

U.S. Oil and Gas Plc
Annual Report and Financial Statements
for the year ended 30 September 2012

U.S. Oil and Gas Plc

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U.S. Oil and Gas Plc

Directors and other information

Directors	Brian McDonnell (Chief Executive Officer / Chairman) Paul O'Callaghan (Appointed 02/08/2012) Non Executive Officer Peter Whelan (Appointed 07/11/2011) Non Executive Officer Karim Akrawi (Appointed 07/12/2011) Non Executive Officer Christopher Comerford (Resigned 25/10/2011) Non Executive Officer James Guiry (Resigned 25/10/2011) Non Executive Officer Andrew Harwood (Resigned 31/07/2012) Non Executive Officer
Registered Office & Business Address	Alexandria House The Sweepstakes Ballsbridge Dublin 4
Secretary	Brian McDonnell
Auditors	LHM Casey McGrath Chartered Certified Accountants Statutory Audit Firm 6 Northbrook Road Dublin 6
Bankers	Bank of Ireland Phibsborough Dublin.7 Bank of America 401 Virginia St. Reno NV 89501 U.S.A.
Solicitors	Byrne Wallace 87-88 Harcourt Street Dublin 2
Registered Number	471932 Republic of Ireland
Date of Incorporation	15 June 2009
Website:	www.usoil.us

U.S. Oil and Gas Plc

Chairman's Statement

for the year ended 30 September 2012

The Company is pleased to report its final results for the year ended 30 September 2012.

Highlights

- Acquired additional leases in Hot Creek Valley, Nevada - total lease area amounts to over 88 sq. km;
- Fund raise of \$1,785,167 in July 2012;
- Paul O'Callaghan appointed as Non-Executive Director on 2 August, 2012;
- Shares admitted to trading on the GXG Markets Multilateral Trading Facility ("MTF") on 31 August 2012;
- Administrative expenses for the year rose to \$1,242,527 (2011: \$629,174) as company stepped up its operating activities while implementing tight cost controls;
- After tax loss of \$1,220,992 (2011: \$622,688)
- Cash and cash equivalents at 30 September 2012 of \$3,517,730 (2011: \$6,218,043);
- On 1 March 2013, the Company announced that it had established consistent flows of light sweet crude on its Eblana 1 well.

Review of the year ended 30 September 2012

The 12 months to 30 September 2012 was a period of change for the Company. Despite a number of non-operational issues that took Board time and effort to resolve, I am delighted to report that the Company achieved significant operational milestones during the period.

In February 2012, we obtained a Competent Person's Report (CPR) from independent petroleum consultants Forrest A. Garb & Associates (FGA). The report was based on the data then available relating to US Oil's original 20 sq. km lease area. FGA's Best Estimate (50% probability based on SPE-PRMS) of Gross Prospective Resources was 189 MMSTB of oil in place with recoverable oil estimated at 67 MMSTB. The Company subsequently acquired an additional 68 sq. km in leases contiguous with the original area.

During 2012, the Company also successfully raised additional funding of US\$1,785,167 to fund its Phase 1 Development Programme. This contributed to the combined cash, cash equivalents balance of \$3,517,730 as at 30 September 2012. The results for 2012 reflect the tight cost controls over the continuing operational activities in Nevada and show a loss after tax of \$1,220,992 (2011: \$622,688).

We commenced drilling our first well, Eblana #1, on 7 May 2012 on our lease acreage in Hot Creek Valley, Nevada, USA and reached a total depth of 8,550ft on 26 May 2012. The well was then cased and cemented. During the drill more than 1,000ft of cumulative net oil and gas pay potential zones were encountered. Reservoir quality was excellent with good porosities ranging from 14% to 28% and with high permeable fracture zones associated with high gas peaks. A bottom up test completed on 24 May saw good light gravity oil recovered at the surface. The Company commenced its test programme in mid-September 2012.

Post Balance Sheet Events

We resumed testing in mid-January 2013 and have made what we believe is a significant oil discovery. The discovered oil system stretches to the south and south west of Eblana #1. The test programme so far has investigated 42 zones, and one zone has produced a continuous flow of crude oil and water. Laboratory results have confirmed the sweet crude oil from this zone is 28.5 API with a trace of contaminants and no hydrogen sulfide. A further interval has produced light crude oil and water with an API of 33. Based on this, we were able to confirm the first discovery of light sweet crude in Nevada for over 30 years. The Board expects the resumption of testing will confirm a minimum Net Pay Zone of 150ft and is hopeful of producing a stabilized flow rate, which may prove commercial. For a first exploration well in an unproven location this is a remarkable result, and we are delighted by the achievement.

U.S. Oil and Gas Plc

Throughout the period, we were fully supported by the US authorities, the Bureau of Land Management and the Nevada Division of Minerals, in our operations in Hot Creek Valley, and we would like to thank them for their continuing support.

In November 2012, US Oil successfully obtained a Court Order in Dublin requiring the operators of a number of websites based in the UK and Ireland to disclose the identities of those users of their bulletin boards who had made unlawful statements concerning the Company and its directors. US Oil continues to pursue those involved.

On 22 November 2012, the Board agreed to award 2,455,000 shares at prices of £0.65 and £0.68. The meeting of the Company's Remuneration Committee confirming the awards was held on 23 January 2013. The options were awarded to service providers, consultants and Directors.

The Company has appointed Deutsche Bank Trust Company Americas as depositary bank for its proposed American Depositary Receipt (ADR) programme. It is expected that this process will be completed in the near future.

Outlook

The Company is currently undertaking Phase I of its strategic plan - the testing of Eblana #1. We intend to update the current CPR based on the latest data.

We also plan to collect additional data on the new acreage throughout 2013 with testing and production, reservoir engineering, well design and flow assurance studies. We then expect to commence drilling of the next well, Eblana #2. The aim of the planned drilling campaign will be to increase the precision with which we can estimate the total field size and volumes of recoverable oil, as well as, hopefully, contribute to production and hence cash generation. These studies are expected to help to define the "Master Development Plan" for the Hot Creek Valley field and the expected development costs.

I believe that we have achieved outstanding progress while keeping a tight control of expenditure and by working to maintain overheads appropriate to the Company's development at any particular time. The Board and I remain committed to this philosophy, developing the Company in a way that can achieve its goals, while maintaining the greatest possible degree of operational and financial efficiency.

As operations on the ground proceed, the Company will continue to examine its strategic options, with the ultimate aim of delivering value to its shareholders.

Finally, I would like to thank our shareholders for their continued support as US Oil & Gas looks forward to significantly progressing its operations in 2013.

