of operations.

- *Ability to exploit successful discoveries:* It may not always be possible for the Company to participate in the exploitation of any successful discoveries which may be made in any areas in which it has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied. In addition, the decision to proceed with further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. Such further work may require the Company to meet or commit to financing obligations for which it may not have adequately planned.

- *Commercial risks:* Even if the Company recovers quantities of oil or gas, there is a risk it will not achieve a commercial return. The Company may not be able to transport the oil or gas to commercially viable markets at a reasonable cost or may not be able to sell the oil or gas to customers at a price and quantity which would cover its operating and other costs.

- *Environmental risks:* The Company's operations are subject to the environmental risks inherent in the oil and gas exploration and production industry. The Company is subject to environmental laws and regulations in connection with all of its operations. Although the Company intends to be in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent in its activities, such as accidental spills, leakages or other circumstances, which could potentially subject the Company to extensive liability.

Furthermore, the Company may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

- *Economic and price risks:* Changes in the general economic climate in which the Company operates may adversely affect its financial performance and the value of its exploration assets. In particular, the current and expected future price of oil and gas can change rapidly and significantly and this can have a substantial effect on the value of the Company's exploration assets and the potential future revenue and profits that might be earned from the successful development of those assets. The marketability of any oil and gas discovered will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, proximity and capacity of oil and gas pipelines and processing equipment and government regulations including regulations relating to taxation, royalties, allowable production, importing and exporting of oil and gas and environmental protection.

  The demand for, and price of, oil and natural gas is highly dependent on a variety of factors including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. International oil prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and natural gas prices and, in particular, a material decline in the price of oil or natural gas may have a materially adverse effect on the Company's business, financial condition and results of operations, assuming production is achieved. Oil and gas prices could affect the viability of exploring and/or developing the Company's interests.

- *Foreign exchange risk:* The Company will operate internationally and will therefore be exposed to the effects of changes in currency exchange rates. The Company does not currently hedge these currency risks.

- *Competition:* The Company will compete with other companies, including major oil and gas exploration and production companies. Some of these companies have greater financial and other resources than the Company, including substantial global refining and downstream processing and marketing operations. As a result, such companies may be in a better position to compete for future business opportunities and there can be no assurance that the Company can compete effectively with these companies.

- *Title and payment obligations:* The licences in which the Company has or may acquire an interest will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each licence is usually at the discretion of the relevant government authority. If a licence is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any hydrocarbon resources on that licence area.

  Under the licences and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, the Company is required to expend funds necessary to meet the minimum work commitments. Failure to meet these work commitments would render a licence liable to be revoked. Further, if any contractual obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by the Company.

- *Reliance on key personnel:* The Company's business is dependent on recruiting and retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The success of the Company is, and will continue to be to a significant extent, dependent on the expertise and experience of its directors and senior management and the loss of one or more of these individuals could have a materially adverse effect on the Company.

- *Retention of key business relationships:* The Company relies on strategic relationships with other entities such as joint venture farm-in parties and also on good relationships with regulatory and governmental departments. While the Directors have no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts, could adversely impact the Company, its business, operating results and prospects.

- *Joint venture party and contractor risks:* From time to time, the Company may participate with other companies in the acquisition, exploration and development of natural resource properties, thereby allowing for its participation in larger programmes, permitting involvement in a greater number of programmes and reducing financial exposure in respect of any one particular programme. It may also occur that a particular partner company will assign all or a portion of its interest in a particular programme to another company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular programme and the interest therein to be acquired by it, the Directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. This risk may change depending on the financial position and identity of its partner companies. In addition, the Company is exposed to various risks related to its farm-in partners, joint venture parties and contractors that may adversely affect its proposed activities and licence interests, including:

(i) being unable to secure farm-in partners on acceptable terms to help fund the drilling of future wells on any of its prospects in order to meet exploration commitments;

(ii) financial failure, non-compliance with obligations or default by a participant in any joint venture or farm-in arrangement to which it is, or may become, a party;

(iii) insolvency or other managerial failure by any of the contractors used by any joint venture or farm-in partner in its exploration activities; and

(iv) insolvency or other managerial failure by any of the other service providers used by any joint venture or farm-in party for any activity.

- *Grant of licences:* The Company cannot guarantee that it will be granted licences by any governmental authority.

