

U.S. Oil and Gas Plc

Annual Report and Group Financial Statements

for the year ended 31 July 2019

U.S. Oil and Gas Plc

Contents

	<i>Page</i>
Directors and other information	1
Chairman's Statement	2
Directors' Report	5
Independent Auditors' Report	12
Consolidated Statement of Comprehensive Income	15
Consolidated Statement of Changes in Equity	16
Company Statement of Changes in Equity	17
Consolidated Statement of Financial Position	18
Company Statement of Financial Position	19
Consolidated Statement of Cash Flows	20
Company Statement of Cash Flows	21
Notes to the Financial Statements	22

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) (Executive Officer) (Non Executive Officer)
Registered Office & Business Address	Alexandria House The Sweepstakes Ballsbridge Dublin 4	
Secretary	Brian McDonnell	
Auditors	Nexia Smith and Williamson (Ireland) Limited Chartered Accountants Statutory Audit Firm Paramount Court Corrig Road Sandyford Business Park Dublin 18	
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	
Registrars	Computershare Investor Services (Ireland) Limited Unit 3100, Lake Drive Citywest Business Campus Dublin 24	
Registered Number	471932 Republic of Ireland	
Date of Incorporation	15 June 2009	
Website:	www.usoilandgas.us	

U.S. Oil and Gas Plc

Chairman's Statement

for the year ended 31 July 2019

The Group is pleased to report the final 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

Operational 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.

U.S. Oil and Gas Plc

Chairman's Statement

for the year ended 31 July 2019

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 May 31st 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.

U.S. Oil and Gas Plc

Chairman's Statement

for the year ended 31 July 2019

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.

The Company has shown itself capable of developing an appropriate forward-looking strategy, raising funds, and making significant operational progress. In December 2018 the Company raised \$0.56m 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

Brian McDonnell
Chairman

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2019

The Directors present their Annual Report and the Group Financial Statements for the year ended 31 July 2019 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 Group 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£), thus creating currency exposure.

Financial Risk

Financial risk is addressed in Note 21 to these financial statements

Share Price

On 4 September 2019 the company completed a private placing at STG£0.31 per share.

Results and Dividends

The loss for the year after providing for taxation amounted to US\$676,362 (2018 : US\$1,052,861). 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 2019

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 2019 in the share capital of the Company were:

	Ordinary shares	
	31 Jul '19	1 Aug '18
Directors		
Brian McDonnell	3,931,753	3,931,753
Peter Whelan	564,118	564,118
Karim Akrawi	100,000	100,000
Brian McBeth	-	-
Secretary		
Brian McDonnell	3,931,753	3,931,753

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

	<i>Vested at 1 August '18 No.</i>	<i>Movement during the year No.</i>	<i>Vested at 31 Jul '19 No.</i>
Brian McDonnell	1,169,261	-	1,169,261
Peter Whelan	747,457	-	747,457
Karim Akrawi	688,530	-	688,530
Brian McBeth	200,000	-	200,000

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.

Significant Shareholders

The Company has been informed that, in addition to the interests of the Directors, as at 31 July 2019 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 '19	31 Jul '18
Jim Nominees Limited	18.70%	18.47%
Brian McDonnell	6.17%	6.46%
Share Nominees Ltd	3.96%	-
Goodbody Stock Brokers	3.04%	3.13%
Davycrest Nominees	-	10.09%
Pershing International Nominee's	-	3.70%
Aurum Nominees Limited	-	3.13%

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 2019 the Company held 717,612 (2018 : 717,612) ordinary shares "in Treasury".

Subsidiary Undertakings

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2019

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 year (2018: \$Nil).

Statement of Directors' Responsibilities

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

Company law in the Republic of Ireland requires the Directors to prepare Group 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 financial statements are required by law and EU IFRS to present fairly the financial position and performance of the Group. 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 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
- 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 Group 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.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2019

Statement of Directors' Responsibilities (continued)

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, as further disclosed in Note 2, and on the basis of this review, and having made the appropriate enquiries, are confident that the Group will have adequate resources to continue in operational existence for the foreseeable future.