Brian McDonnell, Chairman

U.S. Oil and Gas Plc

Directors' Report

for the year ended 30 September 2012

The Directors present their Annual Report and the audited consolidated financial statements for the year ended 30 September 2012 for U.S. Oil and Gas PLC ("the Company") and its subsidiary, Major Oil International LLC (collectively "the Group").

Principal Activity

The principal activity of the company is oil and gas exploration and development.

Review of Business and Future Developments

A review of activities for the period and future prospects of the Group is contained in the Chairman's Statement.

Principal Risks and Uncertainties

The Group's activities are carried out in North America. Accordingly the principal risks and uncertainties are considered to be the following:

Exploration Risk

Exploration and development activities may be delayed or adversely affected by factors outside the Group's control, in particular; climatic conditions, existence of commercial deposits of oil and gas, unknown geological conditions; remoteness of location; actions of host governments or other regulatory authorities (relating to, inter alia, the grant, maintenance or renewal of any required authorisations, environmental regulations or changes in law).

Commodity Price Risk

The demand for, and price of, oil and gas is dependent on global and local supply and demand, actions of governments or cartels and general global economical and political developments.

Political Risk

The Group may be subject to political, economic and other uncertainties, including but not limited to terrorism, military repression, war or unrest, changes in national laws and energy policies and exposure to less developed legal systems.

Currency Risk

Although the reporting currency is the US dollar (US\$), which is the currency most commonly used in the pricing of commodities and for significant exploration and production costs, other expenditure (in particular central administrative costs) and equity funding may be denominated in other currencies, being Euro (€) and Sterling (Stg£) respectively, thus creating currency exposure.

Financial Risk

Financial risk is addressed in Note 18 to these financial statements

Share Price

The share price movement in the period ranged from a low of Stg£0.11 to a high of Stg£6.73.

Share Trading Platform

On 31 August 2012 the company's shares were admitted to trading on the GX Markets Multilateral Trading Facility ("MTF") in London.

Results And Dividends

The loss for the year after providing for depreciation and taxation amounted to \$1,220,992 (2011 : \$621,688). All exploration and development costs to date have been deferred and therefore the Directors do not recommend the payment of a final dividend.

U.S. Oil and Gas Plc

Directors' Report

For the year ended 30 September 2012

PLUS and GXG Market

The company was suspended from PLUS Market on 23 August 2011 and was delisted on 7 April 2012. The company admitted to trading on GXG OTC market on 19 April 2012 and admitted to trading on the GXG MTF market on 31 August 2012.

Directors

In accordance with the Articles of Association, at the next Annual General Meeting to be held Paul O'Callaghan will be retiring and being eligible offer himself for re-election.

Directors and Secretary and their Interests

The interests (all of which are beneficial) of the directors and secretary and their families who held office at 30 September 2012 in the share capital of the Company were:

		Ordinary shares		
		28 Mar '13	30 Sep '12	1 Oct '11
Directors				
Brian McDonnell		3,854,191	3,854,191	3,854,191
Andrew Harwood	(Resigned 31/07/2012)	1,013,867	1,013,867	1,209,670
Peter Whelan	(Appointed 07/11/2011)	564,118	564,118	564,118
Karim Akrawi	(Appointed 07/12/2011)	100,000	100,000	100,000
Paul O'Callaghan	(Appointed 02/08/2012)			
Secretary				
Brian McDonnell		3,854,191	3,854,191	3,854,191

Included in Brian McDonnell's holding is an indirect holding of 140,000 shares through Carrefour Training and Development Ltd., a company of which Brian McDonnell is the controlling shareholder and director.

Transactions Involving Directors

There have been no contracts or arrangements of significance during the period in which the Directors of the Company were interested other than as disclosed in Note 17 to the financial statements.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 30 September 2012

Significant Shareholders

The Company has been informed that, in addition to the interests of the Directors, as at 30 September 2012 and the date of this report, the following shareholders own 3% or more of the issued share capital of the Company:

	Percentage of Issued share	
	28 Mar '13	30 Sep '12
Jim Nominees Limited	13.72%	12.96%
Davycrest Nominees	11.97%	11.42%
Spurt Concepts Limited	7.20%	7.19%
Aurum Nominees Limited	5.68%	5.69%
SVS (Nominees) Limited	4.26%	5.28%
Pershing Nominees Limited	4.10%	3.91%
Goodbody Stockbrokers Nominees	4.05%	4.06%

The Directors are not aware of any other holding of 3% or more of the share capital of the Company.

Shares in Treasury

At 31 September 2012 the Company held 717,612 (2011 : 746,077) ordinary shares "in Treasury".

Subsidiary Undertakings

Details of the Company's subsidiary are set out in Note 10 to the financial statements.

Political Donations

The Company did not make any political donations during the period. (2011: \$Nil)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with Irish law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. As permitted by company law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU (EU IFRS), as applied in accordance with the provisions of the Companies Acts, 1963 to 2012.

The Group and Company financial statements are required by law and EU IFRS to present fairly the position and performance of the Group and Company. The Companies Acts provide, in relation to such financial statements, that references in the relevant part of the Acts to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- comply with applicable International Financial Reporting Standards as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company, and the Group as a whole, will continue in business.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 30 September 2012

The directors confirm that they have complied with the above requirements in preparing the financial statements

Under applicable law, the Directors are also responsible for preparing a Directors' Report. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2012, the European Communities (Companies: Group Accounts) Regulations 1992 and all regulations to be construed as one with those acts.

The Directors are responsible for keeping proper books of accounts that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2012.

They are also responsible for safeguarding the assets of the Group and 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. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going Concern

The Directors have reviewed budgets, projected cash flows and other relevant information, and on the basis of this review, and having made the appropriate enquiry, are confident that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future.

Going Concern has been addressed by the Directors in Note 1 to the financial statements.

The Directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. Consequently, they consider that it is appropriate to prepare the financial statements on a going concern basis.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 30 September 2012

Corporate Governance

The Directors are committed to maintaining the highest standards of corporate governance commensurate with the size, stage of development and financial status of the Group.

The Board

The Board is responsible for the supervision and control of the Group and is accountable to the shareholders. The Board has reserved decision-making on a variety of matters, including determining strategy for the Group, reviewing and monitoring executive management performance and monitoring risks and controls.

The Board currently has four Directors, comprising one executive Director and three non-executive Directors. The Board met formally on sixteen occasions during the year ended 30 September 2012. An agenda and supporting documentation was circulated for these meetings. All the Directors bring independent judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experiences in the industry.