- *Corporate and regulatory formalities:* The conduct of petroleum operations and the steps involved in the Company acquiring its current interests involve or have involved the need to comply with numerous procedures and formalities. It may not in all cases be possible to comply with or obtain waivers of all such formalities.

- *Exploration costs:* The proposed exploration expenditure to be undertaken by the Company is based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

- *Insurance:* The Company insures its operations in accordance with industry practice and plans in the future to insure the risks it considers appropriate for the Company's needs and for its circumstances. Insurance coverage may not be available for every risk faced by the Company. Although the Company believes that it or the operator should carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances the Company's or the operator's insurance may not cover or be adequate to cover the consequences of such events. In addition, the Company may be subject to liability for pollution, blow-outs or other hazards against which the Company or the operator may elect not to insure because of high premium costs or other reasons. The occurrence of an event that is not covered or fully covered by insurance could have a materially adverse effect on the business, financial condition and results of operations of the Company. There is a risk that insurance premiums may increase to a level where the Company considers it is unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is in accordance with industry practice. In addition, the Company may, following a cost-benefit analysis, elect not to insure certain risks on the grounds that the amount of premium payable for that risk is excessive when compared to the potential benefit to the Company of the insurance coverage.

- *Economic, political, judicial, administrative, taxation or other regulatory factors:* The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Company operates and holds its major assets. The Company may operate and acquire assets in non-OECD countries and in countries which may have a higher level of perceived or actual political risk than OECD countries.

- *Future capital needs and funding:* Further funding may be required by the Company to support its activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance may adversely affect the business and financial condition of the Company and, consequently, its performance. The Company may finance development by farming out or otherwise reducing its level of participation in interests it holds. This could substantially dilute the Company's interest in the acreage concerned.

- *Changes to accounting standards:* In June 2002, the Council of Ministers of the European Union approved a regulation (the "**Regulation**") requiring all companies that are governed by the law of a member state of the European Union and whose securities are admitted to trading on a regulated market of any member state to prepare their consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union. The Regulation is to be effective for each financial year starting on or after 1 January 2005.

  On October 12, 2004, AIM changed its regulatory status and it is now regulated by the London Stock Exchange. Therefore, it is no longer a regulated market under European Union regulations. On October 7, 2004, the London Stock Exchange issued guidance to Rule 17 of the AIM rules which stated that the London Stock Exchange intends to mandate IFRS for all AIM companies for financial years commencing on or after January 1, 2007. AIM companies are encouraged to prepare for this change well in advance of this date.

  It is expected that there will be significant continuing developments in IFRS between now and the date of adoption of IFRS by the Company and consequently there is uncertainty about exactly what IFRS will require at that time. In the meantime, the UK Accounting Standards Board is adopting a phased transition to the conversion of existing UK financial reporting standards ("**UK FRS**") to IFRS and as a result is in the process of issuing a number of new standards or revisions to existing standards over the next two years. However, it is likely that, by the IFRS implementation date set by the London Stock Exchange, UK FRS will not be fully aligned with IFRS. Therefore the transition of UK FRS to IFRS and/or the adoption of IFRS could possibly have a material impact on the Company's financial position and reported results, although it is not possible for the Directors to quantify the impact at this time.

- *Taxation:* Any change in the Company's tax status or the tax applicable to holding common shares or in taxation legislation or its interpretation, could (i) affect the value of the investments held by the Company; (ii) affect the Company's ability to provide returns to Shareholders; and/or (iii) alter the post-tax returns to shareholders.

- *Classification as a Passive Foreign Investment Company has adverse income tax consequences for US resident investors*: The Company believes that there is a significant likelihood it is a Passive

Foreign Investment Company ("**PFIC**"), as that term is defined in Section 1297 of the Internal Revenue Code of 1986, as amended, and will continue to be a PFIC in the foreseeable future. Consequently, this classification will result in adverse tax consequences for US holders of the common shares. US shareholders and prospective holders of the common shares are encouraged to consult their own tax advisers.

Accordingly, the market price of the common shares may not reflect the underlying value of the Company's net assets, and the price at which investors may dispose of their common shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Company, while others of which may be outside the Company's control.

4. Dividends

The Company has not paid dividends since incorporation, and does not anticipate paying dividends in the foreseeable future.

5. Description of Capital Structure

The authorized share capital of the Company is US$2,000,000 divided into 200,000,000 common shares of nominal or par value of US$0.01 each, of which 56,250,003 common shares are issued and outstanding as of May 31, 2006. Each member of the Company is entitled to one vote for each common share held by such member.

