Registered number: 09624969

UNITED OIL & GAS PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

COMPANY INFORMATION

Directors	Graham Martin (Chairman) Brian Larkin Jonathan Leather Alberto Cattaruzza
Company secretary	Brian Larkin
Registered number	09624969
Registered office	200 Strand, London, WC2R 1DJ
Nominated adviser	Beaumont Cornish Ltd 10th Floor, 30 Crown Place London EC2A 4EB
Broker	Optiva Securities Ltd 49 Berkeley Square London W1J 5AZ
Independent auditors	UHY Hacker Young Chartered Accountants & Registered Auditors Quadrant House 4 Thomas More Square London E1W 1YW
Legal advisers	Kerman & Co LLP 200 Strand London WC2R 1DJ
Principal bankers	Bank of Ireland, Raheny, Dublin 5 Barclays Bank plc, 1 Churchill Place, London, E14 5HP.
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham GU9 7DR

BOARD OF DIRECTORS

Brian Larkin – Chief Executive Officer

Brian is the founding director of United Oil and Gas Limited.

He is a Qualified Accountant and has an MBA from Dublin City University. He has extensive oil and gas industry experience having worked for both Tullow Oil Plc ("Tullow Oil") and Providence Resources Plc ("Providence").

At Tullow Oil, Brian held positions in both finance and commercial, and worked on a variety of production, development and exploration projects in South America and Asia and carried out numerous investment case recommendations.

At Providence, he worked in senior finance and commercial positions. During his time with Providence, Brian worked on a wide portfolio of assets in regions including the Gulf of Mexico, offshore Ireland, onshore United Kingdom, and offshore Nigeria.

Jonathan Leather – Chief Operating Officer

Jonathan has 20 years' experience in the oil industry and holds a Geology degree from Oxford University, a PhD in Sedimentology from Trinity College, Dublin, and an MBA from Warwick University.

He worked for Tullow Oil from 2007 to 2015, where he held a number of senior positions, including membership of the Global Exploration Leadership Team. He also managed Tullow's Subsurface Technology Group – a team he established and built up to provide specialist technical input across the company in both exploration and development. As part of this, he worked on global assets and opportunities ranging from onshore producing fields to deep-water frontier exploration.

Prior to Tullow Oil, Jonathan worked for Shell UK Ltd. During his time there he was involved in a number of exploration and development projects, and worked on North Sea, European, Middle Eastern and Malaysian assets.

Graham Martin – Non-Executive Chairman

Graham is an experienced natural resources executive. He brings a wealth of international expertise having served in various roles at Tullow oil plc from 1997 to 2016, including Executive Director and General Counsel. Graham was centrally involved in the growth of Tullow and in the company's transformative M&A programme. He is currently a non-executive director, and chairman of the remuneration committee, at Kenmare Resources plc, one of the leading global producers of titanium minerals and zircon listed in London and Dublin. Prior to Tullow, Graham was a partner at the US energy law firm Vinson & Elkins LLP, having started his legal career in Scotland. He holds a degree in Law and Economics from the University of Edinburgh.

Alberto Cattaruzza – Non-Executive Director

Alberto graduated as a Chemical Engineer from the University of Padua, and having worked in Germany for LURGI, he returned to Italy in 1966 and joined Chevron Oil Italiana as Planning Analyst, moving then to Assistant Manager Planning, Supply & Refining Manager, Marketing Operations Manager and Commercial Sales Manager. During this period, he was appointed Board Member of the two Italian refining companies of which Chevron was shareholder.

When Chevron left Europe in the 1980's, Alberto became General Manager of an Italian private refining and marketing company, and was appointed Board Member of a number of companies belonging to the same Group, including the ISAB refinery in Sicily where the majority partners where ENI and ERG.

In 1995, Alberto joined the Oilinvest Group, operating in Europe under the brand name Tamoil, as Managing Director of their German affiliate with HQ in Hamburg. He was later appointed Oilinvest Refining & Marketing Officer and Board Member of several other Group companies, in Hungary, in the Czech Republic and in Italy.

In 2001, Alberto started an independent entity providing technical and business consultancy services in the oil sector. His clients include a large number of oil companies in Europe and the Middle East, as well as international consulting companies such as Accenture and The Boston Consulting Group.

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 December 2018

Dear shareholders,

Introduction

I am very pleased to present to you this annual report of United Oil & Gas plc for the year to 31st December 2018. I mentioned in last year's report that on joining the company I was impressed with the energy and enthusiasm of the management team and the company's extensive activities in 2018 have certainly demonstrated their commitment once again.

Strategy

The company has a clear and focussed strategy which is to build a portfolio of low-risk assets in Europe to underpin and complement the addition of high impact growth opportunities elsewhere, with a particular focus on Latin America, the Caribbean and Africa, each being areas where the management have previous experience and a network of industry links. 2018 was a very active year in the pursuit of that strategy.

Key activities in 2018

In Italy, the company announced a significant gas discovery in the Podere Gallina licence in the Po Valley which underpins a potential 150,000 cubic metres per day production facility for which a development planning application was submitted and is being processed. The outcome of the elections in Italy slightly delayed the application but the project is on track for first Gas in the third Quarter of 2020, and we are optimistic this will lead to a significant revenue stream for the company, at which point the company's portfolio will contain assets at each stage of the oil and gas lifecycle.

