

U.S. Oil and Gas Plc

Annual Report and Financial Statements

for the year ended 31 July 2017

U.S. Oil and Gas Plc

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U.S. Oil and Gas Plc

Directors and other information

Directors	Brian McDonnell Peter Whelan Karim Akrawi Brian McBeth	(Chief Executive Officer: Chairman) (Non Executive Officer) (Non Executive Officer) (Non Executive Officer)
Registered Office & Business Address	Alexandria House The Sweepstakes Ballsbridge Dublin 4	
Secretary	Brian McDonnell	
Auditors	LHM Casey McGrath Limited 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	
Solicitors	Whitney Moore Wilton Park House Wilton Place Dublin 2	

U.S. Oil and Gas Plc

Registrars	Computershare Investor Services (Ireland) Limited Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18
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 31 July 2017

I am pleased to report the final results for the year ended 31 July, 2017.

Corporate Highlights

- Funds raised \$2.753 M

Operational Highlights

- 3D Structural Modeling Complete
- OOIP Best Estimate for the Tertiary Eblana Structure is over 1 billion barrels Contingent Resources
- Recoverable Contingent Oil Best Estimate is 206.6 million barrels

Financial Highlights

- Administration expenses \$750,849 (2016: \$808,748). The increase in expenditure was primarily due to increased exploration activity over the period and loss on currency movements.
- Total comprehensive loss \$750,898 (2016: \$808,279) and cash and cash equivalents \$3,274,903 (2016: \$1,204,719). As a result of VAT refunds the cash and cash equivalents on hand as at 31 July 2017 amount to circa \$1.1m. The Group is debt-free.

Review of the year ended 31 July 2017

Industry environment

Throughout the period, turbulence in the oil industry caused by a precipitous drop in the oil price led to extreme risk aversion on the part of investors and potential industry partners. The Company took the view that the best way forward was to make independent operational progress until such time as the oil price and industry confidence recovered.

The Company's primary objective is to raise a portion of its Contingent Resources to Proven Reserves by planning and drilling an additional well or wells. The data collected by drilling and further surveying activity will also enhance understanding of the wider prospect in Hot Creek Valley.

Operational progress

The Company contracted Halliburton to carry out a Vertical Seismic Profile (VSP) survey based on US Oil's Eblana -1 discovery well, and Baker Hughes (BHI) to carry out structural modelling based on all the data collected to date including VSP data. The purpose of the structural modelling was to reduce risk as far as possible before further drilling. In addition, Baker Hughes calculated revised Oil-In-Place estimates for the Tertiary structure updip of the Eblana-1 well.

The results of VSP and modelling exercises were highly encouraging. Of two previously identified Tertiary structures in range of VSP, both were confirmed, as was the direction of updip. It was also determined that the Palaeozoics rise sharply to the west.

Baker Hughes' revised Oil-In-Place estimates were a significant upgrade to those reported by the Company in 2013. The Baker Hughes model estimated Original Oil-in-Place (OOIP) for the Tertiary zones updip to the Eblana-1 well as 283 million barrels (low case); 1,033 million barrels (best case); and 1,993 million barrels (high case). They also reported estimated Recoverable Resources (at 20% recovery factor) as follows: 57 million barrels (low case); 207 million barrels (best case); and 400 million barrels (high case).

U.S. Oil and Gas Plc

Chairman's Statement

for the year ended 31 July 2017

The primary purpose of the Baker Hughes structural modelling exercise was to reduce risk by identifying and locating the potential hydrocarbon-bearing zones to be targeted. Four Tertiary zones and two Palaeozoic zones were considered the most promising. Further studies confirmed one target within the range of displacement drilling from the Eblana-1 drillpad (designated Eblana-1A) and two targets to be drilled by vertical wells designated Eblana-3 and Eblana-6.

Fund raising

During the financial year, the company raised funds in an Open Offer and three Placings. The Company raised \$2.753K issuing 8,248,652 new Ordinary Shares at between £0.27 and £0.30. These fundraisings placed the Company in a strong financial position to move forward on both operational and corporate fronts.

The funds raised will allow for the drilling of up to two wells.

Outlook and post balance sheet events

In spite of a challenging industry environment, the Company has shown itself capable of developing an appropriate forward-looking strategy, raising funds, and making significant operational progress. In September 2017 the Company raised an additional \$748k in working capital, further underpinning its planned exploration programme.

Recently, the international oil price has shown signs of a sustained recovery and possibly an upward trajectory. In addition, the industry has become increasingly aware of a dearth of new oil finds due to constrained investment during the downturn. This may bode well for exploration projects in pioneer regions such as Nevada. The low potential cost of conventional production from Hot Creek Valley could also prove an attractive proposition, given that extraction costs for competing shale plays are high and shale demands continuous capital investment to maintain production.