Audit Committee

The Audit Committee comprises Paul O'Callaghan and Peter Whelan. It may examine any matters relating to the financial affairs of the Group and the Group's audits. This includes reviews of the annual financial statements and announcements, internal control procedures, accounting procedures, accounting policies, the appointment, independence, objectivity, terms of reference and fees of external auditors and such other related functions as the Board may require.

Remuneration Committee

The Remuneration Committee comprises Karim Akrawi and Peter Whelan. It determines the terms and conditions of employment and annual remuneration of the executive directors. It consults with the Chairman, takes into consideration external data and comparative third party remuneration and has access to professional advice outside the Company.

The key policy objectives of the Remuneration Committee in respect of the Company's executive directors and other senior executives are:

- to ensure that individuals are fairly rewarded for their personal contribution to the Company's overall performance; and
- to act as the independent committee ensuring that due regard is given to the interest of the Company's shareholders and to the financial and commercial health of the Company.

Directors' Remuneration during the period ended 30 September 2012 was as follows:

	2012	2011
	\$	\$
Remuneration and other emoluments - Executive Directors	109,949	97,816
Remuneration and other emoluments - Non- Executive Directors	142,646	50,449
	<u>252,595</u>	<u>148,265</u>

Nominations Committee

At present, as the Board of Directors is small, no formal nomination committee has been established. The authority to nominate new Directors for appointment vests in the Board of Directors. All Directors co-opted to the Board during any financial period are subject to election by shareholders at the first opportunity following their appointment. Consideration to setting up a nominations committee is under continuous review.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 30 September 2012

Accounting records

The measures taken by the Directors to ensure compliance with the requirements of Section 202, Companies Act 1990, regarding proper books of account are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account of the company are maintained at Alexandria House, The Sweepstakes, Ballsbridge, Dublin 4.

Important events after the reporting period

There were no events after the reporting period.

Auditors

The auditors, LHM Casey McGrath, have indicated their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

On behalf of the board



Brian McDonnell
Director



Peter Whelan
Director

U.S. Oil and Gas Plc

Independent Auditors' Report to the Shareholders of U.S. Oil and Gas Plc

We have audited the Group and Company financial statements (the "financial statements") of U.S. Oil and Gas Plc for the year ended 30 September 2012 which comprise of the following Consolidated Statement of Comprehensive Income, Group and Company Statement of Changes in Equity, Group and Company Statement of Financial Position, Group and Company Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out on pages 19 to 24.

This report is made solely to the Company's members as a body in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters that we are required to state to them in the audit 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 Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRS") are set out in the Statement of Directors' Responsibilities on page 6 and 7.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union and are properly prepared in accordance with the Companies Acts 1963 to 2012. We also report to you whether in our opinion: proper books of account have been kept by the Company; whether, at the Statement of Financial Position date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We report to the shareholders if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not given and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and Chairman's Statement. We consider the implications for our audit report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 whether the accounting policies are appropriate to the Group's and 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.

U.S. Oil and Gas Plc

Independent Auditors' Report to the Shareholders of U.S. Oil and Gas Plc

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Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 30 September 2012 and of its loss for the period then ended;
- the Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Acts, 1963 to 2012, of the state of the Company's affairs as at 30 September 2012 ; and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2012.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company Statement of Financial Position is in agreement with the books of account.

Emphasis of Matter - Going Concern and Carrying Value of exploration and evaluation assets

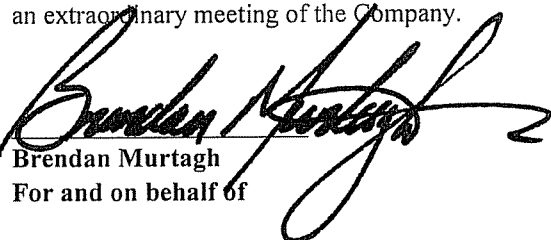
In forming our opinion, which is not qualified, we have considered the adequacy of disclosures in notes 1, 9 and 11 to the financial statements in relation to the directors' assessment of the going concern basis used in preparing the financial statements and the carrying value of:

- the intangible assets of \$3,947,199 included in the Consolidated Statement of Financial Position, and
- amounts due from Group undertakings of \$5,258,469 included in the Company Statement of Financial Position

The financial statements do not include adjustment that would result if the Group or Company could not recover these amounts.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the Company, as stated in the Company Statement of Financial Position on page 16, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 30 September 2012 a financial situation which under Section 40(1) of the Companies (Amendment) Act 1983 may require the convening of an extraordinary meeting of the Company.



Brendan Murtagh
For and on behalf of

LHM Casey McGrath

Chartered Certified Accountants
Statutory Audit Firm
6 Northbrook Road, Dublin 6, Ireland.

Date: *28 March 2013*

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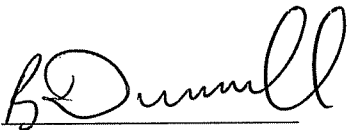
Consolidated Statement of Comprehensive Income for the year ended 30 September 2012

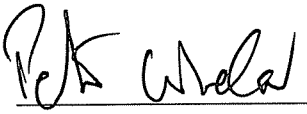
	Notes	30 Sep '12 \$	30 Sep '11 \$
Continuing Operations			
Administrative expenses		(1,242,527)	(629,174)
Operating loss	4	(1,242,527)	(629,174)
Finance Income	5	21,535	7,486
Loss for the year before taxation	4	(1,220,992)	(621,688)
Income tax expense	7	-	-
Loss for the year from continuing operations		(1,220,992)	(621,688)
Other Comprehensive Income		-	-
Total Comprehensive Loss for the year		(1,220,992)	(621,688)
Loss attributable to:			
Equity holders of the Company		(1,220,992)	(621,688)
Total Comprehensive Loss attributable to:			
Equity holders of the Company		(1,220,992)	(621,688)
Earnings per share from continuing operations			
Basic and diluted loss per share (cent)	8	(2.95)	(1.78)

All activities derive from continuing operations. All losses and total comprehensive loss for the year and the preceding year are attributable to the owners of the company. The company has no recognised gains or losses other than those dealt with in the statement of comprehensive income.