The future of 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 fourteen occasions during the year ended 31 July 2019. An agenda and supporting documentation were 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 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.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2019

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 Group.

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 2019 was as follows:

	2019	2018
	\$	\$
Remuneration and other emoluments - Executive Directors	82,725	156,010
Remuneration and other emoluments - Non- Executive Director	59,149	23,477
	<u>141,874</u>	<u>179,487</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.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2019

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.

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; and
- 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.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2019

Post Balance Sheet Events

The Directors confirm that there have been no events since the end of the financial year which would require adjustment to or disclosure in the financial statements.

Auditors

The auditors Nexia Smith and Williamson (Ireland) Limited, have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Signed on behalf of the board on

Brian McDonnell

Brian McDonnell

Peter Whelan

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 'Group') for the year ended 31 July 2019, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company 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 International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and as regards to the parent company Financial Statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company as at 31 July 2019 and of its loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act 2014;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Parent Company Financial Statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and as regards the Group Financial Statements article 4 of the IAS regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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 Group in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA"), 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 Group'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.

U.S. Oil and Gas Plc

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Group Financial Statements, other than the group 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 group 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.

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 group 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.

U.S. Oil and Gas Plc

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

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). 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

Brendan Murtagh
Statutory auditor
For and on behalf of

Nexia Smith and Williamson (Ireland) Limited

Chartered Accountants
Statutory Audit Firm
Paramount Court
Corrig Road
Sandyford Business Park
Dublin 18

Date:

U.S. Oil and Gas Plc

Consolidated Statement of Comprehensive Income for the year ended 31 July 2019

	<i>Notes</i>	31 Jul '19 US\$	31 Jul '18 US\$
Continuing Operations			
Administrative expenses		(676,423)	(1,052,926)
Operating loss		(676,423)	(1,052,926)
Finance Income	5	70	65
Interest payable and similar charges	6	(9)	-
Loss for the year/period before taxation	4	(676,362)	(1,052,861)
Income tax expense	9	-	-
Loss for the year from the continuing operations		(676,362)	(1,052,861)
Other Comprehensive Income			
Loss for the year from the continuing operations		(676,362)	(1,052,861)
Foreign exchange movement		(235,213)	(10,373)
Total Comprehensive Loss for the year		(911,575)	(1,063,234)
Loss attributable to:			
Equity holders of the Company		(676,362)	(1,052,861)
Total Comprehensive Loss attributable to:			
Equity holders of the Company		(911,575)	(1,063,234)
Earnings per share from continuing operations			
Basic loss per share (cent)	10	(1.09)	(1.81)
Diluted loss per share (cent)	10	(1.04)	(1.71)

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 22 to 40 form an integral part of these financial statements.

Signed on behalf of the board on

Brian McDonnell

Brian McDonnell
Director

Peter Whelan

Peter Whelan
Director

U.S. Oil and Gas Plc

Consolidated Statement of Changes in Equity

for the year ended 31 July 2019

	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 2017	7,074	14,598,277	102	168,305	166,704	(6,496,048)	8,444,414
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(1,052,861)	(1,052,861)
Foreign exchange on consolidation					(10,373)	-	(10,373)
Total comprehensive income for the year	-	-	-	-	(10,373)	(1,052,861)	(1,063,234)
Transactions with owners, recorded directly in equity							
Shares issued	648	2,217,684	-	-	-	-	2,218,332
Total transactions with owners	648	2,217,684	-	-	-	-	2,218,332
Balance at 31 July 2018	7,722	16,815,961	102	168,305	156,331	(7,548,909)	9,599,512
Balance at 1 August 2018	7,722	16,815,961	102	168,305	156,331	(7,548,909)	9,599,512
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(676,362)	(676,362)
Foreign exchange on consolidation	-	-			(235,213)	-	(235,213)
Total comprehensive income for the year	-	-	-	-	(235,213)	(676,362)	(911,575)
Transactions with owners, recorded directly in equity							
Shares issued	329	1,097,365	-	-	-	-	1,097,694
Total transactions with owners	329	1,097,365	-	-	-	-	1,097,694
Balance at 31 July 2019	8,051	17,913,326	102	168,305	(78,882)	(8,225,271)	9,785,631

The accompanying notes on pages 22 to 40 form an integral part of these financial statements.