In the UK, in early 2018 the company farmed in to Licence P1918 in the Wessex Basin and later in the year participated in the Colter appraisal well. As is often the case with oil and gas exploration the results of the well surprised and disappointed at the same time in that a new and unexpected discovery was made at Colter South while the original target at Colter North was smaller than pre-drill estimates. However, in terms of the overall Colter prospect the company's commerciality threshold was exceeded and evaluation is ongoing as to the most appropriate way forward.

Also in the UK, we were delighted with our success in the 30th licensing round with the award of two blocks in the UK Central North Sea containing multiple leads and targets including the Crown discovery.
In Jamaica, in the Tullow-operated Walton Morant licence, which is one of our high impact areas, we completed the 3D seismic acquisition the results of which de-risked a number of the existing targets, including Colibri. In conjunction with Tullow we began the process of opening a data room and inviting suitable industry partners to farm-in and join us in the next, drilling phase of the licence.

Work continued throughout the year on our other assets while at the same time the management team reviewed a considerable number of potential new ventures, some of which are still under consideration. It is a testament to the growing reputation of the company's entrepreneurial management team that the company is being invited to participate in more and more opportunities.

Capital raising

In support of our work programmes and potential new ventures we carried out two fundraisings during the year. In April 2018 we raised £2.5 million at 4.25p and in September 2018 we raised £3million at 5.5p (with warrants at 8p).

We are very grateful for the support shown to the company by our existing shareholders in approving those fundraisings and of course by our new shareholders who we welcome to the company and hope to meet in due course at one of our shareholder events.

Financial Results for 2018

As expected at this stage in the company's history with no cash flow yet from operations the company made a loss for the year. This loss of £810,987 principally comprises administrative expenditure in support of the company's activities, exploration costs associated with new ventures and evaluating acquisition opportunities incurred during the year, and the corporate expenses associated with being a listed company including fundraising expenses.

Key events since year end

The company has had an impressive start to 2019 and its activities on existing operations and new ventures have continued at the same hectic pace.

A considerable amount of management time was taken up in the administration around the move to AIM in March 2019, a move which the Board believe is appropriate and timely and which will better suit the company's growth ambitions.

The Colter well was completed in early 2019, the results of which are still being evaluated. New competent person's reports have been announced in respect of UOG Jamaica Ltd, UOG Italia Srl, UOG Crown Ltd. and UOG PL090 Ltd., in each case materially adding to the company's existing unrisked resources, and the company acquired an option to make a new strategic low cost entry into Benin with transformative upside.

Conclusion

I believe 2018 was another very successful year for the company in the development and pursuit of our strategy and on your behalf I would like to record our thanks to our small but dedicated management team for their continued commitment and energy, and I look forward with confidence to an equally successful 2019.

Graham Martin
Chairman

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 December 2018

The directors are pleased to present their Strategic Report for the year ended 31 December 2018.

Strategy, objectives and business model

Our strategy is to build a portfolio of low risk assets in Europe to underpin the addition of high-impact growth opportunities in Latin America, the Caribbean and Africa.

- The management team at United Oil & Gas has a proven track record of successfully evaluating and recommending farm-in deals, and will actively seek appropriate opportunities to acquire assets in which full value is not currently being realised.
- Once licences are acquired, we will use our experience of actively working operated and non-operated equity holdings to instigate activity and unlock the identified additional value.
- In Europe and the UK, United Oil & Gas are aiming to create value through building an actively managed portfolio of production, development, and low-risk exploration / appraisal assets.
- United Oil & Gas will also consider assets in other regions on an opportunist basis. Given the management team's previous experience, our focus here will be on Latin America and Africa, where we believe we will be able to access opportunities with low Capex entry costs and potentially transformational upside
- The management team have an extensive network of senior oil and gas executives which we will use to access early divestment opportunities and avoid auctioned transactions.

Business review

I am happy to report to you on another year of significant activity by United Oil and Gas. Our goal in 2018 was to continue to build and develop a portfolio of assets, growing a low risk business in Europe which will soon be cash generating whilst continuing to add value to our high impact/low cost exploration business in South America and Africa.

The year began with a discovery and successful flow testing of the Podere Maier exploration well in Italy. This was United's first well and the result significantly exceeded our hopes and expectations. Throughout the year, we worked with the operator, PoValley Operations Pty Ltd, to develop plans to bring the discovery into production. We are confident of first production in the third quarter of 2020. This we expect will generate significant revenues for our business, helping to fund our future growth.

In UOG Jamaica Ltd, acquisition and interpretation of the first 3D seismic data was carried out on the Walton Morant licence, covering an area of 2,250 sq km. This activity is further confirmation of the incredible potential of this licence. The teams are now working on developing multiple prospects, including the Colibri prospect.

Our technical team worked throughout the year across our UK licences, supporting plans for the Colter licence P1918 drilling campaign, which would lead to a discovery in early 2019. They also undertook further study of the assets at Waddock Cross and our new acreage offshore.

Licence Acquisitions

As indicated, United Oil & Gas plc has a clearly stated business model, which seeks to blend low risk European assets with high impact African and South American prospects.

In January 2018, we acquired a 10% stake in a number of Corallian Energy operated assets. These included the Colter discovery. Shortly afterward we signed an option agreement to farm into a number of offshore UK blocks.