In late 2017, the Company reported the results of additional geochemical surveying extending over its entire concession. Results indicate a high potential for hydrocarbons throughout the Hot Creek Valley concession and confirm the Company's view that its leases cover a major oil system. The company is also carrying out further geological modelling based on all data collected to date, focussing on the wider concession area. The purpose is to inform a comprehensive exploration plan aimed at identifying all significant potential hydrocarbon-bearing structures on its Hot Creek Valley leases. This planning underpins a strategy aimed at developing the necessary corporate, technical and resource capabilities to fully explore and develop the asset.

As of 12 January 2018 all permits required for the wells designated Eblana-3 and Eblana-6 were approved by the US Dept. of the Interior Bureau of Land Management (BLM) and the Nevada Division of Minerals (NDOM). The permit application for the well designated Eblana-1A, a more complex project, is still in process with the relevant authorities.

As of 26 January 2018, site preparations for the drilling of Eblana-3 and Eblana-6 including the setting of the conductor pipes and the drilling of a water well are almost complete. Discussions with drilling contractors are underway to finalise arrangements. The Company expects drilling to take place in Q1 2018.

Brian McDonnell
Chairman

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2017

The Directors present their Annual Report and the audited consolidated financial statements for the year ended 31 July 2017 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 Development

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 economic and political developments.

Political Risk

The Group may be subject to political, economic and other uncertainties.

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 20 to these financial statements

Share Price

On September 25th 2017 the company completed a private placing at STG£0.30 per share.

Results and Dividends

The loss for the year after providing for depreciation and taxation amounted to US\$750,898 (2016 : US\$808,279). 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 31 July 2017

Directors

In accordance with the Articles of Association, at the next Annual General Meeting to be held Karim Akrawi will retire and being eligible offers 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 31 July 2017 in the share capital of the Company were:

	Ordinary shares	
	31 Jul '17	1 Aug '16
Directors		
Brian McDonnell	3,913,234	3,913,234
Peter Whelan	564,118	564,118
Karim Akrawi	100,000	100,000
Brian McBeth	-	-
Secretary		
Brian McDonnell	3,913,234	3,913,234

Share options in U.S Oil and Gas Plc - Ordinary Shares

	<i>Vested at 1 August '16 No.</i>	<i>Movement during the year No.</i>	<i>Vested at 31 Jul '17 No.</i>
Brian McDonnell	895,000	-	895,000
Peter Whelan	565,000	-	565,000
Karim Akrawi	535,000	-	535,000
Brian McBeth	-	-	-

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 Notes 17 and 19 to the financial statements.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2017

Significant Shareholders

The Company has been informed that, in addition to the interests of the Directors, as at 31 July 2017 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 capital	
	31 Jul '17	31 Jul '16
Jim Nominees Limited	19.13%	21.27%
Brian McDonnell	6.83%	8.5%
Goodbody Stock Brokers	3.15%	3.15%

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 July 2017 the Company held 717,612 (2016 : 717,612) ordinary shares "in Treasury".

Subsidiary Undertakings

Details of the Company's subsidiary are set out in Note 12 to the financial statements.

Political Donations

The Company did not make any political donations during the period. (2016: \$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 in the Republic of Ireland requires the Directors to prepare Group and parent Company financial statements for each financial period. The Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU (EU IFRS) and have elected to prepare the financial statement in accordance with EU IFRS, as applied in accordance with the provisions of the Companies Act 2014.

The Group and Company financial statements are required by law and EU IFRS to present fairly the financial 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.

Under the Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets and liabilities and financial position of the company and the group and of its profit and loss for that period.

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

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Directors' Report

for the year ended 31 July 2017

- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

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

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited.

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 enquiries, are confident that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future.

The future of the Company and the Group is also dependent on the successful future outcome of its exploration interests and the availability of future funding to bring these interests to production.

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.

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 eleven occasions during the year ended 31 July 2017. 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.

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Directors' Report

for the year ended 31 July 2017

Audit Committee

The Audit Committee comprises Liam Kilkenny 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 Peter Whelan and Karim Akrawi. 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 ensure 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 year ended 31 July 2017 was as follows:

	2017	2016
	\$	\$
Remuneration and other emoluments - Executive Directors	106,841	87,210
Remuneration and other emoluments - Non- Executive Director	19,688	16,498
	<u>126,529</u>	<u>103,708</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.

Communications

The Group maintains regular contact with shareholders through publications such as the annual and interim report via press releases and the group's website, www.usoil.us. The Directors are responsive to shareholder telephone and email enquiries throughout the year. The Board regards the Annual General Meeting as a particularly important opportunity for shareholders, Directors and management to meet and exchange views.

Internal Control

The Board is responsible for maintaining the Group's system of internal control to safeguard shareholders investments and Group assets.

The Directors have overall responsibility for the Group's system of internal control and have delegated responsibility for the implementation of this system to Executive Management. This system includes financial controls that enable the Board to meet its responsibilities for the integrity and accuracy of the Group's accounting records.