The accompanying notes on pages 19 to 40 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on and signed on its behalf by:


Brian McDonnell
Director


Peter Whelan
Director

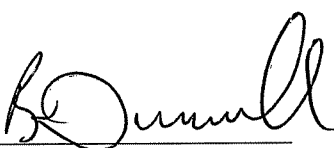
U.S. Oil and Gas Plc

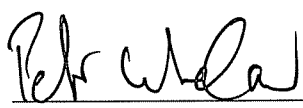
Consolidated Statement of Changes in Equity for the year ended 30 September 2012

	Share Capital \$	Share Premium \$	Retained Losses \$	Total \$
Balance at 30 September 2010	4,323	839,619	(501,528)	342,414
Total comprehensive income for the year				
Loss for the period	-	-	(621,688)	(621,688)
Total comprehensive income for the year	-	-	(621,688)	(621,688)
Transactions with owners, recorded directly in equity				
Shares issued	1,311	6,955,958	-	6,957,269
Total transactions with owners	1,311	6,955,958	-	6,957,269
Balance at 30 September 2011	5,634	7,795,577	(1,123,216)	6,677,995
Balance at 30 September 2011	5,634	7,795,577	(1,123,216)	6,677,995
Total comprehensive income for the year				
Loss for the year	-	-	(1,220,992)	(1,220,992)
Total comprehensive income for the year	-	-	(1,220,992)	(1,220,992)
Transactions with owners, recorded directly in equity				
Shares issued	36	1,946,976	-	1,947,012
Total transactions with owners	36	1,946,976	-	1,947,012
Balance at 30 September 2012	5,670	9,742,553	(2,344,208)	7,404,015

The accompanying notes on pages 19 to 40 form an integral part of these financial statements.

The financial statements were approved by the board of Directors on and signed on its behalf by


Brian McDonnell
Director


Peter Whelan
Director

U.S. Oil and Gas Plc

Company Statement of Changes in Equity for the year ended 30 September 2012

	Share Capital \$	Share Premium \$	Retained Losses \$	Total \$
Balance at 30 September 2010	4,323	839,619	(492,664)	351,278
Total comprehensive income for the year				
Loss for the period	-	-	(477,266)	(477,266)
Total comprehensive income for the year	-	-	(477,266)	(477,266)
Transactions with owners, recorded directly in equity				
Shares issued	1,311	6,955,958	-	6,957,269
Total transactions with owners	1,311	6,955,958	-	6,957,269
Balance at 30 September 2011	5,634	7,795,577	(969,930)	6,831,281
Balance at 30 September 2011	5,634	7,795,577	(969,930)	6,831,281
Total comprehensive income for the year				
Loss for the year	-	-	(405,352)	(405,352)
Share options granted in the year	-	-	-	-
Total comprehensive income for the year	-	-	(405,352)	(405,352)
Transactions with owners, recorded directly in equity				
Shares issued	36	1,946,976	-	1,947,012
Total transactions with owners	36	1,946,976	-	1,947,012
Balance at 30 September 2012	5,670	9,742,553	(1,375,282)	8,372,941

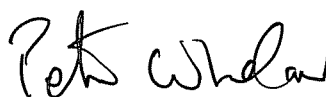
Net equity is attributable to the holders of the ordinary shares in the Group.

The accompanying notes on pages 19 to 40 form an integral part of these financial statements.

The financial statements were approved by the board of Directors on and signed on its behalf by



Brian McDonnell
Director



Peter Whelan
Director

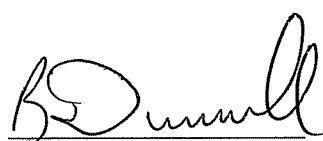
U.S. Oil and Gas Plc

Consolidated Statement of Financial Position as at 30 September 2012

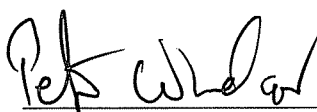
	Notes	30 Sep '12 \$	30 Sep '11 \$
Assets			
Non-Current Assets			
Intangible Assets	9	3,947,199	726,471
Total Non-Current Assets		3,947,199	726,471
Current Assets			
Trade and other receivables	11	294,352	33,228
Cash and cash equivalents	12	3,517,730	6,218,043
Total Current Assets		3,812,082	6,251,271
Total Assets		<u>7,759,281</u>	<u>6,977,742</u>
Equity			
Capital and Reserves			
Share capital	14	5,670	5,634
Share premium	14	9,742,553	7,795,577
Retained Loss	15	(2,344,208)	(1,123,216)
Attributable to owners of the Company		7,404,015	6,677,995
Total Equity		<u>7,404,015</u>	<u>6,677,995</u>
Liabilities			
Current Liabilities			
Trade and other payables	13	355,266	299,747
Total Current Liabilities		355,266	299,747
Total Liabilities		<u>355,266</u>	<u>299,747</u>
Total Equity and Liabilities		<u>7,759,281</u>	<u>6,977,742</u>

The accompanying notes on pages 19 to 40 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on and signed on its behalf by:



Brian McDonnell
Director



Peter Whelan
Director

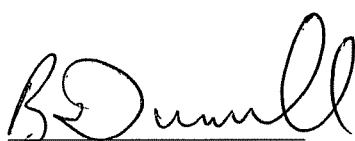
U.S. Oil and Gas Plc

Company Statement of Financial Position as at 30 September 2012

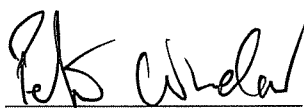
	Notes	30 Sep '12 \$	30 Sep '11 \$
Assets			
Non-Current Assets			
Investments in Subsidiaries	10	14	14
Total Non-Current Assets		14	14
Current Assets			
Trade and other receivables	11	5,366,652	895,898
Cash and cash equivalents	12	2,987,321	6,209,984
Total Current Assets		8,353,973	7,105,882
Total Assets		8,353,987	7,105,896
Equity			
Capital and Reserves			
Share capital	14	5,670	5,634
Share premium	14	9,742,553	7,795,577
Retained Loss	15	(1,666,996)	(973,372)
Attributable to owners of the Company		8,081,227	6,827,839
Total Equity		8,081,227	6,827,839
Liabilities			
Current Liabilities			
Trade and other payables	13	272,760	278,057
Total Current Liabilities		272,760	278,057
Total Liabilities		272,760	278,057
Total Equity and Liabilities		8,353,987	7,105,896

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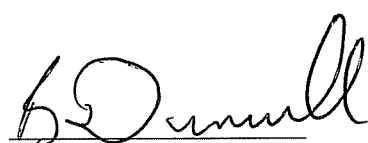
U.S. Oil and Gas Plc