6. Market for Securities

Trading Price and Volume

The Company was listed on the TSX-V on September 16, 2005, and trades on the TSX-V under the symbol "PWD". The monthly trading volume and average monthly trading price for the Company's common shares since listing on the TSX-V is as follows:

Month	High (Can$)	Low (Can$)	Volume (thousands)
September	1.40	1.03	1,781.575
October	0.65	1.09	1,220.400
November	0.61	0.75	773.600
December	0.67	0.85	1,176.900

The Company was listed on the AIM Market of the London Stock Exchange on January 25, 2005, and trades on AIM under the symbol "PWC". The monthly trading volume and average monthly trading price for the Company's common shares since listing on AIM is as follows:

Month	High (£)	Low (£)	Volume (thousands)
January	28.00	10.00	166.50
February	71.50	27.50	2,784.9
March	65.00	50.00	558.1
April	72.50	59.50	245.8
May	66.00	38.50	218.8
June	41.50	33.50	1,474.4
July	49.00	36.00	1,932.9
August	50.00	37.50	913.8
September	60.00	36.50	3616.0
October	53.50	35.50	308.9
November	35.50	29.00	79.3
December	40.00	34.00	665.0

7. Escrowed Securities

The Company has no shares held in escrow.

8. Directors and Officers

(a) Name, Occupation and Security Holding

The following table indicates the name and address of each of the Company's directors and officers, their respective positions with the Company, the number of equity shares of the Company directly or indirectly beneficially owned or controlled by each of them, and the number of options held by each of them.

Name and Address	Position with Issuer	Director Since	Principal Occupation During the Last Five Years
Albert Whitehead[(1) (2)] Oklahoma, USA	Director & Chairman of the Board since	Oct 13, 2004	Director, Chairman and the Chief Executive Officer of Empire Petroleum Corporation
Frank Inouye[(1)] United Kingdom	CEO, President & Director since	Oct 13, 2004	Director, Chief Executive Officer and President of the Company; Managing Director of Deltaic Systems Limited
Bill Koutsouras Grand Cayman BWI	CFO, Secretary & Director since	May 26, 2004	Chief Financial Officer of the Endeavour Financial Group; Chief Financial Officer of Endeavour Mining Capital Corp.
Ian Telfer[(3)] British Columbia, Canada	Director since	June 28,2005	President and Chief Executive Officer of Goldcorp Inc.
John Zaozirny[(1) (2)] Alberta, Canada	Director since	June 28, 2005	Counsel to the law firm of McCarthy Tetrault LLP

(1) Member of the Company's Audit Committee
(2) Member of the Company's Compensation Committee
(3) Resigned from the Company's board on April 26, 2006.

As at June 5, 2006, the directors and executive officers of the Company beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of 6,870,003 common shares, representing approximately 12.2% of the Company's 56,250,003 issued and outstanding common shares.

(b) Biographies of Directors and Officers

Albert Whitehead (Age 76)

Albert Whitehead is the Company's non-executive Chairman. Mr. Whitehead began his career in the oil business 51 years ago with Union Oil of California in West Texas. From May 1959 to June 1963 he was vice president of Altair Oil and Gas Co. a private oil and gas company with interests in western Canada. In 1963, he co-founded Bridger Petroleum Corporation which originated and explored oil and gas prospects in Canada and the United States and participated in foreign exploration projects in Turkey, Indonesia, Ethiopia, the Persian Gulf, the North Sea and Brazil. Mr. Whitehead served as Chief Executive Officer of Bridger Petroleum Corporation until 1978, when that company was sold. From 1978 to the present he has been a co-founder, officer or director of several public and independent oil companies including Seven Seas Petroleum Corporation (1995-1997), Bonanza Oil and Gas Ltd. (1980-1981), Cimarron Petroleum Corporation (1975-1987) and Garnet Resources Corporation (1987-1999). He is currently a director, Chairman and the Chief Executive Officer of Empire Petroleum Corporation, Tulsa, Oklahoma. Mr. Whitehead is a graduate of Eastern New Mexico University with a B.A. in business administration.