The Group's system of internal financial control provides reasonable, though not absolute assurance that assets are safeguarded, transactions authorised and recorded properly and that material errors or irregularities are either prevented or detected within a timely period. Having made appropriate enquiries, the Directors consider that the system of internal financial, operational and compliance controls and risk management operated effectively during the period covered by the financial statements and up to the date on which the financial statements were signed.

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Directors' Report

for the year ended 31 July 2017

The internal control system includes the following key features, which have been designed to provide internal financial control appropriate to the Group's businesses:

- budgets are prepared for approval by the Board
- expenditure and income are compared to previously approved budgets;
- a detailed investment approval process which requires Board approval of all major capital projects and regular review of the physical performance and expenditure on these projects.
- all commitments for expenditure and payments are compared to previously approved budgets and are subject to approval by personnel designated by the Board of Directors.
- cash flow forecasting is performed on an ongoing basis to ensure efficient use of cash resources.
- the Directors, through the Audit Committee, review the effectiveness of the Group's system of internal financial control.

Accounting records

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285, Companies Act 2014, regarding adequate accounting records 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 and accounting records of the company are maintained at Alexandria House, The Sweepstakes, Ballsbridge, Dublin 4.

Disclosure of Information to Auditors

Each of the persons who are directors at the time when this Director's Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post Balance Sheet Events

There are no post balance sheet events of material significance.

Auditors

Pursuant to Section 383(2) of the Companies Act 2014, the auditors, LHM Casey McGrath Limited will continue in office.

Signed on behalf of the board on 6 February 2018:

Brian McDonnell

Peter Whelan

U.S. Oil and Gas Plc

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of U.S. Oil and Gas Plc (the 'company') for the year ended 31 July 2017, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and Financial Reporting Standards applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company's affairs as at 31 July 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standards applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we considered necessary for the purpose of our audit
- In our opinion the accounting records of the parent company were sufficient to permit the parent company financial statements to be readily and properly audited.
- The parent company Statement of Financial Position is in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

U.S. Oil and Gas Plc

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

Matters on which we are required to report by exception:

We have nothing to report in respect of the provisions of the Companies Act 2014 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by section 305 to 312 of the Companies Act 2014 are not made.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [https://www.iaasa.ie/Publications/ISA 700 \(Ireland\)](https://www.iaasa.ie/Publications/ISA_700_(Ireland)). This description forms part of our Auditors' Report.

The purpose of the audit report and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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.



Brendan Murtagh

Statutory auditor

For and on behalf of

LHM Casey McGrath Limited

Chartered Certified Accountants

Statutory Audit Firm

6 Northbrook Road

Dublin 6

Ireland

Date: 6 February 2018

U.S. Oil and Gas Plc

Consolidated Statement of Comprehensive Income for the year ended 31 July 2017

	<i>Notes</i>	31 Jul '17 US\$	31 Jul '16 US\$
Continuing Operations			
Administrative expenses		(750,849)	(808,748)
Operating loss		<u>(750,849)</u>	<u>(808,748)</u>
Finance Income	5	61	582
Interest payable and similar charges	6	(110)	(113)
Loss for the year/period before taxation	4	<u>(750,898)</u>	<u>(808,279)</u>
Income tax expense	9	-	-
Loss for the year from the continuing operations		<u>(750,898)</u>	<u>(808,279)</u>
Other Comprehensive Income			
Loss for the year from the continuing operations		<u>(750,898)</u>	<u>(808,279)</u>
Foreign exchange movement		166,704	36,717
Total Comprehensive Loss for the year		<u>(584,194)</u>	<u>(771,562)</u>
Loss attributable to:			
Equity holders of the Company		<u>(750,898)</u>	<u>(808,279)</u>
Total Comprehensive Loss attributable to:		<u>(584,194)</u>	<u>(771,562)</u>
Equity holders of the Company		<u>(584,194)</u>	<u>(771,562)</u>
Earnings per share from continuing operations			
Basic and diluted loss per share (cent)	10	<u>(1.52)</u>	<u>(1.86)</u>

All activities derive from continuing operations. All losses and total comprehensive loss for the year and the preceding period 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 24 to 41 form an integral part of these financial statements.

