

19<sup>th</sup> December 2019

**U.S. Oil & Gas Plc.**

**("U.S. Oil" or the "Company")**

**Consolidated Audited Annual Results for Year Ended 31 July 2019**

The Company is pleased to report its consolidated annual results for the year ended 31 July 2019.

**Corporate Highlights**

- Funds raised \$1.1m

**Operational Highlights**

- The Eblana-3 well tested light, crude oil of API 34.5
- Provisional plans to hydraulically fracture the well were developed. Permit applications were approved by regulatory authorities
- Two new plays emerged from geophysical and geochemical studies suggesting a Railroad Valley analogue and high prospectivity in both eastern and western parts of the lease area
- The plan to frack Eblana-3 was evaluated and rejected in favour of conserving funds to intensify exploration of the new Plays

**Financial Highlights**

- Administration expenses \$676,423 (2018: \$1,052,926). The decrease in expenditure was primarily due to decreased exploration activity over the period.
- Total comprehensive loss \$911,575 (2018: \$1,063,234) and cash and cash equivalents \$1,405,253 (2018: \$1,956,971). The Group is debt-free.

**Review of the year ended 31 July 2019**

**Operation progress**

During drilling operations at the Eblana-3 well, multiple potential hydrocarbon-bearing zones were identified from cutting samples, mud logs, and processed wire-line logging data. After well shut-ins, light crude oil of API 34.5 flowed to the surface. Samples were taken at the wellhead by the Company and by the Bureau of Land Management. Sustained pumping of the most promising zone failed to produce a consistent flow and, after a rigorous data analysis and modelling exercise, a provisional plan was developed to subject the well to hydraulic fracturing. After a comprehensive study of local water resources, permit applications to the relevant authorities were prepared, submitted and duly approved. At the same time, basin and petroleum system geophysical and geochemical studies supported a developing view that the Hot Creek Valley lease area features a major oil system analogous to that in nearby Railroad Valley. Two new plays emerged from these studies: a Tertiary play to the East and a Palaeozoic play to the west, both offering the possibility of shallower prospects than hitherto identified.

After intensive evaluation of the plan to frack Eblana-3, the Board decided that the emerging plays to the east and west offered a higher chance of commercial success than continuing Eblana-3 operations. Funds should instead be conserved for assessing the new plays by further data collection and analysis to identify favourable drill locations.

Operations to plug and abandon the Eblana-1, Eblana-3 and Eblana-6 wells were completed, inspected and the works approved by the relevant authorities.

#### **Acreage dispute**

In June and July 2018, the Company bid for further Hot Creek Valley leases in auctions held by the Bureau of Land Management (BLM). The award of those leases was subsequently confirmed, bringing the total acreage position of the Company to 73,725 acres. However, since that time a third party has claimed that the BLM made a series of administrative errors, initiating a potential dispute involving two leases and 3,819.6 acres of the newly acquired land, approximately 5.2% of the Company's current total acreage. A review by the BLM has resulted in a decision to award the disputed leases to the third party. The Company is formally appealing that decision.

The Board's view is that loss of the relevant leases, if that should occur, would not materially affect the Company's current exploration or drilling plans.

#### **Lease expiries**

Leases NVN 87414 and NVN 87415 expired on 31 May 2019, subject to official confirmation. The leases each cover approximately 2,560 acres and each constitutes 3.4% of the currently held acreage. The Company's total acreage position, through its wholly owned subsidiary Major Oil Intl LLC is 73,725 acres, including the recently purchased acreage currently in dispute (3,819.6 acres).

#### **Fund raising**

During the financial year, the company raised funds in three Placings. The Company raised approximately \$1.1m (after currency adjustments) issuing 2,902,617 new Ordinary Shares at £0.30 per share. These fundraisings placed the Company in a strong financial position to move forward on both operational and corporate fronts.