Consolidated Statement of Cash Flows for the year ended 30 September 2012

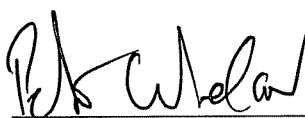
	Note	30 Sep '12 \$	30 Sep '11 \$
Cash flows from operating activities			
Loss for the year before taxation		(1,242,527)	(629,174)
Movement in working capital			
Movement in trade and other receivables		(261,124)	(33,228)
Movement in trade and other payables		55,519	225,372
Cash used in operations		<u>(1,448,132)</u>	<u>(437,030)</u>
Cash flows from financing activities			
Proceeds of issue of share capital	14	1,947,012	6,957,269
Net cash generated from financing activities		<u>1,947,012</u>	<u>6,957,269</u>
Cash flows from investing activities			
Interest received		21,535	7,486
Expenditure on intangible assets	9	(3,220,728)	(600,517)
Net cash used in investing activities		<u>(3,199,193)</u>	<u>(593,031)</u>
Movement in cash and cash equivalents		<u>(2,700,313)</u>	<u>5,927,208</u>
Cash and Cash Equivalents at the beginning of year	12	<u>6,218,043</u>	<u>290,835</u>
Cash and Cash Equivalents at end of year	12	<u><u>3,517,730</u></u>	<u><u>6,218,043</u></u>

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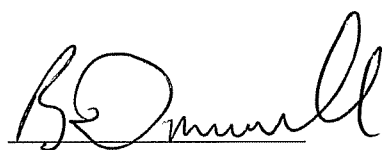
U.S. Oil and Gas Plc

Company Statement of Cash Flows for the year ended 30 September 2012

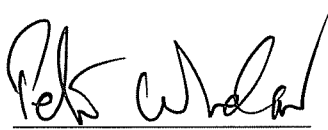
	Notes	30 Sep '12 \$	30 Sep '11 \$
Cash flows from operating activities			
Loss for the year before taxation		(693,624)	(480,709)
Movement in working capital			
Movement in trade and other receivables		(4,470,754)	(756,384)
Movement in trade and other payables		(5,297)	204,686
Cash used in operations		<u>(5,169,675)</u>	<u>(1,032,407)</u>
Cash flows from financing activities			
Proceeds from issue of share capital	14	<u>1,947,012</u>	<u>6,957,269</u>
Net cash generated from financing activities		<u>1,947,012</u>	<u>6,957,269</u>
Cash flows from investing activities		<u> </u>	<u> </u>
Net cash used in investing activities		<u> </u>	<u> </u>
Movement in Cash and Cash Equivalents		<u>(3,222,663)</u>	<u>5,924,862</u>
Cash and Cash equivalents at beginning of the year	12	<u>6,209,984</u>	<u>285,122</u>
Cash and Cash equivalents at end of year	12	<u>2,987,321</u>	<u>6,209,984</u>

The accompanying notes on pages 19 to 40 form an integral part of these financial statements.

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Brian McDonnell
Director



Peter Whelan
Director

U.S. Oil and Gas Plc

Notes to the Financial Statements *for the year ended 30 September 2012*

1. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the EU.

The financial statements have been prepared on the historical cost basis. The accounting policies have been applied consistently by Group entities.

Going Concern

The financial statements have been prepared on the going concern basis, which assumes that U.S. Oil and Gas PLC will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the following:

- 1) Raising additional finance to fund the exploration programme and the administrative expenses of the Company and the Group.
- 2) The successful development or disposal of Oil and Gas rights in the Groups Licence area of North America as detailed in Note 8. This is dependent on several variables including the existence of commercial deposits of oil and gas, availability of finance and the price of oil and gas.

The financial statements do not include any adjustments that would result if development or disposal of rights and the fundraising is unsuccessful. Whilst taking into consideration the uncertainties described above, the Directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2012

..... continued

2. Significant Accounting Policies

U.S. Oil and Gas PLC ("the Company") is a company incorporated in Ireland. The Group financial statements consolidate those of the Company and its subsidiary (together referred to as the "Group").

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and by all group entities.

Statement of Compliance

As permitted by the European Union, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU (IFRS). The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with the IFRSs as adopted by the EU and as applied in accordance with the Companies Acts, 1963 to 2012 which permits a company that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 148(8) of the Companies Act, 1963, from presenting to its members its Company Statement of Comprehensive Income and related notes that form part of the approved Company financial statements.

The IFRSs adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective on or before 31 December 2011.

Standards and amendments to existing standards effective 30 September 2012

The following standards, amendments and interpretations which became effective in prior year are of relevance to the Group:

Standard	Content
Amendment to IFRS 1	Presentation of Financial Statements
IAS 12	Income Taxes

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

Standard/ Interpretation	Content
IFRS 9	Financial Instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of interests in other entities
IFRS 13	Fair value measurement
IFRS 19R	Employee benefits

In 2012, the Group did not early adopt any new or amended standards and do not plan to early adopt any of the standards issued but not yet effective.

U.S. Oil and Gas Plc

Notes to the Financial Statements *for the year ended 30 September 2012*

..... continued

IFRS 2 Share Based Payment

The Group approved a share option plan as an incentive to certain key management and staff (including Directors). The fair value of the share options granted to the directors and employees under the Companies share option scheme is recognised as an expense with a corresponding credit to the share based payment reserve. The fair value is measured at grant date and spread over the period during which the awards vest.

Functional and Presentation Currency

The consolidated financial statements are presented in US Dollars (\$), which is the Company's functional currency.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are in the following areas:

Note 9 - Intangible asset; measurement of impairment

Note 7 - Deferred Tax; utilisation of tax losses

Revenue Recognition - Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of U.S. Oil and Gas PLC and its subsidiary undertaking for the year ended 30 September 2012.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intragroup balances and any unrealised gains or losses or income or expenses arising from intragroup transactions are eliminated in preparing the Group financial statements.

In the Company's own balance sheet, investments in subsidiaries are stated at cost less provisions for any permanent diminution in value.

U.S. Oil and Gas Plc

Notes to the Financial Statements *for the year ended 30 September 2012*

..... continued

Intangible Assets

In accordance with International Financial Reporting Standard 6 - Exploration for and Evaluation of Mineral Resources, the Group uses the cost method of recognition. Exploration costs include licence costs, survey, geophysical and geological analysis and evaluation costs, costs of drilling and project-related overheads.

Exploration expenditure in respect of properties and licences not in production is capitalised and is carried forward in the balance sheet under intangible assets in respect of each area of interest where:-

- (i) the operations are ongoing in the area of interest and exploration or evaluation activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; or
- (ii) such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its realisation.

When the Directors decide that no further expenditure on an area of interest is worthwhile, the related expenditure is written off or down to an amount which it is considered represents the residual value of the Group's interest therein.