Signed on behalf of the board on:

Brian McDonnell

Director

Peter Whelan

Director

Date 6 February 2018

U.S. Oil and Gas Plc

Consolidated Statement of Changes in Equity

for the period ended 31 July 2017

	Share Capital	Share Premium	Treasury Shares	Treasury Share Based Payment Reserve	Foreign Exchange Reserve	Retained Losses	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 August 2015	5,715	10,247,441	102	168,305	-	(4,936,871)	5,484,692
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(808,279)	(808,279)
Foreign exchange on consolidation					36,717	-	36,717
Total comprehensive income for the period	-	-	-	-	36,717	(808,279)	(771,562)
Transactions with owners, recorded directly in equity							
Shares issued	479	1,598,449	-	-	-	-	1,598,928
Total transactions with owners	479	1,598,449	-	-	-	-	1,598,928
Balance at 31 July 2016	6,194	11,845,890	102	168,305	36,717	(5,745,150)	6,312,058

Signed on behalf of the board on:

Brian McDonnell
Director

Peter Whelan
Director

Date 6 February 2018

U.S. Oil and Gas Plc

Consolidated Statement of Changes in Equity for the period ended 31 July 2017

Balance at 1 August 2016	6,194	11,845,890	102	168,305	36,717	(5,745,150)	6,312,058
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(750,898)	(750,898)
Foreign exchange on consolidation	-	-	-	-	129,987	-	129,987
Total comprehensive income for the year	-	-	-	-	129,987	(750,898)	(620,911)
Transactions with owners, recorded directly in equity							
Shares issued	880	2,752,387	-	-	-	-	2,753,267
Total transactions with owners	880	2,752,387	-	-	-	-	2,753,267
Balance at 31 July 2017	7,074	14,598,277	102	168,305	166,704	(6,496,048)	8,444,414

The accompanying notes on pages 24 to 41 form an integral part of these financial statements.

Signed on behalf of the board on:

Brian McDonnell
Director

Peter Whelan
Director

Date 6 February 2018

U.S. Oil and Gas Plc

Company Statement of Changes in Equity

for the year ended 31 July 2017

	Share Capital	Share Premium	Treasury Shares	Share Based Payment Reserve	Foreign Exchange Reserve	Retained Losses	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 August 2015	5,715	10,247,441	102	168,305	-	(3,467,114)	6,954,449
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(447,754)	(447,754)
Foreign exchange	-	-	-	-	133,173	-	133,173
Total comprehensive income for the period	-	-	-	-	133,173	(447,754)	(314,581)
Transactions with owners, recorded directly in equity							
Shares issued	479	1,598,449	-	-	-	-	1,598,928
Total transactions with owners	479	1,598,449	-	-	-	-	1,598,928
Balance at 31 July 2016	6,194	11,845,890	102	168,305	133,173	(3,914,868)	8,238,796

Signed on behalf of the board on:

Brian McDonnell
Director

Peter Whelan
Director

Date

6 February 2018

U.S. Oil and Gas Plc

Company Statement of Changes in Equity

for the year ended 31 July 2017

	Share Capital	Share Premium	Treasury Shares	Share Based Payment Reserve	Foreign Exchange Reserve	Retained Losses	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 August 2016	6,194	11,845,890	102	168,305	133,173	(3,914,868)	8,238,796
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(390,744)	(390,744)
Foreign exchange	-	-	-	-	(379,782)	-	(379,782)
Total comprehensive income for the year	-	-	-	-	(379,782)	(390,744)	(770,526)
Transactions with owners, recorded directly in equity							
Shares issued	880	2,752,387	-	-	-	-	2,753,267
Total transactions with owners	880	2,752,387	-	-	-	-	2,753,267
Balance at 31 July 2017	7,074	14,598,277	102	168,305	(246,609)	(4,305,612)	10,221,537

The accompanying notes on pages 24 to 41 form an integral part of these financial statements.

Signed on behalf of the board on:

Brian McDonnell

Director

Peter Whelan

Director

Date

6 February 2018

U.S. Oil and Gas Plc

Consolidated Statement of Financial Position

as at 31 July 2017

	<i>Notes</i>	31 Jul '17 US\$	31 Jul '16 US\$
Assets			
Non-Current Assets			
Intangible Assets	11	5,173,729	5,173,729
Total Non-Current Assets		<u>5,173,729</u>	<u>5,173,729</u>
Current Assets			
Trade and other receivables	13	124,747	90,143
Cash and cash equivalents	14	3,274,903	1,204,719
Total Current Assets		<u>3,399,650</u>	<u>1,294,862</u>
Total Assets		<u><u>8,573,379</u></u>	<u><u>6,468,591</u></u>
Equity			
Capital and Reserves			
Share capital presented as equity	16	7,074	6,194
Share premium	16	14,598,277	11,845,890
Other reserves		335,111	205,124
Retained loss		(6,496,048)	(5,745,150)
Attributable to owners of the Company		<u>8,444,414</u>	<u>6,312,058</u>
Total Equity		<u><u>8,444,414</u></u>	<u><u>6,312,058</u></u>
Liabilities			
Current Liabilities			
Trade and other payables	15	128,965	156,533
Total Current Liabilities		<u>128,965</u>	<u>156,533</u>
Total Liabilities		<u><u>128,965</u></u>	<u><u>156,533</u></u>
Total Equity and Liabilities		<u><u>8,573,379</u></u>	<u><u>6,468,591</u></u>

The accompanying notes on pages 24 to 41 form an integral part of these financial statements.