Our acquisition of a 20% stake in the highly prospective Walton Morant licence, offshore Jamaica, from Tullow Oil was completed in the first quarter of 2018. As indicated above, seismic activity here has already identified multiple potential targets. We intend farming down an element of our holding here.

In May 2018, United Oil & Gas plc was successful in its first application under a UK licensing round. This is a major milestone for the Company and a recognition of our growing profile in the UK oil and gas sector. Following significant work by our technical team, we applied for and were awarded a licence comprising blocks 15/18d and 15/19b. These blocks include the Crown Discovery. Again, following further study, we intend seeking partners for these blocks.

In 2018, our technical team assessed many opportunities. Acquisitions require committing shareholder funds, either immediately or in future commitment. We take this very seriously and have on more than one occasion walked away from deals, which we ultimately did not believe would deliver. Our team has worked tirelessly to identify value for shareholders, ensuring that they had full confidence in every acquisition made.

Corporate

During 2018, we strengthened our board with the appointment of Graham Martin as our Non-Executive Chairman. Graham brings a wealth of experience to our team, having worked closely with Tullow Oil plc from its inception to his retirement from their board in 2016.

In April and September, we completed two placings raising a total of £5.5m in new funding at an average placing price of 4.875p. This new capital has enabled us to follow through on our development plans across our licences and to add new acreage and new opportunity to our portfolio. Our cash position at year end was just in excess of £4m.

Shareholder and Investor Engagement

United has sought, since inception, to maintain regular contact with shareholders and the investor community. In 2018, we held regular shareholder calls and a number of shareholder evenings in London. We also participated in a number of investor events, taking every opportunity to drive interest and awareness in the business.

To further increase our profile, particularly in London, we began work with a new financial communications company, St. Brides Partners Limited. We are further increasing our IR and PR activity in 2019 and look forward to further engagement with shareholders.

I would like to thank the team at United Oil & Gas plc for their hard work in 2018, which has continued into 2019. Across all elements of the business, our people are working to build an oil and gas company which will grow for many years to come.

Finally, to you our shareholders, thank you for your trust, support and advice. 2018 was a strong year and 2019 is already proving to be exciting, with developments across our portfolio, including the Colter South Discovery, a new option on a Benin licence and significant resources identified in Competent Persons Reports for the UK, Italy and Jamaica. We look forward to delivering from these assets on behalf of all of our shareholders.

Operational review

Europe

Podere Gallina Licence, Onshore Italy

After the success of the Podere Maiar 1 well at the end of 2017, the 41m of net gas pay was tested in January 2018. Clearly commercial flow-rates were achieved, with the Lower C2 reservoir flowing at 150,000 Scm/day (~875boepd) and the Upper C1 reservoir flowing at 130,000 Scm/day (~750boepd). We are continuing to work with the operator, PoValley Operations Pty , to ensure that this gas is brought into production as quickly as possible. Development planning is underway, and an application for a production concession was submitted in May 2018. This received a positive technical opinion form the Italian Hydrocarbon Committee (CIRM) on 10th December 2018, and work is now continuing to ensure all the necessary permits are in place ahead of targeted first gas in 2020. An Environmental Impact Study for the proposed Selva Malvezzi Exploitation Concession was submitted to the relevant authorities on the 23rd April 2019.

A number of CPR reports have recently been completed on the licence by CGG, indicating 2P Reserves of 13.3Bcf (2.7 Bcf net to United); 2C Resources of 14.1 Bcf (2.8 Bcf net to United); and Best-case unrisked prospective resources of 91.5 Bcf (18.3 Bcf net to United). There is clearly significant potential remaining on the licence in addition to that proved up by the Podere Maiar well, and plans for 3D seismic acquisition to further pursue this potential are well-advanced.

Wessex Basin, UK
In January 2018, United Oil & Gas Plc completed a farm-in deal with Corallian Energy Limited on the Colter appraisal well (Licence P1918) and the adjacent licences (PEDL330 and PEDL345). The Colter well (98/11a-6) spudded on February 6th 2019. The initial borehole did not intersect the targeted structure, but made an unexpected new discovery at Colter South. The well was then sidetracked, but the targeted Sherwood Sandstone reservoir section came in below the OWC of the 98/11-3 discovery well, suggesting the originally targeted Colter structure is smaller than pre-drill estimates. However, the sidetrack found string shows in the shallower Jurassic section, with encouraging implications for prospectivity along strike. Work is continuing to update the volumetrics for both Colter and Colter South, and assess the Jurassic potential ahead of defining a forward work programme.

In the PL090 licence, seismic reprocessing over the Waddock Cross Field was completed in September 2018. This reprocessing has had a positive impact, with ERCE increasing the gross 2C Contingent Resources for the field to 1.55 MMstb. There are clear areas of the field that have now been identified as drilling targets, and reservoir modelling is underway ahead of detailed well-planning.

In all of our licences in the Wessex Basin, technical work is continuing to work up further prospectivity in the Sherwood Sandstone play.

Central North Sea, UK
In October 2018, United were officially awarded Licence P2366 by the OGA as part of the 30th Licensing Round. This contains the Palaeocene Crown Discovery that was made in 1998 by ConocoPhillips. Independent estimates indicate a range in recoverable oil volumes of 3 to 12 MMstb. United committed to a work programme involving seismic reprocessing and rock physics, much of which has now been completed. Work is continuing to refine the volumetric uncertainty on this new data, which will ultimately feed into optimizing development plans.