Impairment

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that is expected to generate cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

U.S. Oil and Gas Plc

Notes to the Financial Statements *for the year ended 30 September 2012*

..... continued

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

Foreign Currencies

Monetary assets and liabilities denominated in a foreign currency are translated into US Dollars at the exchange rate ruling at the balance sheet date, unless specifically covered by foreign exchange contracts whereupon the contract rate is used. Revenues, costs and non monetary assets are translated at the exchange rates ruling at the dates of the transactions. All exchange differences are dealt with through the Statement of Comprehensive Income.

On consolidation, the assets and liabilities of overseas subsidiaries are translated into US Dollars at the rates of exchange prevailing at the balance sheet date. Exchange differences arising from the restatement of the opening balance sheets of these subsidiary Companies are dealt with through reserves. The operating results of overseas subsidiary Companies are translated into US Dollars at the average rates applicable during the year.

Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction in equity.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

U.S. Oil and Gas Plc

Notes to the Financial Statements *for the year ended 30 September 2012*

..... continued

Financial Instruments

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of Statement of Cash Flows.

Trade and Other Receivables / Payables

Trade and other receivables and payables are stated at cost less impairment, which approximates fair value given the short dated nature of these assets and liabilities.

Finance Income

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as the interest accrues using the effective interest rate method to the net carrying amount of the financial asset.

Segmental Information

In accordance with IFRS 8: Operating Segments, the Group has one principle reportable segment which is the Group's strategic business unit, which represents the exploration for oil and gas in the United States.

Other operations includes cash resources held by the Group, interest income earned and other operational expenditure incurred by the Group, which have been allocated to the United States.

Financial Assets - Investment in Subsidiaries

Investments in subsidiaries are stated at cost and are reviewed for impairment if there are indications that the carrying value may not be recoverable.

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2012

..... continued

3. Segment Information

In the opinion of the Directors the operations of the group comprise one class of business, being the exploration and development of oil and gas. The group's main operations are located within the United States. The information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment is specifically focussed on the exploration areas in the United States. In the opinion of the Directors the Group has only one reportable segment under IFRS 8 'Operating Segments,' which is exploration carried out in the United States.

Information regarding the Group's reportable segments is presented below.

Segment Revenues and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue		Segment Loss	
	Year ended 30 Sep '12	Year ended 30 Sep '11	Year ended 30 Sep '12	Year ended 30 Sep '11
	\$	\$	\$	\$
Exploration - United States	-	-	(1,242,527)	(629,174)
Total for continuing operations	-	-	(1,242,527)	(629,174)
Investment income			21,535	7,486
Loss before tax (continuing operations)			(1,220,992)	(621,688)
Income tax expense			-	-
Loss after tax			(1,220,992)	(621,688)

Segment assets and liabilities

Segment Assets	30 Sep '12	30 Sep '11
	\$	\$
Exploration - United States	7,759,281	6,977,742
Consolidated assets	7,759,281	6,977,742
 Segment Liabilities		
Exploration - United States	355,266	299,747
Consolidated liabilities	355,266	299,747

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 30 September 2012

..... continued

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	30 Sep '12	30 Sep '11	30 Sep '12	30 Sep '11
	\$	\$	\$	\$
Exploration - United States	-	-	3,220,728	600,517

Revenue from major products and services

The Group did not receive any revenue from external customers in the current or prior year.

Geographical information

The Group operates in two principal geographical areas - Republic of Ireland (country of residence of U.S. Oil and Gas PLC) and United States (country of residence of Major Oil International LLC, a wholly owned subsidiary of U.S. Oil and Gas PLC).

The Group does not have revenue from external sources. Information about its non-current assets by geographical location are detailed below:

	Non-Current Assets	
	30 Sep '12	30 Sep '11
	\$	\$
Ireland	-	-
United States	3,947,199	726,471
	<u>3,947,199</u>	<u>726,471</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2012

..... continued

4. Statutory Information	Year ended 30 Sep '12 \$	Year ended 30 Sep '11 \$
Group		
<i>The loss for the financial period is stated after charging:</i>		
Loss for financial year in the Group	<u>1,220,992</u>	<u>621,688</u>
Loss/(Gain) on foreign currencies	1,107	(42,657)
Auditors' remuneration	19,466	20,833
Auditors' remuneration from non-audit work	<u>10,155</u>	<u>13,889</u>
Company		
<i>The loss for the financial period is stated after charging:</i>		
Loss for financial year in the Company	<u>(693,624)</u>	<u>(480,708)</u>
(Gain)/Loss on foreign currencies	(36,722)	12,840
Auditors' remuneration	19,466	20,833
Auditors' remuneration from non-audit work	<u>10,155</u>	<u>13,889</u>

As permitted by Section 148(8) of the Companies Act 1963, the Company Statement of Consolidated Income has not been separately disclosed in these financial statements.

5. Finance Income: Continuing Operations	Year ended 30 Sep '12 \$	Year ended 30 Sep '11 \$
Interest Revenue:		
Bank deposits	<u>21,535</u>	<u>7,486</u>
	<u>21,535</u>	<u>7,486</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2012

..... continued

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	Year ended 30 Sep '12 Number	Year ended 30 Sep '11 Number
Management	4	4
	<u>4</u>	<u>4</u>

Employment costs

	Year ended 30 Sep '12 \$	Year ended 30 Sep '11 \$
Wages and salaries	241,920	136,762
Social welfare costs	10,675	11,503
	<u>252,595</u>	<u>148,265</u>

6.1. Directors' emoluments

	Year ended 30 Sep '12 \$	Year ended 30 Sep '11 \$
Remuneration and other emoluments	252,595	148,265
	<u>252,595</u>	<u>148,265</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2012

..... continued

7. Income Tax Expense

	Year ended 30 Sep '12	Year ended 30 Sep '11
	\$	\$
Current tax		
Current tax expense in respect of the current year	-	-
	<hr/>	<hr/>
Total tax expense	-	-
	<hr/>	<hr/>

The income tax expense for the year can be reconciled to the accounting loss as follows:

	Year ended 30 Sep '12	Year ended 30 Sep '11
	\$	\$
Loss from continuing operations	(1,220,992)	(621,688)
Income Tax expense calculated at Irish corporation tax rate of 12.5% (2011 : 12.5%)	(152,624)	(77,711)
<i>Effects of:</i>		
Investment Income taxable at a different rate	2,692	936
Losses available to carry forward	149,932	76,775
	<hr/>	<hr/>
Income tax expense recognised	-	-
	<hr/>	<hr/>

The tax rate used for the year end reconciliations above is the corporate rate of 12.5% payable by corporate entities in Ireland on taxable profits under tax law in the jurisdiction of Ireland.

At the Statement of Financial Position date, the Group had unused tax losses of \$ 2,340,056 (2011 : \$ 1,149,568) available for offset against future profit which equates to a deferred tax asset of \$ 292,507 (2011 : \$ 143,696). No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Losses may be carried forward indefinitely.