Signed on behalf of the board on:

Brian McDonnell

Director

Peter Whelan

Director

Date 6 February 2018

U.S. Oil and Gas Plc

Company Statement of Financial Position as at 31 July 2017

	<i>Notes</i>	31 Jul '17 US\$	31 Jul '16 US\$
Assets			
Non-Current Assets			
Investments in Subsidiaries	12	12	11
Total Non-Current Assets		<u>12</u>	<u>11</u>
Current Assets			
Trade and other receivables	13	9,301,002	7,244,030
Cash and cash equivalents	14	1,013,520	1,116,504
Total Current Assets		<u>10,314,522</u>	<u>8,360,534</u>
Total Assets		<u>10,314,534</u>	<u>8,360,545</u>
Equity			
Capital and Reserves			
Share capital presented as equity	16	7,074	6,194
Share premium	16	14,598,277	11,845,890
Other reserves		(78,202)	301,580
Retained loss		(4,305,612)	(3,914,868)
Attributable to owners of the Company		<u>10,221,537</u>	<u>8,238,796</u>
Total Equity		<u>10,221,537</u>	<u>8,238,796</u>
Liabilities			
Current Liabilities			
Trade and other payables	15	92,997	121,749
Total Current Liabilities		<u>92,997</u>	<u>121,749</u>
Total Liabilities		<u>92,997</u>	<u>121,749</u>
Total Equity and Liabilities		<u>10,314,534</u>	<u>8,360,545</u>

The accompanying notes on pages 24 to 41 form an integral part of these financial statements.

Signed on behalf of the board on:

Brian McDonnell

Director

Peter Whelan

Director

Date 6 February 2018

U.S. Oil and Gas Plc

Consolidated Statement of Cash Flows for the period ended 31 July 2017

	Note	31 Jul '17 US\$	31 Jul '16 US\$
Cash flows from operating activities			
Loss for the year before taxation		(750,849)	(808,748)
Movement in working capital			
Foreign exchange		129,987	36,717
Movement in trade and other receivables		(34,604)	(2,317)
Movement in trade and other payables		(27,568)	(197)
Cash used in operations		(683,034)	(774,545)
Cash flows from financing activities			
Proceeds of issue of share capital	16	2,753,267	1,598,928
Net cash generated from financing activities		2,753,267	1,598,928
Cash flows from investing activities			
Interest received		(49)	469
Net cash used in investing activities		(49)	469
Movement in cash and cash equivalents			
Cash and Cash Equivalents at the beginning of year	14	1,204,719	379,867
Cash and Cash Equivalents at end of year	14	3,274,903	1,204,719

The accompanying notes on pages 24 to 41 form an integral part of these financial statements.

Signed on behalf of the board on:

Brian McDonnell

Director

Peter Whelan

Director

Date 6 February 2018

U.S. Oil and Gas Plc

Company Statement of Cash Flows for the period ended 31 July 2017

	<i>Notes</i>	31 Jul '17 US\$	31 Jul '16 US\$
Cash flows from operating activities			
Loss for the year before taxation	18	(390,681)	(447,754)
Bank interest received		(61)	(582)
Movement in working capital			
Movement in trade and other receivables		(2,056,972)	(513,857)
Movement in trade and other payables		(28,752)	(13,698)
Foreign exchange		(379,846)	133,173
		<hr/>	<hr/>
Cash used in operations		(2,856,312)	(842,718)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from issue of share capital	16	2,753,267	1,598,928
Net cash generated from financing activities		<hr/> 2,753,267	<hr/> 1,598,928
Cash flows from investing activities			
Interest received		61	582
Net cash used in investing activities		<hr/> 61	<hr/> 582
		<hr/>	<hr/>
Movement in Cash and Cash Equivalents			
Cash and Cash equivalents at beginning of the period	14	(102,984) 1,116,504	756,792 359,712
		<hr/>	<hr/>
Cash and Cash equivalents at end of period	14	1,013,520	1,116,504
		<hr/>	<hr/>

The accompanying notes on pages 24 to 41 form an integral part of these financial statements.

Signed on behalf of the board on:

Brian McDonnell

Director

Peter Whelan

Director

Date 6 February 2018

1. Statement of 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.

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.

Statement of Compliance

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 which permits a company that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 304 of the Companies Act 2014, 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 July 2017.

Standards and amendments to existing standards effective 1 August 2016

There were no standards, amendments and interpretations which became effective during the year that were of relevance to the Group:

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

Standard/ Interpretation	Content	Effective Date
IFRS 2	Share-based Payment	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 7	Statement of Cash Flows	1 January 2017
IAS 12	Income Taxes	1 January 2017

In the year ended 31 July 2017, 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.

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 Company 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 11 - Intangible asset; measurement of impairment

Note 9 - 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 31 July 2017.