Signed on behalf of the board on

Brian McDonnell

Brian McDonnell
Director

Peter Whelan

Peter Whelan
Director

U.S. Oil and Gas Plc

Company Statement of Changes in Equity for the year ended 31 July 2019

	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 2017	7,074	14,598,277	102	168,305	(246,609)	(4,305,612)	10,221,537
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(366,208)	(366,208)
Foreign exchange	-	-	-	-	94,103	-	94,103
Total comprehensive Income for the year	-	-	-	-	94,103	(366,208)	(272,105)
Transactions with owners, recorded directly in equity							
Shares issued	648	2,217,684	-	-	-	-	2,218,332
Total transactions with owners	648	2,217,684	-	-	-	-	2,218,332
Balance at 31 July 2018	7,722	16,815,961	102	168,305	(152,506)	(4,671,820)	12,167,764
Balance at 1 August 2018	7,722	16,815,961	102	168,305	(152,506)	(4,671,820)	12,167,764
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(353,921)	(353,921)
Foreign exchange	-	-	-	-	(640,475)	-	(640,475)
Total comprehensive Income for the year	-	-	-	-	(640,475)	(353,921)	(994,396)
Transactions with owners, recorded directly in equity							
Shares issued	329	1,097,365	-	-	-	-	1,097,694
Total transactions with owners	329	1,097,365	-	-	-	-	1,097,694
Balance at 31 July 2019	8,051	17,913,326	102	168,305	(792,981)	(5,025,741)	12,271,062

The accompanying notes on pages 22 to 40 form an integral part of these financial statements.

Signed on behalf of the board on

Brian McDonnell

Brian McDonnell
Director

Peter Whelan

Peter Whelan
Director

U.S. Oil and Gas Plc

Consolidated Statement of Financial Position as at 31 July 2019

	<i>Notes</i>	31 Jul '19 US\$	31 Jul '18 US\$
Assets			
Non-Current Assets			
Intangible Assets	11	8,251,112	7,684,174
Total Non-Current Assets		<u>8,251,112</u>	<u>7,684,174</u>
Current Assets			
Trade and other receivables	13	182,107	78,518
Cash and cash equivalents	14	1,405,253	1,956,971
Total Current Assets		<u>1,587,360</u>	<u>2,035,489</u>
Total Assets		<u><u>9,838,472</u></u>	<u><u>9,719,663</u></u>
Equity			
Capital and Reserves			
Share capital presented as equity	16	8,051	7,722
Share premium	16	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>
Liabilities			
Current Liabilities			
Trade and other payables	15	52,841	120,151
Total Current Liabilities		<u>52,841</u>	<u>120,151</u>
Total Liabilities		<u>52,841</u>	<u>120,151</u>
Total Equity and Liabilities		<u><u>9,838,472</u></u>	<u><u>9,719,663</u></u>

The accompanying notes on pages 22 to 40 form an integral part of these financial statements.