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2012

..... continued

8. Loss per share

Basic earnings per share

The basic and weighted average number of ordinary shares used in the calculation of basic earning per share are as follows:

	Year ended 30 Sep '12	Year ended 30 Sep '11
	\$	\$
Loss for the year attributable to equity holders of the parent	(1,220,992)	(621,688)
Number of ordinary shares in issue - start of year	41,398,337	31,675,507
Effects of share issued during the year	50,579	3,284,789
Weighted average number of ordinary shares for the purposes of basic earnings per share:	41,448,916	34,960,296
Basic loss per ordinary share (cent)	(2.95)	(1.78)

Diluted earnings per share

Diluted loss per share is the same as basic loss per share as there are no diluting instruments that would convert to ordinary shares.

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 30 September 2012

..... continued

9. Intangible assets - Group

	30 Sep '12	30 Sep '11
	\$	\$
Cost	3,947,199	726,471
Accumulated amortisation and impairment	-	-
	<u>3,947,199</u>	<u>726,471</u>
Exploration and Evaluation Assets		
	30 Sep '12	30 Sep '11
Cost	\$	\$
At 1 October 2011	726,471	125,954
Additions	3,220,728	600,517
At 30 September 2012	<u>3,947,199</u>	<u>726,471</u>

The Directors have considered expenditure on exploration and evaluation activities which have been capitalised and carried at historical cost. No amortisation has been charged in the period. The directors have reviewed the carrying value of the exploration and evaluation expenditure and consider it to be fairly stated and not impaired at 30 September 2012. The recoverability of the exploration & evaluation assets is dependent on the successful development or disposal of oil and gas in the Group's licence area. The directors are of the view that this does not result in a write off or impairment charge.

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 30 September 2012

..... continued

10. Financial assets - Company

	30 Sep '12	30 Sep '11
	\$	\$
Group undertakings - unlisted:		
Shares at cost	14	14
	<u>14</u>	<u>14</u>
	Subsidiary	
	Undertakings	
	Shares	Total
Cost	\$	\$
At 1 October 2011	14	14
Additions	-	-
At 30 September 2012	<u>14</u>	<u>14</u>
Net book values		
At 30 September 2012	<u>14</u>	<u>14</u>
At 30 September 2011	<u>14</u>	<u>14</u>

In the opinion of the directors' the carrying value of the investment is appropriate.

At 30 September 2012 the company had the following subsidiary undertaking:

Name	Incorporated in	Main Activity	Proportion of ownership	
			30 Sep '12	30 Sep '11
Major Oil International LLC	Texas, U.S.A.	Petroleum and gas exploration	100%	100%

The aggregate capital and reserves and results from this undertaking for the last relevant financial year was as follows:

	Capital and reserves	Profit/(Loss) for the year
	\$	\$
Major Oil International LLC	<u>(650,197)</u>	<u>(462,534)</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2012

..... continued

11. Trade and other receivables	Group 30 Sep '12 \$	Group 30 Sep '11 \$	Company 30 Sep '12 \$	Company 30 Sep '11 \$
<i>Amounts falling due within one year:</i>				
Amounts owed by group undertakings	-	-	5,258,469	874,170
Other debtors	122,814	33,228	108,183	21,728
Prepayments and accrued income	171,538	-	-	-
	<u>294,352</u>	<u>33,228</u>	<u>5,366,652</u>	<u>895,898</u>

12. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	Group 30 Sep '12 \$	Group 30 Sep '11 \$	Company 30 Sep '12 \$	Company 30 Sep '11 \$
Cash at bank	3,517,730	6,218,043	2,987,321	6,209,984
Petty cash	-	-	-	-
	<u>3,517,730</u>	<u>6,218,043</u>	<u>2,987,321</u>	<u>6,209,984</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2012

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13. Trade and other payables	Group 30 Sep '12 \$	Group 30 Sep '11 \$	Company 30 Sep '12 \$	Company 30 Sep '11 \$
Trade payables	262,928	209,736	180,421	193,432
Other taxes and social welfare costs	34,219	41,372	34,219	41,372
Other creditors	38,724	4,993	38,725	4,993
Accruals and deferred income	19,395	43,646	19,395	38,260
	<u>355,266</u>	<u>299,747</u>	<u>272,760</u>	<u>278,057</u>

Some trade creditors had reserved title to goods supplied to the company. Since the extent to which such creditors are effectively secured depends on a number of factors and conditions, some of which are not readily determinable, it is not possible to indicate how much of the above amount is secured under reservation of title.

<i>Other taxes and social welfare costs:</i>	Group 30 Sep '12 \$	Group 30 Sep '11 \$	Company 30 Sep '12 \$	Company 30 Sep '11 \$
P.A.Y.E./P.R.S.I.	<u>34,219</u>	<u>41,372</u>	<u>34,219</u>	<u>41,372</u>
	<u>34,219</u>	<u>41,372</u>	<u>34,219</u>	<u>41,372</u>

The Groups exposure to currency and liquidity risks related to trade and other payables is set out in note 18.

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Notes to the Financial Statements for the year ended 30 September 2012

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14.	Share capital		30 Sep '12 \$	30 Sep '11 \$	
	Authorised				
	20,000,000,000 Ordinary shares of €0.0001 each		2,854,400	2,854,400	
			2,854,400	2,854,400	
	Issued, called up and fully paid:				
		No. of issued Shares	Share Capital \$	Share Premium \$	Total Capital \$
	At 30 September 2010	31,675,507	4,323	839,619	843,942
	Total comprehensive income for the year				
	Loss for the year	-	-	-	-
	Transactions with shareholders, recorded directly in equity				
	Shares issued	9,722,830	1,311	7,238,605	7,239,916
	Share issue costs	-	-	(282,647)	(282,647)
	At 30 September 2011	41,398,337	5,634	7,795,577	7,801,211
	Total comprehensive income for the year				
	Loss for the year	-	-	-	-
	Transactions with shareholders, recorded directly in equity				
	Shares issued	284,019	36	1,946,976	1,947,012
	Share issue costs	-	-	-	-
	At 30 September 2012	41,682,356	5,670	9,742,553	9,748,223

The issued share capital of the company at 30 September 2012 comprised of 41,682,356 ordinary shares of €0.0001 each issued and fully paid of which 717,612 are held as treasury shares (30 September 2011 : 41,398,337 issued and fully paid of which 746,077 were treasury shares)

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time.

The shareholders have all voting powers and full voting rights as permitted under the applicable company laws.