Latin America, the Caribbean, and Africa
Walton-Morant Licence, offshore Jamaica
Acquisition of 2,250km2 of 3D seismic data was acquired offshore Jamaica in May 2018. This was acquired ahead of schedule, under-budget, and with minimal downtime – leading to excellent survey coverage. PSTM and PSDM processing of this data has now been completed, and a CPR completed on this new data has increased the gross unrisked mean-case recoverable Prospective Resources to 229 MMstb, and improved the chance of success to 20%. Further prospectivity has been identified on the new 3D data, adding to the numerous structures already identified on the larger 2D surveys. A joint-venture farm-down process is currently underway with the operating partners, Tullow Oil. A drill-or-drop decision is required by the end of 2019, with drilling likely in late 2020 or 2021.

Block B, onshore Benin

In March 2019, United agreed a farm-in option with Elephant Oil Ltd on their 4,590km2 Block B licence, onshore Benin. Passive seismic acquisition and fieldwork have now been completed, and the detailed evaluation of the prospectivity is continuing ahead of potentially executing the option and defining a forward work programme

Principal risks and uncertainties

The Directors have identified the following as key risks of the Group:

The Oil and Gas sector – exploration, development and production

The estimating of reserves and resources is a subjective process and there is significant uncertainty in any reserve or resource estimate. In addition, the exploration for and production of oil and other natural resources is speculative and involves a high degree of risk, in particular a company's operations may be disrupted by a variety of tasks and hazards which are beyond its control such as environmental regulation, governmental regulations or delays, increase in costs, the availability of equipment or services and the volatility of oil and gas prices.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group can meet liabilities as they fall due. In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

Foreign exchange risk

The Group's transactions are carried out in GBP, EUR and USD. Fundraising transactions and parent company operating transactions are carried out in GBP. Operational transactions are carried out predominantly in EUR but also in USD.

Exposures to foreign currency exchange rates arise from the Group's overseas sales and purchases, which are denominated in a number of currencies, primarily EUR and USD. Cash balances held in these currencies are relatively immaterial (see note 10) and transactional risk is considered manageable.

The Group does not hold material non-domestic balances and currently does not consider it necessary to take any action to mitigate foreign exchange risk due to the immateriality of that risk.

This report was approved by the board on 28th May 2019 and signed on its behalf.

Brian Larkin
Chief Executive Officer

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends
The loss for the year, after taxation and non-controlling interests, amounted to £810,987 (2017: loss of £593,414). The directors do not recommend payment of a dividend (2017: £Nil).

Directors
The directors who served during the year were:

Alberto Cattaruzza
Brian Larkin
Jonathan Leather
Graham Martin (appointed 19 February 2018)

Principal activities
The principal activity of the company will be the exploration for crude oil petroleum and natural gas, and the principal activity of the group is to acquire oil and gas licences in which they can actively influence near term activity to unlock previously untapped value.

Business review and future developments
The business review and future developments are disclosed in the strategic report on page 8.

Financial instruments and risk management
An explanation of the Group's financial risk management objectives, policies and strategies and information about the use of financial instruments by the Group is given in note 16 to the financial statements.

Share capital
The company has one class of ordinary shares in issue. Details of the shares in issue are set out in note 11 to the financial statements.

Subsequent events
The events since the balance sheet date are disclosed in note 22.

Directors' interests
As at 31 December 2018, the beneficial interests of the Directors and their connected persons in the ordinary share capital of the company were as follows:

Director	Number of Ordinary Shares	% of Ordinary Share Capital
Brian Larkin	9,755,690	2.8%
Jonathan Leather	4,877,810	1.4%
Graham Martin	1,411,764	0.4%

As at 31 December 2018, the beneficial interests of the Directors and their connected persons in share options and warrants for ordinary share capital of the Company were as follows:

Director	Number of Options	Number of Warrants
Brian Larkin	4,235,294	9,755,690
Jonathan Leather	4,058,823	4,877,810

Graham Martin	1,176,471	-
Alberto Cattaruzza	352,941	-

Substantial shareholdings

The following had interests of 3 per cent or more in the Company's issued share capital as at 30 April 2019:

Party name	Number of Ordinary Shares	% of Share Capital and Voting Rights
JIM Nominees Limited	117,123,019	34%
Hargreaves Lansdown (Nominees) Limited	48,694,763	14%
Securities Services Nominees Limited	15,781,412	5%
Vidacos Nominees Limited	11,325,844	3%

Capital and returns management

The Directors believe that additional funding will likely be required by the Company for funding future acquisition opportunities along with the continued development of the current portfolio as the Company pursues its objectives. The amount of any such additional funds to be raised, which could be substantial, will depend on the nature of the acquisition opportunities which arise and the form of consideration the Company uses to make the acquisition and therefore cannot be determined at this time.

The Company expects that any returns for Shareholders would derive primarily from capital appreciation of the Ordinary Shares and any dividends paid pursuant to the Company's dividend policy.