Signed on behalf of the board on

Brian McDonnell

Brian McDonnell
Director

Peter Whelan

Peter Whelan
Director

U.S. Oil and Gas Plc

Company Statement of Financial Position as at 31 July 2019

	<i>Notes</i>	31 Jul '19 US\$	31 Jul '18 US\$
Assets			
Non-Current Assets			
Investments in Subsidiaries	12	12	12
Total Non-Current Assets		<u>12</u>	<u>12</u>
Current Assets			
Trade and other receivables	13	11,057,545	11,487,804
Cash and cash equivalents	14	1,234,817	724,860
Total Current Assets		<u>12,292,362</u>	<u>12,212,664</u>
Total Assets		<u><u>12,292,374</u></u>	<u><u>12,212,676</u></u>
Equity			
Capital and Reserves			
Share capital presented as equity	16	8,051	7,722
Share premium	16	17,913,326	16,815,961
Other reserves		(624,574)	15,901
Retained loss		(5,025,741)	(4,671,820)
Attributable to owners of the Company		<u>12,271,062</u>	<u>12,167,764</u>
Total Equity		<u>12,271,062</u>	<u>12,167,764</u>
Liabilities			
Current Liabilities			
Trade and other payables	15	21,312	44,912
Total Current Liabilities		<u>21,312</u>	<u>44,912</u>
Total Liabilities		<u>21,312</u>	<u>44,912</u>
Total Equity and Liabilities		<u><u>12,292,374</u></u>	<u><u>12,212,676</u></u>

The accompanying notes on pages 22 to 40 form an integral part of these financial statements.

Signed on behalf of the board on

Brian McDonnell

Brian McDonnell
Director

Peter Whelan

Peter Whelan
Director

U.S. Oil and Gas Plc

Consolidated Statement of Cash Flows for the year ended 31 July 2019

	Note	31 Jul '19 US\$	31 Jul '18 US\$
Cash flows from operating activities			
Loss for the year before taxation		(676,362)	(1,052,861)
Adjustments for:			
Interest received		(65)	(65)
Interest paid		9	-
		<u>(676,436)</u>	<u>(1,052,926)</u>
Movement in working capital			
Foreign exchange		(235,213)	(10,373)
Movement in trade and other receivables		(103,589)	46,229
Movement in trade and other payables		(67,310)	(8,814)
		<u>(1,082,548)</u>	<u>(1,025,884)</u>
Cash flows from financing activities			
Proceeds of issue of share capital	16	<u>1,097,694</u>	<u>2,218,332</u>
Net cash generated from financing activities		<u>1,097,694</u>	<u>2,218,332</u>
Cash flows from investing activities			
Interest received		65	65
Interest paid		(9)	-
Expenditure on intangible assets	11	<u>(566,938)</u>	<u>(2,510,445)</u>
Net cash used in investing activities		<u>(566,864)</u>	<u>(2,510,380)</u>
Movement in cash and cash equivalents			
Cash and Cash Equivalents at the beginning of year	14	<u>1,956,971</u>	<u>3,274,903</u>
Cash and Cash Equivalents at end of year	14	<u>1,405,253</u>	<u>1,956,971</u>

The accompanying notes on pages 22 to 40 form an integral part of these financial statements.

Signed on behalf of the board on

Brian McDonnell

Brian McDonnell
Director

Peter Whelan

Peter Whelan
Director

U.S. Oil and Gas Plc

Company Statement of Cash Flows for the year ended 31 July 2019

	<i>Notes</i>	31 Jul '19 US\$	31 Jul '18 US\$
Cash flows from operating activities			
Loss for the year before taxation	18	(353,921)	(366,208)
Bank interest received		(70)	(74)
Movement in working capital			
Movement in trade and other receivables		430,259	(2,186,802)
Movement in trade and other payables		(23,600)	(48,085)
Foreign exchange		(640,475)	94,103
Cash used in operations		<u>(587,807)</u>	<u>(2,507,066)</u>
Cash flows from financing activities			
Proceeds from issue of share capital	16	1,097,694	2,218,332
Net cash generated from financing activities		<u>1,097,694</u>	<u>2,218,332</u>
Cash flows from investing activities			
Purchases of fixed asset		-	-
Interest received		70	74
Net cash used in investing activities		<u>70</u>	<u>74</u>
Movement in Cash and Cash Equivalents			
Cash and Cash equivalents at beginning of the year	14	<u>724,860</u>	<u>1,013,520</u>
Cash and Cash equivalents at end of year		<u><u>1,234,817</u></u>	<u><u>724,860</u></u>

The accompanying notes on pages 22 to 40 form an integral part of these financial statements.