On 27 July 2012 the Company placed 284,019 new ordinary shares of €0.0001 each at an issue price of Stg £4 per share. The placing has raised proceeds of approximately \$1.95m in equity funding which includes a foreign exchange gain.

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Notes to the Financial Statements for the year ended 30 September 2012

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On 10 May 2012 it was announced that 25,000 Ordinary Shares were transferred to GTC Global Oil and Gas Consultancy from the Company's treasury for services rendered.

On 31 May 2012 it was announced that 3,465 Ordinary Shares were transferred to Dave and Bobbi Murphy from the Company's treasury for services rendered.

15. Retained Losses

	Group 30 Sep '12 \$	Group 30 Sep '11 \$	Company 30 Sep '12 \$	Company 30 Sep '11 \$
Loss at beginning of year	(1,123,216)	(501,528)	(973,372)	(492,664)
Loss for the year	(1,220,992)	(621,688)	(693,624)	(480,708)
Loss at end of year	<u><u>(2,344,208)</u></u>	<u><u>(1,123,216)</u></u>	<u><u>(1,666,996)</u></u>	<u><u>(973,372)</u></u>

In accordance with the provisions of the Companies (Amendment) Act 1986, the Company has not presented an Income Statement. A loss for the year of \$693,624 (2011 - loss of \$480,708) has been dealt with in the Statement of Comprehensive Income of the Company.

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2012

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16. Share-based payments

Share option plan

At the Company's Annual General Meeting (AGM) on 31 August 2012, the Directors were granted the authority to 2,500,941 Ordinary Shares representing 6% of the Company's Issued Ordinary Share Capital subject to the approval Committee of the terms and conditions of the Share Option Scheme.

Shares which are issued under this Plan will rank equally in all respects with the Shares then in issue, except that they right attaching to Shares by reference to a record date preceding the exercise of the Award. The Participant will be dividends and to exercise voting rights at general meetings of the Company in respect of Shares.

There were no Options exercised at the end of the financial year 30 September 2012.

On 22 November 2012, the Board agreed to award 2,455,000 shares at prices of £0.65 and £0.68. The meeting of the Company's Remuneration Committee confirming the awards was held on 23 January 2013. The options were awarded to service providers, consultants and Directors.

Details of the options awarded to Directors are as follows:

Name	Option Exercise	Last Exercise Date
Number of Options Awarded	Price	
Brian McDonnell 895,000	STG 0.65p	22 November 2017
Peter Whelan 565,000	STG 0.65p	22 November 2017
Karim Akrawi 535,000	STG 0.65p	22 November 2017
Paul O'Callaghan 100,000	STG 0.68p	22 November 2017

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Notes to the Financial Statements
for the year ended 30 September 2012

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17. Related party transactions

Details of subsidiary undertakings are shown in Note 10. In accordance with International Accounting Standard 24 - Related Party Disclosures, transactions between group entities that have been eliminated on consolidation are not disclosed.

Geodynamics Worldwide

Karim Akrawi is a director of U.S. Oil and Gas Plc and is also a director of Geodynamics Worldwide. At 1 October 2011 U.S. Oil and Gas Plc owed an amount of \$71,611.39 to Geodynamics Worldwide. During the year U.S. Oil and Gas Plc repaid the amount in full to Geodynamics Worldwide. At 30 September 2012 U.S. Oil and Gas Plc owed Nil to Geodynamics Worldwide.

Captive Audience Display Solutions Plc ("Captive")

Brian McDonnell is a director of U.S. Oil and Gas PLC and was a director of Captive. At 1 October 2011 Captive were owed \$24,722 by U.S. Oil and Gas PLC. The movement in the exchange rate at the 31 September 2012 results in the balance owed at 30 September 2012 to Captive being \$22,397 by U.S. Oil and Gas PLC.

PetroHit Corporation

Karim Akrawi is a director of U.S. Oil and Gas Plc and is also a director of PetroHit Corporation. At 1 October 2011 U.S. Oil and Gas Plc owed an amount of \$9,750 to PetroHit Corporation. During the year U.S. Oil and Gas Plc was invoiced an amount of \$128,378 from PetroHit Corporation and repaid an amount of \$111,610. At 30 September 2012 U.S. Oil and Gas Plc owed \$26,518 to PetroHit Corporation.

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2012

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18. Financial Instruments and Financial Risk Management

The Group and Company's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to provide finance for the Group and Company's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations.

It is, and has been throughout 2012, 2011 and 2010 the Group and Company's policy that no trading in derivatives be undertaken.

The main risks arising from the Group and Company's financial instruments are foreign currency risk, credit risk, liquidity risk, interest rate risk and capital risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. Exchange rate exposure is managed within approved policy parameters utilising forward exchange contracts where appropriate. The exposure to exchange rate fluctuations is limited to exchange rate variances between the Euro, US Dollar and Sterling.

At the period ended 30 September 2012, the Group had no outstanding forward exchange contracts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As the Group does not, as yet, have any sales to third parties, this risk is limited.

The Group and Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Group and Company's exposure to credit risk arises from default of a counterparty, with a maximum exposure equal to the carrying amount of cash and cash equivalents in its consolidated balance sheet.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities.

Liquidity risk management

Liquidity risk is the risk that the Group will not have sufficient funds to meet liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group and Company's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Cash forecasts are regularly produced to identify the liquidity requirements of the Group. To date, the Group has relied on shareholder funding to finance its operations. The Group had no borrowing facilities at 30 September 2012.

The Group and Company's financial liabilities as at 30 September 2012 were all payable on demand.

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Notes to the Financial Statements *for the year ended 30 September 2012*

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The expected maturity of the Group and Company's financial assets (excluding prepayments) as at 30 September 2012 was less than one month.

The Group expects to meet its' other obligations from operating cash flows with an appropriate mix of funds and equity instruments.

The Group had no derivative financial instruments as at 30 September 2012.

Interest rate risk

The Group and Company's exposure to the risk of changes in market interest rates relates primarily to the Group and Company's holdings of cash and short term deposits.

It is the Group and Company's policy as part of its disciplined management of the budgetary process to place surplus funds on short term deposit in order to maximise interest earned.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. No changes were made in the objectives, policies or processes during the period ended 30 September 2012. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in the consolidated statement of changes in equity.

Fair values

The carrying amount of the Group and Company's financial assets and financial liabilities is a reasonable approximation of the fair value.

Hedging

At the year ended 30 September 2012 and 30 September 2011, the Group had no outstanding contracts designated as hedges.

19. Approval of financial statements

The financial statements were approved by the board on .

28 / month / 13