Cambridge Energy, LLC

(A Georgia Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Cambridge Energy, LLC
(A Georgia Limited Liability Company)

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malonebailey LLP
CERTIFIED PUBLIC ACCOUNTING FIRM

INDEPENDENT AUDITOR'S REPORT

To the Members of Cambridge Energy, LLC
Greensboro, Georgia

We have audited the accompanying consolidated balance sheets of Cambridge Energy, LLC, a Georgia Limited Liability Company, and its subsidiary (collectively, the "Company") as of December 31, 2011 and 2010 and the related consolidated statements of operations, changes in members' deficit and cash flows for the each of the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Cambridge Energy, LLC and its subsidiary as of December 31, 2011 and 2010 and the results of their operations and their cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

MaloneBailey, LLP

January 28, 2013

Cambridge Energy, LLC
Consolidated Balance Sheets
December 31, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 47,095	$ 1,504
Total current assets	**47,095**	**1,504**
Total assets	**$ 47,095**	**$ 1,504**
Liabilities And Members' Deficit		
Accounts payable	$ -	$ 1,425
Accrued liabilities	59,681	54,681
Total liabilities	**59,681**	**56,106**
Members' deficit	(12,586)	(54,602)
Total liabilities and members' deficit	**$ 47,095**	**$ 1,504**

The accompanying notes are an integral part of these financial statements.

Cambridge Energy, LLC
Consolidated Statements of Operations
For the years ended December 31, 2011 and 2010

	2011	2010
Revenues	$ 7,191,413	$ 9,068,898
Cost of goods sold	7,165,342	9,059,494
Gross profit	**26,071**	**9,404**
General and administrative expenses		
Accounting	5,128	3,750
Legal	30,853	-
Consulting	271,899	305,300
Rent	5,225	5,700
G&A	28,900	16,013
Total general and admistrative expenses	342,005	330,763
Net loss	**$ (315,934)**	**$ (321,359)**

The accompanying notes are an integral part of these financial statements.

Cambridge Energy, LLC
Consolidated Statements of Changes in Members' Deficit
For the years ended December 31, 2011 and 2010

Members' equity at December 31, 2009	**$ (162,743)**
Contributions	429,500
Net loss	(321,359)
Members' equity at December 31, 2010	**(54,602)**
Contributions	357,950
Net loss	(315,934)
Members' equity at December 31, 2011	**$ (12,586)**

The accompanying notes are an integral part of these financial statements.

Cambridge Energy, LLC
Consolidated Statements of Cash Flows
For the years ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Net loss	**$ (315,933)**	**$ (321,359)**
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	-	1,048,067
Accounts payable	(1,426)	(475)
Accrued liabilities	5,000	(1,039,844)
Net cash used in operating activities:	**(312,359)**	**(313,611)**
Cash flows from financing activities:		
Capital contributions	357,950	264,500
Borrowings in debt	-	50,000
Net cash provided by in financing activities:	**357,950**	**314,500**
Net increase in cash and cash equivalents	45,591	889
Cash and cash equivalents at beginning of year	1,504	615
Cash and cash equivalents at end of period	**$ 47,095**	**$ 1,504**
Non cash transactions		
Conversion of debt to ownership units	**$ -**	**$ 165,000**

The accompanying notes are an integral part of these financial statements.

Cambridge Energy, LLC

Notes to Consolidated Financial Statements

Note 1—Nature of Business

Cambridge Energy, LLC (Cambridge) is a limited liability company formed in the State of Georgia. The Company was formed in 2007. The Company is an integrated natural gas company (niche) focused on supplying liquid natural gas (LNG) as natural gas to remote markets (Pacific Island Member States and the Caribbean) where there is no natural gas or pipeline connectivity; and where LNG can replace diesel for electricity generation.