Signed on behalf of the board on

Brian McDonnell

Brian McDonnell
Director

Peter Whelan

Peter Whelan
Director

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2019

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") as adopted by the EU.

The financial statements have been prepared on the historical cost basis. The accounting policies have been applied consistently to all financial periods presented in the Consolidated Financial Statements.

Statement of Compliance

The Group financial statements have been prepared in accordance with IFRS and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU IFRS"). The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with EU IFRS 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.

EU IFRS 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 2019.

Standards and amendments to existing standards effective 1 August 2018

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 for annual periods beginning on/after
IFRS 2	Share Based Payments	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

In the year ended 31 July 2019, 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 31 July 2019

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.

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 2019.

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.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2019

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.

Expenditure relating to the development of mineral resources shall not be recognised as intangible assets, in line with IFRS 6.

Intangible assets arising from development shall only be recognised when the Group can demonstrate the technical feasibility of extracting the asset and the commercial viability of this extraction is confirmed.

Until these threshold are met, development expenditure is expensed as incurred in line with IAS 38.

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.

Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2019

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.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2019

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.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2019

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.

Company Comparative Figures

Comparative figures are regrouped and restated where necessary on the same basis as those for the current year.

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 is dependent on the outcome of a number of uncertain conditions resulting in material uncertainty. This may cast significant doubt on the company's ability to continue as a going concern as follows:

- 1) The raising of additional finance to fund the exploration and development 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.

In circumstances where the Company is not a going concern it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments in respect of the existence of these conditions.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2019

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.

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 '19 US\$	31 Jul '18 US\$	31 Jul '19 US\$	31 Jul '18 US\$
Exploration - United States	-	-	(676,423)	(1,052,926)
Total for continuing operations	-	-	(676,423)	(1,052,926)
Finance income			70	65
Finance costs			(9)	-
Loss before tax (continuing operations)			(676,362)	(1,052,861)
Income tax expense			-	-
Loss after tax			(676,362)	(1,052,861)

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 31 July 2019

Segment assets and liabilities

Segment Assets	31 Jul '19	31 Jul '18
	US\$	US\$
Exploration - United States	9,838,472	9,719,663
Consolidated assets	<u>9,838,472</u>	<u>9,719,663</u>
Segment Liabilities		
Exploration - United States	52,841	120,151
Consolidated liabilities	<u>52,841</u>	<u>120,151</u>

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	31 Jul '19	31 Jul '18	31 Jul '19	31 Jul '18
	US\$	US\$	US\$	US\$
Exploration - United States	<u>-</u>	<u>-</u>	<u>566,938</u>	<u>2,510,445</u>

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).

Information about its non-current assets by geographical location are detailed below:

	Non-Current Assets	
	31 Jul '19	31 Jul '18
	US\$	US\$
Ireland	-	-
United States	8,251,112	7,684,174
	<u>8,251,112</u>	<u>7,684,174</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 31 July 2019

4. Statutory Information

	31 Jul '19	31 Jul '18
Group	US\$	US\$
<i>The loss for the financial year is stated after charging:</i>		
Loss for financial year in the Group	<u>676,362</u>	<u>1,052,861</u>
Loss on foreign currencies	<u>397</u>	<u>27,027</u>
Company		
<i>The loss for the financial year is stated after charging / (crediting):</i>		
Loss for financial year in the Company	<u>353,921</u>	<u>366,087</u>
Loss/(gain) on foreign currencies	<u>397</u>	<u>121</u>

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

5. Finance Income: Continuing Operations

	31 Jul '19	31 Jul '18
	US\$	US\$
Interest Revenue:		
Bank deposits	<u>70</u>	<u>65</u>

6. Interest payable and similar charges

	31 Jul '19	31 Jul '18
	US\$	US\$
On bank loans and overdrafts	<u>9</u>	<u>-</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 31 July 2019

7. Employees

Number of employees

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

	31 Jul '19	31 Jul '18
	Number	Number
Directors	<u>4</u>	<u>4</u>

Employment costs (Including directors)