Frank Inouye (Age 48)

Frank Inouye is an director of the Company and is employed by the Company as its Chief Executive Officer and President. As such, he is responsible for the management of the Company, reporting to the Company's Board. Mr. Inouye devotes the majority of his time to the Company. Mr. Inouye's 1 May 2005 employment contract with the Company includes standard confidentiality provisions. Mr. Inouye's principal occupation during the previous five years was serving as managing director of Deltaic Systems Limited ("Deltaic"), a UK based energy group that specializes in resource asset management. Mr. Inouye served as managing director of Deltaic since August, 1999. Mr. Inouye was formerly head of corporate development for Premier Oil plc and responsible for developing Premier's Far East asset portfolio including the 2.5 Tcf Yetagun gas field in Myanmar. Mr. Inouye holds a Bachelor of Science (Honours) in Geology and Geophysics from the University of British Columbia and an MBA from the University of Adelaide, and is a member of the American Association of Petroleum Geologists.

Bill Koutsouras (Age 34)

Bill Koutsouras is a director of the Company, and serves as its Chief Financial Officer and Secretary. Mr. Koutsouras is also the Chief Financial Officer of the Endeavour Financial group, which specializes in providing strategic advice to the mining and minerals industries, which has been his principal occupation during the five years preceding the Company's financial year ended December 31, 2004. Mr. Koutsouras is based in the Cayman Islands where he is primarily responsible for overseeing non-Canadian and non-UK merchant banking and financial advisory mandates. He is also the Chief Financial Officer of Endeavour Mining Capital Corp., a publicly traded mining merchant banking company. As a professional accountant, he has been based in Toronto and Grand Cayman and is a member of the Canadian Institute of Chartered Accountants and the CFA Institute.

John Zaozirny (Age 58)

John Zaozirny is counsel to the law firm of McCarthy Tetrault LLP and Vice-Chairman of Canaccord Capital Corporation. Previously, Mr. Zaozirny was Alberta's Minister of Energy and Natural Resources from 1982 to 1986. Mr. Zaozirny holds numerous positions as a director and advisor to several corporations and income trusts, some of which include: Bankers Petroleum Ltd., Canadian Oils Sands Trust, Fording Canadian Coal Trust, Pengrowth Energy Trust and Provident Energy Ltd. Mr. Zaozirny a non-executive Director of the Company.

(c) Conflicts of Interest

There are no existing or potential material conflicts of interest between the Company or a subsidiary of the Company and a director or officer of the Company or a subsidiary of the Company.

9. Legal Proceedings

Neither the Company nor its properties are subject to any legal proceedings, nor are any such proceedings known by the Company to be contemplated.

10. Interest of Management and Others in Material Transactions

Albert Whitehead is the Chairman of Empire Petroleum Corporation, which holds a 10% working interest and is responsible for paying 10% of all costs incurred in exploring the Lease Area which is the subject of the Seismic Option. The Company does not regard this as giving rise to any material conflicts of interest with the Company.

11. Transfer Agents and Registrars

The Company's registrar and transfer agent in Canada is Pacific Corporate Trust Corporation, 3rd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9. The Company's registrar and transfer agent in the United Kingdom is Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England.

12. Material Contracts

The dates and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing, including any management or employment agreements or any agency or underwriting agreement or any corporate finance, investor relations, promotion or market making agreement are set out below.

Contract	Date	Parties	Description
Financial Advisory Services Agreement	October 18, 2004	Endeavour Financial International Corporation ("**Endeavour**") and the Company	Endeavour agrees to provide general corporate financial advise on an exclusive basis with respect to the Company's strategic direction and corporate development, including introduction to capital markets, conventional equity finance, project acquisitions or divestitures or business combinations (collectively, a "**Transaction**"). In addition, Endeavour agrees to provide the Company with various management and administrative services. In consideration for these services, Endeavour is to be paid a monthly work fee of CDN$5,000, and was issued a total of 500,000 stock options priced at GBP$0.10. Endeavour is entitled to a Milestone Fee of $100,000 in the event that the Company undertakes a Transaction, and is

		entitled to a success fee of up to 2% of transaction value upon completion of such Transactions.
Incentive Stock Option Plan	November 2004	The Company has implemented an incentive stock option plan (the "**Option Plan**") pursuant to which it may issue options to acquire common shares to directors, officers, employees and consultants. The Plan complies with the requirements of the TSX Venture Exchange, and includes the following provisions: • option grants are limited in total to 10% of the Company's issued share capital at the time of grant; • no one person may be issued options exercisable for more than 5% of the Company's issued share capital; • consultants or persons conducting investor relations activities may not be issued options exercisable for more than 2% of the Company's issued share capital; • insiders may not be issued options exercisable for more than 10% of the Company's issued share capital; and • the price per share to be paid on exercise of an option will not be less than the market value at the date of grant.