In 2011 the company announced a restructuring effort to align with its global focus. The company and initiated the formation of Cambridge Energy Group Limited, CEGL (Bermuda) through APEX Law in October 2011 to hold the company shares and serve as the holding company for the Group, CEGL was incorporated in Bermuda January 16, 2012. The company established Cambridge Energy Holding LLC (Delaware) October 11, 2011 to hold its assets, The company also formed Cambridge Energy Management LLC (Delaware) on January 2012 to manage CEGL, Port St Catherine Holding LLC on January 11, 2012 to hold the company's Deepwater Port License for its proposed FLNG project, CE Pipeline LLC on January 11, 2012 to own and operate the onshore and offshore pipeline to the FLNG, and CE FLNG LLC on January 11, 2012 to own and operate the proposed Floating LNG production facility. The company enter into a LOI with BELCO (Bermuda) for an Integrated LNG + IPP project, executed and completed its first LNG related international contract with BELCO in Bermuda, and executed a contract worth USD $5million with Kiori Gas Pipeline Landowners Association for initial development of a 10 MW Power Generation Facility that would include an onsite LNG Storage Facility. The Kiori project would connect to the PNG LNG gas pipeline in Papua New Guinea. The also company renewed it existing short term Natural Gas and LNG import and Export Authorization with the Department of Energy, filed an application for Long term Natural Gas Exports to countries that have a FTA with the USA, and filed a pre-application with the MARAD and the Coast Guard to determine the framework for implementing the first export Floating LNG Facility in the USA. The proposed facility would produce between 1.5 and 2.0 million metric tons per annum.

Note 2 –Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are the representations of management, who is responsible for their integrity and objectivity. These accounting policies reflect industry practices, conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of Cambridge and its wholly owned subsidiary, CE PNG (collectively, the "Company"). All material intercompany balances and transactions have been eliminated.

Cash and Cash Flow Information - The Company considers all highly liquid investments with maturities of three months or less on the date of acquisition to be cash equivalents. The Company considers all highly liquid debt instruments with original maturity of three months or less when purchased to be cash equivalents. As of December 31, 2011 the Company considers all outstanding receivables to be collectible.

Note 2 –Summary of Significant Accounting Policies - Continued

Income Taxes - The Company is a limited liability company which is treated as a C Corporation for federal and state income tax. The Company reported a loss of $315,934 during 2011. The Company did not have federal and state income tax liability in 2010, 2009 and 2008 because of its operating losses total $1,478,650. The company did not record a deferred tax asset because in the past because management felt that the deferred tax asset would not pass the "more likely than not" criteria as described in Financial Accounting Standards Board's ASC 740-10-25. In accordance with ASC 740-10-25, recording a deferred tax asset is appropriate only if it is "more likely than not" that the future tax benefit will be materialized. Management expected that the company would have operating losses for the next few years, however, due to the growth in demand for LNG and increase in our business activities the company realized a profits and is evaluating the deferred tax treatment because of the materialization of the tax.

Revenue Recognition - Sales revenue derived from natural gas marketing, re-gas transmission and distribution activities is recognized in the same period in which the related volumes are delivered to the customer.

Use of Estimates- Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 –Risk

Commodity Price Risk - Market risk related to physical commodities is created by volatility in the prices and bases of certain commodities. Cambridge Energy reduces its commodity price risk exposure substantially by passing most of the risk to its counterparties in the contracts it enters into. Cambridge buys using spot market and index pricing. Any residual exposure is monitored as described above.

Contracts - We enter into a base contact with our customers to provide delivery of LNG. Typically, these base contracts remain in effect until the latest delivery date of any transaction and are cancelable with a 30 day notice. Pursuant to the terms of these base contracts, our customers place orders to purchase LNG at an agreed upon price on the date the transaction is confirmed. The Company had no open delivery orders as of December 31, 2011.

In October of 2011, the Company entered into an agreement with a customer to provide project feasibility and pre-construction design and engineering services for a natural gas power generation facility in Papau New Guinea. The total contract price is PGK 10,000,000. As of December 31, 2011, no work had been performed and no payments had been received related to this contract.

Credit Risk - Credit is extended to all customers based on financial condition, and collateral is generally not required except for customers for whom there is no funds transfer agreement (FTA). While we may be exposed to credit losses due to the nonperformance of our counterparties for FTA transactions, we consider the risk remote and do not expect the settlement of these transactions to have a material effect on our results of operations or financial condition.

Note 3 – Risk - Continued

The Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has identified. While such credit losses have historically not occurred within the Company's expectations and the provisions established, the Company cannot guarantee that it will continue to experience the same credit loss rates that it has in the past.