	31 Jul '19	31 Jul '18
	US\$	US\$
Wages and salaries	115,435	169,419
Social insurance costs	26,439	10,068
	<u>141,874</u>	<u>179,487</u>

7.1. Directors' emoluments

	31 Jul '19	31 Jul '18
	US\$	US\$
Remuneration and other emoluments	<u>141,874</u>	<u>179,487</u>

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 '19	31 Jul '18
	US\$	US\$
Salaries and other short-term employee benefits	<u>141,874</u>	<u>179,487</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 31 July 2019

9. Income Tax Expense

	31 Jul '19 US\$	31 Jul '18 US\$
Current tax		
Current tax expense in respect of the current period	-	-
Total tax expense	-	-

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

	1 Aug '18 to 31 Jul '19 US\$	1 Aug '17 to 31 Jul '18 US\$
Loss from continuing operations	(676,362)	(1,052,861)
Income Tax expense calculated at Irish corporation tax rate of 12.5% (2018 : 12.5%)	(84,545)	(131,608)
<i>Effects of:</i>		
Investment Income taxable at a different rate	9	9
Losses available to carry forward	84,536	131,599
Income tax expense recognised	-	-

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 has accumulated unused tax losses which may be available for offset against future profit. 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 2019

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 '19 US\$	31 Jul '18 US\$
Loss for the year attributable to equity holders of the parent	<u>(676,362)</u>	<u>(1,052,861)</u>
Number of ordinary shares in issue - start of year	60,871,586	55,533,167
Weighted effect of share issued during the year	<u>919,858</u>	<u>2,745,028</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share:	61,791,444	58,278,195
Basic loss per ordinary share (cent)	<u><u>(1.09)</u></u>	<u><u>(1.81)</u></u>

Diluted earnings per share

In calculating diluted earnings per share, adjustment is made to the number of shares in relation to the exercise of share options by executives.

Weighted average number of ordinary shares for the purposes of diluted earnings per share:	65,111,692	61,598,443
Diluted loss per ordinary share (cent)	<u><u>(1.04)</u></u>	<u><u>(1.71)</u></u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 31 July 2019

11. Intangible assets - Group

	31 Jul '19	31 Jul '18
	US\$	US\$
Cost	8,251,112	7,684,174
	<u>8,251,112</u>	<u>7,684,174</u>

Exploration and Evaluation Assets

	31 Jul '19	31 Jul '18
	US\$	US\$
Cost		
At 1 August 2018	7,684,174	5,173,729
Additions	566,938	2,510,445
At 31 July 2019	<u>8,251,112</u>	<u>7,684,174</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 2019. 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.

12. Financial assets - Company

	31 Jul '19	31 Jul '18
	US\$	US\$
Group undertakings - unlisted:		
Shares at cost	12	12
	<u>12</u>	<u>12</u>

	Subsidiary Undertakings Shares	Total
	US\$	US\$
Cost		
At 1 August 2018	12	12
Additions	-	-
At 31 July 2019	<u>12</u>	<u>12</u>
Net book values		
At 31 July 2019	<u>12</u>	<u>12</u>
At 31 July 2018	<u>12</u>	<u>12</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 31 July 2019

At 31 July 2019 the company had the following subsidiary undertaking:

Name	Incorporated in	Main Activity	Proportion of ownership	
			31 Jul '19	31 Jul '18
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 2019 was as follows:

	Capital and reserves	Loss for the year
	\$	\$
Major Oil International LLC	(1,712,994)	(322,441)