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 Statement of Financial Position, investments in subsidiaries are stated at cost less provisions for any permanent diminution in value.

Intangible Assets

In respect of 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 Consolidated Statement of Financial Position 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.

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Comprehensive Income 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 period, 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.

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 the 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

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.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of this obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Consolidated Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2017

2. 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) The raising of 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. 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 the development or disposal of oil and gas was not successful, and if the required additional finance was not secured. 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.

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 focused 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.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2017

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	
	31 Jul '17 US\$	31 Jul '16 US\$	31 Jul '17 US\$	31 Jul '16 US\$
Exploration - United States	-	-	(750,849)	(808,748)
Total for continuing operations	-	-	(750,849)	(808,748)
Investment income			61	582
Finance costs			110	113
Loss before tax (continuing operations)			(750,898)	(808,279)
Income tax expense			-	-
Loss after tax			(750,898)	(808,279)

Segment assets and liabilities

Segment Assets	31 Jul '17 US\$	31 Jul '16 US\$
Exploration - United States	8,573,379	6,468,591
Consolidated assets	8,573,379	6,468,591
Segment Liabilities		
Exploration - United States	128,965	156,533
Consolidated liabilities	128,965	156,533

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	31 Jul '17 US\$	31 Jul '16 US\$	31 Jul '17 US\$	31 Jul '16 US\$
Exploration - United States	-	-	-	-

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2017

Revenue from major products and services

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

Geographical information

The Group operates in two principal geographical areas - Republic of Ireland (country of residence of U.S. Oil and Gas Plc) and the 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	
	31 Jul '17 US\$	31 Jul '16 US\$
Ireland	-	-
United States	5,173,729	5,173,729
	<u>5,173,729</u>	<u>5,173,729</u>

4. Statutory Information

	31 Jul '17 US\$	31 Jul '16 US\$
Group		
<i>The loss for the financial year/ period is stated after charging:</i>		
Loss for financial year/period in the Group	<u>750,898</u>	<u>808,279</u>
Loss on foreign currencies	443	231
Auditors' remuneration	21,000	25,664
Auditors' remuneration from non-audit work	<u>25,000</u>	<u>25,359</u>
Company		
<i>The loss for the financial year/period is stated after charging:</i>		
Loss for financial year/period in the Company	<u>390,744</u>	<u>447,993</u>
Loss on foreign currencies	443	231
Auditors' remuneration	21,000	25,664
Auditors' remuneration from non-audit work	<u>25,000</u>	<u>25,359</u>

As permitted by Section 304(2) of the Companies Act 2014, the Company Statement of Consolidated Income has not been separately disclosed in these financial statements.

5. Finance Income: Continuing Operations

	31 Jul '17 US\$	31 Jul '16 US\$
Interest Revenue:		
Bank deposits	<u>61</u>	<u>582</u>
	<u>61</u>	<u>582</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 31 July 2017

6. Interest payable and similar charges	31 Jul '17	31 Jul '16
	US\$	US\$
On bank loans and overdrafts	110	113
	<hr/>	<hr/>
	110	113
	<hr/> <hr/>	<hr/> <hr/>
7.	Employees	
<i>Number of employees</i>		
The average monthly numbers of employees (including the directors) during the year were:		
	31 Jul '17	31 Jul '16
	Number	Number
Directors	4	2
	<hr/>	<hr/>
	4	2
	<hr/> <hr/>	<hr/> <hr/>
<i>Employment costs (Including directors)</i>		
	31 Jul '17	31 Jul '16
Wages and salaries	113,654	93,308
Social welfare costs	12,875	10,400
	<hr/>	<hr/>
	126,529	103,708
	<hr/> <hr/>	<hr/> <hr/>
7.1. Directors' emoluments		
	31 Jul '17	31 Jul '16
	US\$	US\$
Remuneration and other emoluments	126,529	103,708
	<hr/>	<hr/>
	126,529	103,708
	<hr/> <hr/>	<hr/> <hr/>

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2017

8. Key management compensation

Key management includes the directors of the Company, all members of the company management, and the company secretary. The compensation paid or payable to key management for employee service is shown as below:

	31 Jul '17	31 Jul '16
	US\$	US\$
Salaries and other short-term employee benefits	126,529	103,708
	<hr/>	<hr/>
	126,529	103,708
	<hr/> <hr/>	<hr/> <hr/>

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 31 July 2017

9. Income Tax Expense

	31 Jul '17 US\$	31 Jul '16 US\$
Current tax		
Current tax expense in respect of the current period	-	-
	<hr/>	<hr/>
Total tax expense	-	-
	<hr/>	<hr/>