Dividend policy

The Company's current intention is to retain any earnings for use in its business operations, and the Company does not anticipate declaring any dividends in the foreseeable future. The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

Corporate governance

From Admission to AIM, the company is required under the AIM rules to comply with a recognised corporate governance code to be chosen by the Board. The Board recognises the importance of sound corporate governance and, to the extent able, intends that the company will comply with the provisions of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The company discloses in full on its website at https://www.uogplc.com/corporate-governance-code/ how it complies with the QCA Code and its ten principles and, where it departs from the QCA Code, explains the reasons for doing so and any steps taken or intended to move towards full compliance.

The Board holds timely board meetings as issues arise which require the attention of the Board. The Board is responsible for the management of the business of the Group, setting the strategic direction of the Group and establishing the policies of the Group. It is the Board's responsibility to oversee the financial position of the Group and monitor the business and affairs of the Group, on behalf of the shareholders to whom they are accountable. The primary duty of the Board is to act in the best interests of the Company at all times. The Board will also address issues relating to internal control and the Group's approach to risk management and has formally adopted an anti-corruption and bribery policy.

Alberto Cattaruzza and Graham Martin are considered by the Board to be independent Non-Executive Directors.

The Board has established an audit committee, a remuneration committee and an AIM rules compliance committee with formally delegated duties and responsibilities.

Corporate culture
The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.
The Company maintains an open and respectful dialogue with employees, partners and other stakeholders. Therefore, the importance of sound ethical values and behaviors is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation.

Audit committee
The audit committee, which comprises Alberto Cattaruzza and Graham Martin, has the primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Company's auditors relating to the Group's accounting and internal controls. The committee is also responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. The audit committee will meet not less than three times per year.

Remuneration committee
The remuneration committee, which comprises Alberto Cattaruzza and Graham Martin, is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regards to the interests of the Shareholders and the performance of the Group.

AIM rules compliance committee
Since admission to AIM, an AIM rules compliance committee comprising Brian Larkin and Graham Martin has ben established. The prime responsibility of this committee is to ensure the company has sufficient procedures in place to ensure ongoing compliance with the AIM rules.

Auditors
A resolution proposing UHY Hacker Young be reappointed as auditors of the Company will be put to the next Annual General Meeting in accordance with section 489 of the Companies Act 2006.

Disclosure of information to auditors
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group'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 and the group's auditors are aware of that information.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period and otherwise comply with the Companies Act 2006. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the EU have been followed for the Group financial statements and FRS101 for the company financial statements, 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board 28th May 2019 and signed on its behalf.

Brian Larkin, Chief Executive Officer

United Oil & Gas plc

Directors' remuneration report

The Directors' Remuneration Report sets out the Company's policy on the remuneration of Directors together with details of Directors' remuneration packages and service contracts for the period from 1 January 2018 to 31 December 2018.

The items included in this report are unaudited unless otherwise stated.

The Company maintains contact with its shareholders about remuneration in the same way as other matters and, as required by Section 439 of the Companies Act 2006, this remuneration report will be put to an advisory vote of the Company's shareholders at the forthcoming Annual General Meeting.

Statement of United Oil & Gas plc's policy on Directors' remuneration

Each Director shall be reimbursed for all reasonable expenses wholly, properly and necessarily incurred by the Director in the course of his employment or in performing the duties of his office.

There has been no change to the Directors' remuneration since the publication of the AIM Prospectus dated 22 February 2019.

Policy for new appointments

Base salary levels will take into account market data for the relevant role, internal relativities, the individual's experience and their current base salary. Where an individual is recruited at below market norms, they may be realigned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Board may agree that the company will meet certain relocation and/or incidental expenses as appropriate.

Directors' emoluments and compensation (audited)

Set out below are the emoluments of the Directors for the year ended 31 December 2018:

	Total fees paid (exc VAT)	Salary (incl. social security costs)	Pension	Share-based payments	Total
	£	£	£	£	£
Brian Larkin	-	122,185	-	18,608	140,793
Jonathan Leather	-	117,094	-	17,832	134,926
Graham Martin	-	38,157	-	5,169	43,326
Alberto Cattaruzza	15,000	-	-	1,551	16,551
	15,000	277,436	-	43,160	335,596

Set out below are the emoluments of the Directors for the year ended 31 December 2017:

	Total fees paid (exc VAT)	Salary (incl. social security costs)	Pension	Total
	£	£	£	£
Brian Larkin	-	93,824	-	93,824
Jonathan Leather	10,506	90,468	-	100,974
Alberto Cattaruzza	7,500	-	-	7,500
	18,006	184,292	-	202,298

Statement of Directors' shareholding and share interest

The Directors who served during the year ended to 31 December 2018, and their interests at that date, are disclosed on page 12 and 13.

None of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties they may also have.

Other matters

The Company does not currently have any annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect. However, as disclosed in Note 3 some share options have been award to the directors and key management following the annual review and in recognition of the contribution the Directors and key management have made to the development of the company.

The Company does not have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration.

The Company has not paid out any excess retirement benefits to any Directors or past Directors. The Company has not paid any compensation to past Directors.

This report was approved by the board on 28th May 2019 and signed on its behalf.