Revenue and Trade Receivables - Cambridge has a concentration of customers who are engaged in providing electricity (utilities) and gas purchasing in the United States. This concentration of customers may impact the Company's overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic or other conditions. The Company's customers consist primarily of utility and gas purchasers, and the Company generally does not require collateral, since it has not experienced credit losses on such sales. The Company routinely assesses the recoverability of all material trade and other receivables to determine collectability and accrues an allowance when, based on management's judgment, it is probable that a receivable will not be collected and the amount can be reasonably estimated.

Supplier Concentrations - During 2011, 2010 and 2009, Cambridge acquired approximately 100% of its natural gas supply from Total Gas & Power. In 2008, Cambridge acquired 90% of its natural gas from Total Gas & Power and 10% from ConocoPhillips. Any inability to obtain natural gas in the amounts needed on a timely basis or at commercially reasonable prices could result in interruption of gas deliveries which could have a materially adverse effect on the Company's business, financial condition, and results of operations until alternative sources could be developed at a reasonable cost. The company does have other supplier contracts in place and would be able to pursue other options should a crisis arise.

Cash - Cambridge maintains its cash in bank deposit accounts and margin accounts which, at times, may exceed federally insured amounts. The Company has not experienced any losses in such accounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Seasonality and Inflation - To some extent, we experience seasonality in our results of operations. Natural gas commodity prices tend to be higher in the fall and winter months due to increased overall demand for natural gas for heating during these periods.

Note 4—Related Party Transactions

A consulting and advisory agreement became effective June 4, 2006 between Technology Investment Benefits Realization Assurance, Inc (TIBRA), a business strategy consulting company. TIBRA is owned entirely by an executive of the Company.

Note 5—Equity Capital

During 2011, a controlling member of the Company sold membership units totaling $357,950 from his own account to new investors who received ownership stakes in Cambridge Energy, LLC. Proceeds from the sale were used for company operations and accounted for as capital contributions. Each member has the right to one vote per unit owned on matters presented for member action.

Note 5—Equity Capital - Continued

The operations of the Company are governed by the provisions as a Georgia, USA limited liability company agreement executed by and among its members. The agreement includes specific provisions with respect to the maintenance of the capital accounts of each of the Company's unit holders.

Note 6—Subsequent Events

In 2012, the Company formed CEGL as an exempted limited liability company organized under the laws of Bermuda as a holding company or ultimate parent company owning, directly or indirectly, all of the subsidiaries in the Group. Its main function is to provide financing to the other Group entities by way of equity or shareholder loans.

As of January 28, 2013, the Company's current direct and indirect subsidiaries and principal activities are aligned and listed in the following manner:

Cambridge Energy Holdings LLC (CEHL) was formed in Delaware as a Limited Liability Company, and operates as an integrated LNG and Gas entity.

Cambridge Energy LLC (CE) is a wholly-owned subsidiary of CEHL formed in Georgia as a Limited Liability Company.

CE Pipeline LLC (CEPL) is a wholly-owned subsidiary of CEHL, which was formed in Delaware as a Limited Liability Company to develop downstream natural gas pipeline solutions and provide access to natural gas markets for Cambridge's FLNG Liquefaction Facility.

Port St. Catherine's Energy LLC (PSCE) was formed in Delaware as a Limited Liability Company to hold the license for LNG export from deepwater.

CE FLNG LLC (CFLNG) was formed in Delaware as a Limited Liability Company, and was established to own and operate the FLNG Export Vessel off the coast of Liberty County, GA in 70 – 80 feet of water.

Cambridge Energy PNG Limited (CPNG) was formed in 2010 to serve the operations division for the Group's activities in Papua New Guinea.

Note 6—Subsequent Events - Continued

The following table summarizes our corporate structure as of January 28, 2013:

Subsidiary	**Jurisdiction of Incorporation**	**Principal Activities**	**Ownership**
CEHL	United States	Holds assets for the Group	100%
CEML	United States	Management company for CEGL	100%
CE	United States	Natural gas and LNG marketing	100%
CFLNG	United States	Project company which owns the FLNG Vessel	100%
CEPL	United States	Own and operate gas pipeline network	100%
CPNG	Papau New Guinea	Operating company for Papau New Guinea	100%
PSCE	United States	Holding company for Deepwater Port License	100%

The Company has evaluated subsequent events through January 28, 2013.