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

	1 Aug '16 to 31 Jul '17 US\$	1 Aug '15 to 31 Jul '16 US\$
Loss from continuing operations	(750,898)	(808,279)
	<hr/>	<hr/>
Income Tax expense calculated at Irish corporation tax rate of 12.5% (101,035)	(2016 : 12.5%)	(93,862)
<i>Effects of:</i>		
Investment Income taxable at a different rate	8	73
Losses available to carry forward	93,854	100,962
	<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 Financial Position date, the Group had unused tax losses of US\$ \$6,259,207 (2016 : US\$ \$5,508,376) available for offset against future profit which equates to a deferred tax asset of US\$ 782,401 (2016 : US\$ 688,547). 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 31 July 2017

10. Loss per share

Basic earnings per share

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

	31 Jul '17 US\$	31 Jul '16 US\$
Loss for the year/period attributable to equity holders of the parent	(750,898)	(808,279)
Number of ordinary shares in issue - start of year/period	<u>46,098,187</u>	42,978,653
Effects of share issued during the year/period	<u>3,285,138</u>	423,685
Weighted average number of ordinary shares for the purposes of basic earnings per share:	<u>49,383,325</u>	43,402,338
Basic loss per ordinary share (cent)	<u>(1.52)</u>	<u>(1.86)</u>

Diluted earnings per share

There is no dilutive effect of share options on the basic loss per share.

11. Intangible assets - Group

	31 Jul '17 US\$	31 Jul '16 US\$
Cost	<u>5,173,729</u>	5,173,729
	<u>5,173,729</u>	<u>5,173,729</u>
Exploration and Evaluation Assets		
Cost	31 Jul '17 US\$	31 Jul '16 US\$
At 1 August 2016	<u>5,173,729</u>	5,173,729
At 31 July 2017	<u>5,173,729</u>	<u>5,173,729</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 31 July 2017. The recoverability of the exploration and evaluation assets is dependent on the successful development or disposal of oil and gas in the Group's licence area.

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 31 July 2017

12. Financial assets - Company

	31 Jul '17	31 Jul '16
Group undertakings - unlisted:	US\$	US\$
Shares at cost	12	11
	<hr/>	<hr/>
	Subsidiary	
	Undertakings	
	Shares	Total
	US\$	US\$
Cost		
At 1 August 2016	11	11
Additions	-	-
Exchange difference	1	1
	<hr/>	<hr/>
At 31 July 2017	12	12
	<hr/>	<hr/>
Net book values		
At 31 July 2017	12	12
	<hr/>	<hr/>
At 31 July 2016	11	11
	<hr/>	<hr/>
In respect of prior year:		
	Subsidiary	
	Undertakings	
	Shares	Total
	\$	\$
Cost		
At 1 Aug 2015	14	14
Additions	-	-
Exchange difference	3	3
	<hr/>	<hr/>
At 31 July 2016	11	11
	<hr/>	<hr/>
Net book values		
At 31 July 2016	11	11
	<hr/>	<hr/>
At 31 July 2015	14	14
	<hr/>	<hr/>

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2017

The value of the investments is dependent on future realisation or disposal. Should the future realisation or disposal prove unsuccessful, the carrying value in the Statement of Financial Position will be written off. In the opinion of the Directors' the carrying value of the investments at 31 July 2017 is appropriate. No impairment was recognised in 2017 or 2016 in respect of the above investments.

At 31 July 2017 the company had the following subsidiary undertaking:

Name	Incorporated in	Main Activity	Proportion of ownership interest	
			31 Jul '17	31 Jul '16
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 period to 31 July 2017 was as follows:

	Capital and reserves	Loss for the year
Major Oil International LLC	\$ (1,777,123)	\$ (360,105)

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Notes to the Financial Statements for the year ended 31 July 2017

13. Trade and other receivables	Group 31 Jul '17 US\$	Group 31 Jul '16 US\$	Company 31 Jul '17 US\$	Company 31 Jul '16 US\$
<i>Amounts falling due within one year:</i>				
Trade debtors	1,926	-	-	
Amounts owed by group undertakings	-	-	9,199,963	7,174,486
Other debtors	99,584	87,289	89,240	69,544
Prepayments	23,237	2,854	11,799	-
	<u>124,747</u>	<u>90,143</u>	<u>9,301,002</u>	<u>7,244,030</u>

14. 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 31 Jul '17 US\$	Group 31 Jul '16 US\$	Company 31 Jul '17 US\$	Company 31 Jul '16 US\$
Cash at bank	3,274,671	1,204,482	1,013,616	1,116,497
Petty cash	232	237	(96)	7
	<u>3,274,903</u>	<u>1,204,719</u>	<u>1,013,520</u>	<u>1,116,504</u>