Brian Larkin
Chief Executive Officer

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF UNITED OIL & GAS PLC
FOR THE YEAR ENDED 31 DECEMBER 2018

Opinion

We have audited the financial statements of United Oil & Gas Plc for the year ended 31 December 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Total Comprehensive Income, the Consolidated Balance sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and related notes to the consolidated financial statements, the Parent Company Balance sheet, the Parent Company Statement of Changes in Equity and the related notes to the parent company financial statements. The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards as adopted by the European Union (IFRSs). The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 31 December 2018 and of the Group and Parent company's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared with Financial Reporting Standard 101 Reduced Disclosure Framework and as applied in accordance with the provisions of the Companies Act 2006; and
- the group and parent financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

Material uncertainty related to going concern

We have considered the adequacy of the going concern disclosures made in the going concern accounting policy to the financial statements concerning the Group's and Company's ability to continue as a going concern. The Group incurred an operating loss of £810,987 during the year ended 31 December 2018 and is still incurring losses. As discussed in the going concern accounting policy, the Group and Company will likely require further funding in order to meet their commitments over the next 12 months. These conditions, along with other matters discussed in the principal accounting policies indicate the existence of a material uncertainty which may cast significant doubt about the Group's and company's ability to continue as a going concern. The financial statements do not include the adjustments (such as impairment of assets) that would result if the Group and Company were unable to continue as a going concern.

Our opinion is not modified in respect of the above matter.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our assessment of risks of material misstatements

We identified the following risks of material misstatement that we believe had the greatest impact on our overall audit strategy and scope, the allocation of resources in the audit; and directing the efforts of the engagement team. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment exploration and evaluation assets The Group has capitalised costs in respect of the Group's licence interests in accordance with IFRS 6 'Exploration for and Evaluation of Mineral Resources' (IFRS 6). The Directors need to assess the exploration assets for indicators of impairment and where they exist to undertake a full review to assess the need for impairment charge.	We discussed each of the licences with the directors and considered their assessment in conjunction with the Competent Person's Reports available for each exploration project and reviewed available information to assess whether the licenses remain in good standing. We reviewed the future plans of the projects in respect of funding, viability and development to assess whether there were any indicators of impairment. We obtained evidence that the licenses remain valid and are in good standing. No indicators of impairment were identified.
Impairment of loans due from subsidiary companies Under International Accounting Standard 36 Impairment of Assets, companies are required to assess whether there is any indication that an asset may be impaired at each reporting date. The investments represent the primary balance on the company balance sheet and there is a risk it could be impaired.	We reviewed the investments balances for indicators of impairment in accordance with IAS 36. The majority of the investment balances correlate with the exploration assets held by that subsidiary and our impairment review was therefore linked to our assessment of indicators of impairment on the corresponding exploration licences. No indications of impairment were identified.

Key audit matter	How our audit addressed the key audit matter
Going concern The Group does not currently generate revenue and is therefore reliant upon its cash reserves or further equity fund raising in order to meets its ongoing exploration and operating costs for the foreseeable future.	We reviewed the group's cashflow forecasts for the period to 31 December 2020 along with assessing the current financial position. At the year end the Group had a cash position of £4.036m and a net asset position of £8.55m. However, the Group does not anticipate generating revenue until at least 2020 and has committed exploration expenditure in relation to its various licences. From review of the groups forecasts it is likely the company will require further funding within the coming 12 months Although the Group has been successful in raising funds in the past, this creates a material uncertainty that has been disclosed in the audit report.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonable users.

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Overall materiality	We determined materiality for the financial statements as a whole to be £171,000 (2017: £84,000).
How we determine it	Based on the main key indicator, being the net assets of the Group.
Rationale for benchmarks applied	We believe the net assets are the most appropriate benchmark due to the size and stage of development of the Company and Group and due to the Group not yet generating any revenue.
Performance materiality	On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality, this was then rounded to £128,000 (2017: £50,000).

We agreed with the Audit Committee that we would report to them all misstatements over £8,500 (2017: £4,500) identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Company and the Group, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

Our Group audit scope includes all of the group companies. At the parent company level, we also tested the consolidation procedures. The audit team met and communicated regularly throughout the audit with the Finance Director in order to ensure we had a good knowledge of the business of the Group. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the statement of directors' responsibilities, 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF UNITED OIL & GAS PLC
FOR THE YEAR ENDED 31 DECEMBER 2018

Use of our report

This report is made solely to the Company's members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. 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 auditor's 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.

Daniel Hutson (Senior Statutory Auditor)
For and on behalf of
UHY Hacker Young LLP
Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London E1W 1YW

28th May 2019

Consolidated Income Statement for the year ended 31 December 2018

	Notes	Year to 31 December 2018 £	Year to 31 December 2017 £
Revenue		-	-
Cost of sales		-	-
Gross profit / (loss)		-	-
Administrative expenses		(810,987)	(593,414)
Operating loss and loss before taxation	2	(810,987)	(593,414)
Taxation	4	-	-
Loss for the financial year attributable to the Company's/ Group's equity shareholders		(810,987)	(593,414)
Loss per share expressed in pence per share:			
Basic and diluted	5	(0.29)	(0.59)

Consolidated Statement of Total Comprehensive Income

	2018 £	2017 £
Loss for the financial year	(810,987)	(593,414)
Foreign exchange gains/(losses)	19,579	(26,214)
Total comprehensive loss for the financial year attributable to the Company's equity shareholders	(791,408)	(619,628)