13. Trade and other receivables	Group	Group	Company	Company
	31 Jul '19	31 Jul '18	31 Jul '19	31 Jul '18
	US\$	US\$	US\$	US\$
<i>Amounts falling due within one year:</i>				
Amounts owed by group undertakings	-	-	10,922,390	11,455,136
Other debtors	182,107	73,237	59,180	27,056
Prepayments	-	5,281	75,975	5,612
	<u>182,107</u>	<u>78,518</u>	<u>11,057,545</u>	<u>11,487,804</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	Group	Company	Company
	31 Jul '19	31 Jul '18	31 Jul '19	31 Jul '18
	US\$	US\$	US\$	US\$
Cash at bank	1,404,904	1,956,698	1,234,486	724,860
Petty cash	349	273	-	-
	<u>1,405,253</u>	<u>1,956,971</u>	<u>1,234,486</u>	<u>724,860</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 31 July 2019

15. Trade and other payables	Group	Group	Company	Company
	31 Jul '19	31 Jul '18	31 Jul '19	31 Jul '18
	US\$	US\$	US\$	US\$
Trade payables	27,162	85,363	10,919	11,488
Directors Accounts	10,062	5,335	10,062	5,335
Other creditors	1,617	29,453	331	28,089
Accruals	14,000	-	-	-
	<u>52,841</u>	<u>120,151</u>	<u>21,312</u>	<u>44,912</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.

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 31 July 2019

16. Share capital presented as equity			31 Jul '19 US\$			31 Jul '18 US\$
Authorised						
20,000,000,000 Ordinary shares of €0.0001 each						
			2,854,400			2,854,400
Issued, called up and fully paid:						
	No. of issued Shares	Share Capital US\$	Treasury Shares US\$	Share Premium US\$	Total Capital US\$	
At 1 August 2018	60,871,586	7,722	102	16,815,961	16,823,785	
Shares issued	2,902,617	329	-	1,097,365	1,097,694	
At 31 July 2019	63,774,203	8,051	102	17,913,326	17,921,479	

The issued share capital of the company at 31 July 2019 comprised of 63,774,203 Ordinary Shares of €0.0001 (\$0.00014272) each issued and fully paid of which 717,612 are held as treasury shares (31 July 2018 : 60,871,586 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 24 December 2018 the Company completed a placing of 1,367,566 new Ordinary Shares at a price of £0.30 per Ordinary Share raising gross proceeds equivalent to \$519,820.

On 16 January 2019 the Company completed a placing of 40,029 new Ordinary Shares at a price of £0.30 per Ordinary Share raising gross proceeds equivalent to \$15,438.

On 12 July 2019 the Company completed a placing of 1,495,022 new Ordinary Shares at a price of £0.30 per Ordinary Share raising gross proceeds equivalent to \$562,107.

Post year end, on 4 September 2019 the Company completed a placing of 987,344 new Ordinary Shares at a price of £0.31 per Ordinary Share raising gross proceeds equivalent to \$373,756.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2019

17. Share-based payments

Share option plan

The Group has an ownership based compensation scheme for any executives 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 year 31 July 2019. There were also no options lapsed without being exercised.

On 31 January 2018 the existing share option scheme was modified. The exercise date for share options issued to executives is now 19 January 2024.

Costs associated with options issued during the year

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

	2019	2018
	\$	\$
Share based payments	<u>-</u>	<u>-</u>

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

	2019		2018
	Number of options	Weighted average exercise price	Number of options
		price	Weighted average exercise price
Balance at beginning of financial period	<u>3,320,248</u>	<u>Stg£0.27</u>	<u>3,320,248</u>
Balance at Period End	<u>3,320,248</u>	<u>Stg£0.27</u>	<u>3,320,248</u>

18. Retained Losses

In accordance with the provisions of the Companies Act 2014, the Company has not presented an Income Statement. A loss of \$353,921 (2018: \$366,208) 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.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2019

20. Events after the reporting date

There are no post balance sheet events of material significance.

21. 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 year ended 31 July 2019, 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.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2019

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 2019.

The Group and Company's financial liabilities as at 31 July 2019 were all payable on demand.

The expected maturity of the Group and Company's financial assets (excluding prepayments) as at 31 July 2019 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 2019.

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 year ended 31 July 2019. 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

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 2019 and 31 July 2018, the Group had no outstanding contracts designated as hedges.

22. Approval of financial statements

The financial statements were approved by the board on