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15. Trade and other payables	Group 31 Jul '17 US\$	Group 31 Jul '16 US\$	Company 31 Jul '17 US\$	Company 31 Jul '16 US\$
Trade payables	37,104	90,836	14,717	56,053
Other taxes and social welfare costs	55,945	39,506	55,945	39,506
Directors Accounts	33,721	-	22,283	-
Other creditors	2,195	2,854	52	2,854
Accruals	-	23,337	-	23,336
	<u>128,965</u>	<u>156,533</u>	<u>92,997</u>	<u>121,749</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 31 Jul '17 US\$	31 Jul '16 US\$	Company 31 Jul '17 US\$	31 Jul '16
P.A.Y.E./P.R.S.I.	55,945	39,506	55,945	39,506
	<u>55,945</u>	<u>39,506</u>	<u>55,945</u>	<u>39,506</u>

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for the year ended 31 July 2017

16. Share capital presented as equity	31 Jul '17	31 Jul '16
	US\$	US\$
Authorised		
20,000,000,000 Ordinary shares of €0.0001	each	2,854,400
2,854,400		
	<hr/>	<hr/>
	2,854,400	2,854,400
	<hr/> <hr/>	<hr/> <hr/>

Issued, called up and fully paid:

	No. of issued Shares	Share Capital US\$	Treasury Shares US\$	Share Premium US\$
At 1 July 2016	42,978,653	5,715	102	10,247,441
Shares issued	4,305,862	479		1,598,449
At 31 July 2016	<hr/> 47,284,515	<hr/> 6,194	<hr/> 102	<hr/> 11,845,890
Shares issued	8,248,652	880	-	2,752,387
At 31 July 2017	<hr/> <hr/> 55,533,167	<hr/> <hr/> 7,074	<hr/> <hr/> 102	<hr/> <hr/> 14,598,277

The issued share capital of the company at 31 July 2017 comprised of 55,533,167 Ordinary Shares of €0.0001 (\$0.00014272) each issued and fully paid of which 717,612 are held as treasury shares (31 July 2016 : 47,284,515 issued and fully paid of which 717,612 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 January 2017 the Company completed a placing of 1,271,934 new Ordinary Shares of €0.0001 each at a price of £0.27 per Ordinary Share raising gross proceeds of \$430,679.

On 9 February 2017 the Company completed a placing of 1,745,626 new ordinary shares of €0.0001 each at a price of £0.27 per Ordinary Share raising gross proceeds of \$592,237.

On 14 March 2017 the Company completed a placing of 4,361,348 new ordinary shares of €0.0001 each at a price of £0.27 per Ordinary Share raising gross proceeds of \$1,429,677.

On 20 April 2017 the Company completed a placing of 869,744 new ordinary shares of €0.0001 each at a price of £0.27 per Ordinary Share raising gross proceeds of \$300,674.

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17. Share-based payments

Share option plan

The Group has an ownership based compensation scheme for Directors and senior employees of the Group. In accordance with the provisions of the plan, as approved by shareholders at a previous general meeting, Directors and senior employees may be granted options to purchase ordinary shares.

Shares which are issued under this Plan will rank equally in all respects with the Shares then in issue, except that they shall not rank for any right attaching to Shares by reference to a record date preceding the exercise of the Award. The Participant will be entitled to receive any 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 period 31 July 2017.

At 31 July 2017, no options lapsed without being exercised.

The remaining average contractual life of the options is 0.31 years.

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 Group's Remuneration Committee confirming the awards was held on 23 January 2013. The options were awarded to service providers, consultants and Directors.

Costs associated with options issued during the period

The Group recognised the following expense related to equity settled share based payment transactions:

	2017	2016
	\$	\$
Share based payments	168,305	168,305

Options issued during the year have been valued using the following inputs to the Black-Scholes model:

	2017	2016
Share price when options issued	£0.27	£0.31
Expected volatility	7%	7%
Expected life	5 Years	5 Years
Risk free rate	0%	0%
Expected dividends	Zero	Zero

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and at the end of the period

	2017		2016
	Number of options	Weighted average exercise price	Number of options
		price	Weighted average exercise price
Balance at beginning of financial period	2,455,000	Stg£0.654	2,455,000
Balance at Period End	2,455,000	Stg£0.654	2,455,000

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18. Retained Losses

In accordance with the provisions of the Companies Act 2014, the Company has not presented an Income Statement. A loss of \$390,744 (2016: \$447,754) for the year has been dealt with in the Statement of Comprehensive Income of the Group.

19. Related party transactions

Related Party Disclosures, transactions between group entities that have been eliminated on consolidation are not disclosed.

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Notes to the Financial Statements

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20. 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 the financial year and prior years, 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 31 July 2017, 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 Statement of Financial Position.

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 31 July 2017.

The Group and Company's financial liabilities as at 31 July 2017 were all payable on demand.

The expected maturity of the Group and Company's financial assets (excluding prepayments) as at 31 July 2017 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 31 July 2017.

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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 31 July 2017. 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 period ended 31 July 2017 and 31 July 2016, the Group had no outstanding contracts designated as hedges.

21. Approval of financial statements

The financial statements were approved by the board on 6 February 2018.