United Oil & Gas plc

Consolidated Balance Sheet as at 31 December 2018

	Notes	2018	2017
Assets		£	£
Non-current assets			
Intangible assets	7	4,095,715	1,166,169
Property, plant and equipment	8	3,696	2,342
		4,099,411	1,168,511
Current assets			
Trade and other receivables	9	579,237	124,870
Cash and cash equivalents	10	4,035,910	3,034,968
		4,615,147	3,159,838
Total Assets		8,714,558	4,328,349
Equity and liabilities			
Capital and reserves			
Share capital	11	3,456,140	2,321,850
Share premium	11	7,486,946	4,213,944
Share-based payment reserve	12	1,114,636	455,493
Merger reserve	11	(2,048,084)	(2,048,084)
Translation reserve		(14,978)	(34,557)
Retained losses		(1,599,855)	(788,868)
Shareholders' funds		8,394,805	4,119,778
Current liabilities:			
Trade and other payables	13	319,753	208,571
Total Equity and Liabilities		8,714,558	4,328,349

The financial statements were approved by the Board of Directors on 28th May 2019 and were signed on its behalf by:

Brian Larkin
Chief Executive Officer
Registered number: 09624969

Consolidated Statement of Changes in Equity

	Share capital £	Share premium £	Share-based payments reserve £	Retained losses £	Translation reserve £	Merger reserve £	Total £
For the year ended 31 December 2018							
Balance at 1 January 2018	2,321,850	4,213,944	455,493	(788,868)	(34,557)	(2,048,084)	4,119,778
Loss for the year	-	-	-	(810,987)	-	-	(810,987)
Foreign exchange difference	-	-	-	-	19,579	-	19,579
Total comprehensive income	-	-	-	(810,987)	19,579	-	(791,408)
Exercise of share warrants	600	2,400	-	-	-	-	3,000
Issue of share capital	1,133,690	4,366,310	-	-	-	-	5,500,000
Share issue expenses	-	(1,095,708)	610,299	-	-	-	(485,409)
Issue of share options	-	-	48,844	-	-	-	48,844
Balance at 31 December 2018	3,456,140	7,486,946	1,114,636	(1,599,855)	(14,978)	(2,048,084)	8,394,805
For the year ended 31 December 2017							
Balance at 1 January 2017 (UOG Holdings plc)	259,250	259,250	176,099	(195,454)	(8,343)	(332,712)	158,090
Loss for the period	-	-	-	(593,414)	-	-	(593,414)
Foreign exchange difference	-	-	-	-	(26,214)	-	(26,214)
Total comprehensive income	-	-	-	(593,414)	(26,214)	-	(619,628)
Issue of share capital in UOG Holdings plc	125,000	125,000	-	-	-	-	250,000
Share issue expenses	-	(12,638)	-	-	-	-	(12,638)
Effect of combination resulting in United Oil & Gas plc becoming the parent company of the group	425,100	1,382,914	-	-	-	(1,715,372)	92,642
Share placing	1,512,500	2,737,500	-	-	-	-	4,250,000
Share issue expenses	-	(278,082)	-	-	-	-	(278,082)
Cancellation of share warrants in UOG Holdings plc	-	-	(176,099)	-	-	-	(176,099)
Issue of share warrants in United Oil & Gas plc	-	-	455,493	-	-	-	455,493
Balance at 31 December 2017	2,321,850	4,213,944	455,493	(788,868)	(34,557)	(2,048,084)	4,119,778

United Oil & Gas plc

Consolidated Statement of Cash Flows for the year ended 31 December

	2018	2017
	£	£
Cash flow from operating activities		
Loss for the financial year before tax	(810,987)	(593,414)
Share-based payments	48,845	-
Share warrants issued as acquisition expenses	-	25,377
Depreciation	1,300	452
Foreign exchange movements	(102,939)	(1,916)
	(863,781)	(569,501)
Changes in working capital		
Increase in trade and other receivables	(454,369)	(124,870)
Increase in trade and other payables	111,182	138,795
Cash outflow from operating activities	(1,206,968)	(555,576)
Cash outflow from investing activities		
Cash acquired from United Oil & Gas plc (formerly Senterra Energy plc)	-	332,538
Purchase of property, plant & equipment	(2,654)	(2,794)
Expenditure on intangible exploration assets	(2,929,546)	(1,048,859)
Net cash used in investing activities	(2,932,200)	(719,115)
Cash flow from financing activities		
Issue of ordinary shares net of expenses	5,017,590	4,256,862
Net cash generated by financing activities	5,017,590	4,256,862
Net increase in cash and cash equivalents	878,422	2,982,171
Cash and cash equivalents at beginning of financial year	3,034,968	75,804
Effects of exchange rate changes	122,520	(23,007)
Cash and cash equivalents at end of financial year	4,035,910	3,034,968

Principal Accounting Policies

Company information
United Oil & Gas plc is a public limited company incorporated and domiciled in the United Kingdom.

Basis of preparation
The consolidated financial statements of United Oil & Gas plc and its subsidiaries (together "the Group" or "United Oil & Gas") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, IFRIC interpretations, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

IFRS is subject to amendment and interpretation by the IASB and the IFRS Interpretations Committee, and there is an on-going process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 December 2018.

The principal accounting policies set out below have been consistently applied to all periods presented.