### **Outlook and post balance sheet events**

#### **Prospect development**

Developing the oil system model and assessing the East and West Plays continued with additional geochemical and modelling studies devoted to assessing prospectivity for a multi-well development programme on both plays. The large volumes of high-quality data collected during the Eblana-3 drill were integrated with all other data, including geochemical, VSP, geomagnetic and geophysical data. Additional geophysical and geochemical data were also collected. The reprocessing of legacy 2D seismic data is underway and is expected to add substantially to the Company's understanding of the new plays. The process is furthest advanced for the Tertiary East Play, a likely analogue of Railroad Valley's producing Trap Spring field. If geologic assessment continues to provide positive indications, the Company expects it will drill in that location before drilling the Palaeozoic West Play. The Company is fully funded for an East Play drill, based on current assumptions and available information about certain costings. Preparations for submitting the necessary Application to Drill the East Play, including well design and other elements, is advanced.

From an exploration perspective, the risk profiles of the East and West Plays are substantially different in terms of the data currently available, and additional 2D seismic data will be required in order to assess the West Play before drilling.

#### **Site reclamation**

Preparations for reclaiming the Eblana-1 and Eblana-3 well sites by site remediation ground works and the plugging of three associated water wells are advanced. Plans have been approved by regulators where required. Contractors have been selected.

**Funding, planning and ongoing exploration**

The Company has shown itself capable of developing an appropriate forward-looking strategy, raising funds and making significant operational progress. In September 2019, the Company raised \$0.37m for working capital, by way of Ordinary Share Placing. Planning for corporate development and a stock market listing continues, but listing remains contingent on producing oil in commercial quantities.

Data collection, analysis and modelling for the East Play is well advanced, and the first prospective drill target is close to being finalised. If drill costings remain as currently indicated, the Company expects to drill in Q4 of 2019 or Q1 of 2020, followed, subject to funding, by a seismic survey of the West Play to develop targets there. Of considerable importance for future exploration success is that the East and West Plays are to a high degree independent in terms of exploration risk. The Board believes that exploring both Plays is the strategy most likely to realise the potential for major discoveries in Hot Creek Valley and ultimately the potential for commercial success.

**Brian McDonnell**

**Chairman**

**Consolidated Statement of Comprehensive Income**

*for the year ended 31 July 2019*

**31 Jul '19**

**31 Jul '18**

	US\$	US\$
<b>Continuing Operations</b>		
Administrative expenses	(676,423)	(1,052,926)
<b>Operating loss</b>	<u>(676,423)</u>	<u>(1,052,926)</u>
Finance Income	70	65
Interest payable and similar charges	(9)	-
	<u>                    </u>	<u>                    </u>
<b>Loss for the year before taxation</b>	<b>(676,362)</b>	<b>(1,052,861)</b>
Income tax expense	-	-
	<u>                    </u>	<u>                    </u>
<b>Loss for the year from the continuing operations</b>	<b>(676,362)</b>	<b>(1,052,861)</b>
	<u>                    </u>	<u>                    </u>
<b>Other Comprehensive Income</b>		
<b>Loss for the year from the continuing operations</b>	<b>(676,362)</b>	<b>(1,052,861)</b>
Foreign exchange movement	(235,213)	(10,373)
	<u>                    </u>	<u>                    </u>
<b>Total Comprehensive Loss for the year</b>	<b>(911,575)</b>	<b>(1,063,234)</b>
	<u>                    </u>	<u>                    </u>
<b>Loss attributable to:</b>		
Equity holders of the Company	(676,362)	(1,052,861)
	<u>                    </u>	<u>                    </u>
<b>Total Comprehensive Loss attributable to:</b>		
Equity holders of the Company	(911,575)	(1,063,234)
	<u>                    </u>	<u>                    </u>
<b>Earnings per share from continuing operations</b>		
Basic loss per share (cent)	(1.09)	(1.81)
	<u>                    </u>	<u>                    </u>
Diluted loss per share (cent)	(1.04)	(1.71)
	<u>                    </u>	<u>                    </u>