Nominated Adviser and Broker Agreement	January 25, 2005	Canaccord Europe, the Company, and the Directors of the Company	Canaccord Europe agrees to act as the nominated advisor (a "**Nomad**") and broker to the Company in connection with its listing on the AIM market of the London Stock Exchange for an annual fee of £50,000 per year. As Nomad and broker, Canaccord agrees to provide certain assistance with the AIM admission process and to provide advice thereafter. (AIM rules require every AIM listed company to appoint and then retain both a Nomad and a broker at all times).
Frank Inouye Employment Agreement	May 1, 2005	The Company and Frank Inouye	Pursuant to this agreement, the Company retained the services of Mr. Inouye as its President and Chief Executive Officer at salary of £155,000 per year.

13. Interests of Experts

The Petrotech Report was prepared by John Yu, P. Eng. To the Company's knowledge, Mr. Yu has no registered or beneficial interests, direct or indirect, in any securities or other property of the Company.

Deloitte & Touche LLP has prepared the auditor's report on the consolidated financial statements of the Company for the year ended December 31, 2005. Deloitte & Touche LLP is independent in accordance with the auditor's rules of professional conduct in Canada.

14. Audit Committee Information

(a) Audit Committee Mandate

The Company's Audit Committee mandate sets out the committee's purpose, organization, duties and responsibilities. A copy of the mandate is attached hereto as Appendix "A".

(b) Composition of Audit Committee

The Company's Audit Committee is comprised of Albert Whitehead, Frank Inouye and John Zaozirny, all of whom are financially literate, as such term is defined in Multilateral Instrument 52-110 – *Audit Committees* ("MI 52-110"). Mr. Whitehead and Mr. Zaozirny are independent, as such term is defined in MI 52-110.

(c) Relevant Education and Experience

The relevant education and experience of each of Mr. Whitehead, Mr. Inouye and Mr. Zaozirny is provided in their biographies in "Biographies of Directors and Officers" above.

(d) Pre-Approval Policies and Procedures

The Company's Audit Committee mandate requires the Audit Committee to pre-approve all non-audit engagements to be provided by the Company's external auditor.

(e) External Audit Fees by Category

Deloitte & Touche LLP has served as the Company's external auditor since November 30, 2004. The following table lists the fees paid to Deloitte & Touche LLP, by category, for the fiscal years ending December 31, 2004 and 2005:

	Year Ended	
	December 31, 2004	December 31, 2005
Audit fees	$14,000	$35,000
Audit-related fees	0	18,600
Total fees	$14,000	$53,600

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual financial statements or services provided in connection with statutory and regulatory filings or engagements and the review of the Company's interim financial statements.

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual and interim financial statements and are not reported under the audit fees item above.

15. Recent Developments

On March 30, 2006, the Company and NuCoastal entered into a letter of intent (the "**LOI**") to merge both companies' assets in Thailand. It is proposed that the Company will acquire all outstanding shares of NuCoastal. The purchase of 100% of the issued share capital of NuCoastal will be in exchange for the issue of new common shares of the Company that, for the purpose of this transaction, will be valued at £0.37/share (US$.65). The value attributed to NuCoastal's assets, subject to valuation adjustments, includes US$56.75 million for the onshore assets and 100% of the current fully diluted share capital (70,414,353) of the Company for the offshore assets.

The LOI is non-binding and outlines the general terms of the proposed transaction. NuCoastal is a limited company registered in Thailand, whose sole shareholder is Oscar S. Wyatt Jr. from

Houston, Texas. The completion of the proposed transaction is subject to customary conditions, including finalization of a Share Sale and Purchase Agreement and other definitive documentation, due diligence, respective board and shareholder approvals and relevant stock exchange and regulatory approvals, and satisfactory completion of a financing by the Company, the proceeds of which would be used to fund further exploration, appraisal and development on the enlarged asset base of the combined company. The amount and terms of such financing have yet to be determined.

16. Additional Information

Additional information, including directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issue under equity compensation plans, is contained in the Company's management information circular for the annual meeting of shareholders held on July 29, 2005. Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the year ended December 31, 2005.

Additional information relating to the Company may be found on SEDAR at www.sedar.com.