**Consolidated Statement of Financial Position**  
as at 31 July 2019

31 Jul '19

31 Jul '18

	US\$	US\$
<b>Assets</b>		
<b>Non-Current Assets</b>		
Intangible Assets	8,251,112	7,684,174
Total Non-Current Assets	<u>8,251,112</u>	<u>7,684,174</u>
<b>Current Assets</b>		
Trade and other receivables	182,107	78,518
Cash and cash equivalents	1,405,253	1,956,971
Total Current Assets	<u>1,587,360</u>	<u>2,035,489</u>
<b>Total Assets</b>	<u><u>9,838,472</u></u>	<u><u>9,719,663</u></u>
<b>Equity</b>		
<b>Capital and Reserves</b>		
Share capital presented as equity	8,051	7,722
Share premium	17,913,326	16,815,961
Other reserves	89,525	324,738
Retained loss	(8,225,271)	(7,548,909)
Attributable to owners of the Company	<u>9,785,631</u>	<u>9,599,512</u>
Total Equity	<u><u>9,785,631</u></u>	<u><u>9,599,512</u></u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	52,841	120,151
Total Current Liabilities	<u>52,841</u>	<u>120,151</u>
Total Liabilities	<u><u>52,841</u></u>	<u><u>120,151</u></u>
<b>Total Equity and Liabilities</b>	<u><u>9,838,472</u></u>	<u><u>9,719,663</u></u>

#### FORWARD-LOOKING STATEMENTS

The statements in this communication reflect the current thinking of the Board and the Company's

present plans. The Company reserves the right to alter plans in the light of developing knowledge and circumstances. Shareholders' attention is drawn to the note below concerning Forward-looking Statements.

This press release contains certain "forward-looking statements" and "forward-looking information". Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to: business plans and strategies of US Oil and Gas; operating or technical difficulties in connection with drilling or development activities; availability and costs associated with inputs and labour; drilling and exploration costs; the speculative nature of oil exploration and development; diminishing quantities or quality of reserves; synergies and financial impact of completed acquisitions; the benefits of the acquisitions and the development potential of properties of US Oil and Gas; the future price of oil; supply and demand for oil; the estimation of reserves; the realization of reserve estimates; costs of production and projections of costs; success of exploration activities; capital expenditure programs and the timing and method of financing thereof; the ability of US Oil and Gas to achieve drilling success consistent with management's expectations; net present values of future net revenues from reserves; expected levels of royalty rates, operating costs, general and administrative costs, costs of services and other costs and expenses; expectations regarding the ability to raise capital and to add to reserves through acquisitions, assessments of the value of acquisitions and exploration and development programs; geological, technical, drilling and processing problems; treatment under governmental regulatory regimes and tax laws.

All statements other than statements of historical fact are forward-looking statements

#### THE DIRECTORS OF THE COMPANY ACCEPT RESPONSIBILITY FOR THE CONTENTS OF THIS ANNOUNCEMENT

Neither this announcement nor the information contained herein constitutes an offer or solicitation by U.S. Oil and Gas Plc for the purchase or sale of any securities nor does it constitute a solicitation to any person in any jurisdiction where solicitation would be unlawful.

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#### About U.S. Oil & Gas:

U.S. Oil & Gas plc is an oil and gas exploration company with a strategy to identify and acquire oil and gas assets in the early phase of the upstream life-cycle and mature them. The Company's main asset is in Nye County, Nevada where it holds the entire share capital of US-based company, Major Oil International LLC ("Major Oil"). Major Oil has acquired rights to exploration and development acreage in Hot Creek Valley, Nye County, adjacent to the oil and gas rich Railroad Valley area of Nevada, both of which are part of the Sevier Thrust of central Nevada and western Utah, USA.

For further information please refer to our website at: [www.usoil.us](http://www.usoil.us)