Basis of consolidation
The financial statements for the year ended 31 December 2018 incorporate the results of United Oil & Gas plc ("the Company") and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The addition of United Oil & Gas plc (formerly Senterra Energy plc) to the Group in 2017 was not accounted for as a business combination, due to the Company being considered to be a cash shell, but instead the consolidated accounts are presented as a continuation of the financial statements of the UOG Holdings plc Group, adjusted only to reflect the share capital of the new legal parent.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Going Concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Strategic Report.

The group will continue to manage its working capital, by closely managing all costs. The group expects that it will require additional funding within the next 12 months, therefore the group will consider additional capital to fund acquisition opportunities along with future development projects that are currently within the existing asset base. The company will consider the optimum time for any capital funding depending on the commercialisation and funding of its existing assets. The directors anticipate shareholder support with any capital funding and have raised regular financing successfully in the past.

There is however a material uncertainty related to the conditions above that may cast significant doubt on the Group's ability to continue as a going concern, however the Directors have a reasonable expectation that the group will continue to finance its operational existence from the equity market, portfolio divestments and the debt market, therefore, they continue to adopt the going concern basis of accounting in preparing the financial statement.

Finance income and costs
Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

Exploration and evaluation assets
The group accounts for oil and gas expenditure under the full cost method of accounting.

Costs (other than payments to acquire the legal right to explore) incurred prior to acquiring the rights to explore are charged directly to the income statement. All costs incurred after the rights to explore an area have been obtained, such as geological, geophysical, data costs and other direct costs of exploration and appraisal are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets.

E&E costs are not amortised prior to the conclusion of appraisal activities. At the completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered, then following development sanction, the carrying value of the relevant E&E asset will be reclassified as a development and production asset within tangible fixed assets.

If after completion of appraisal activities in an area, it is not possible to determine technical feasibility or commercial viability, then the costs of such unsuccessful exploration and evaluation are written off to the profit and loss account. The costs associated with any wells which are abandoned are fully amortised when the abandonment decision is taken.

Development and production assets, are accumulated generally on a field by-field basis and represent the costs of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves which have been transferred from intangible E&E assets.

The net book values of development and production assets are depreciated generally on a field-by-field basis using the unit of production method based on the commercial proven and probable reserves. Assets are not depreciated until production commences.

Property, plant and equipment
Property, plant and equipment are stated at cost on acquisition less depreciation. Depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

The annual rate of depreciation for each class of depreciable asset is:
Computer equipment 33%

The carrying value of property plant and equipment is assessed annually and any impairment is charged to the income statement.

Impairment of non-financial assets
At each balance sheet date, the Directors review the carrying amounts of the Group's tangible and intangible assets, other than goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately.

An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
The Group classifies its financial assets as 'loans and receivables'. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the Balance Sheet.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at original effective interest rate. The loss is recognised in the Income Statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the Income Statement.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities
The Group's financial liabilities include trade and other payables.

Trade payables and borrowings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Taxation
Current taxation for each taxable entity in the Group is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred taxation
Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax liabilities are provided in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currency
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end date. All differences are taken to the Income Statement.

Assets and liabilities of subsidiaries that have a functional currency different from the presentation currency (pound sterling), if any, are translated at the closing rate at the date of each balance sheet presented. Income and expenses are translated at average exchange rates. All resulting exchange differences are recognised in other comprehensive income (loss), if any.

Share-based payments
Where share-based payments (warrants and options) have been granted, IFRS 2 has been applied whereby the fair value of the share-based payments is measured at the grant date and spread over the period during which they vest. A valuation model is used to assess the fair value, taking into account the terms and conditions attached to the share-based payments. The fair value at grant date is determined including the effect of market-based vesting conditions, to the extent such vesting conditions have a material impact.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the holders become fully entitled to the award ("the vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Equity

Equity comprises the following:

- "Share capital" represents amounts subscribed for shares at nominal value.
- "Share premium" represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- "Share-based payment reserve" represents the accumulated value of share-based payments.
- "Retained earnings" represents the accumulated profits and losses attributable to equity shareholders.
- "Translation reserve" represents the exchange differences arising from the translation of the financial statements of subsidiaries into the Group's presentational currency.
- "Merger reserve" represents amounts arising from statutory merger relief arising on business combinations.

New and amended International Financial Reporting Standards adopted by the Group

The Group has adopted the following standards, amendments to standards and interpretations which are effective for the first time this year. The impact is shown below:

New/Revised International Financial Reporting Standards		Effective Date: Annual periods beginning on or after:	EU adopted	Impact on the Group
IFRS 2	Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018	Yes	None
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018	Yes	None
IFRS 15	Revenue from Contracts with Customers & Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018	Yes	None

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. As the Group is yet to recognise any revenue, there is no impact from the application of this standard.

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

The adoption of IFRS 9 has only affected the descriptions of the categories in which financial assets and liabilities are included. All of the Group's financial assets and financial liabilities continue to be held at amortised cost.

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of the consolidated financial statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group.

Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, these consolidated financial statements, the following could have a material impact on the Group's financial statements going forward:

New/Revised International Financial Reporting Standards		Effective Date: Annual periods beginning on or after:	EU adopted
IAS 1	Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020	No
IFRS 3	Amendment to IFRS 3 Business Combinations	1 January 2020	No
IFRS 16	Leases	1 January 2019	Yes
	Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019	No

New / revised International Financial Reporting Standards which are not considered to potentially have a material impact on the Group's financial statements going forwards have been excluded from the above.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not listed below are not expected to have a material impact on the Group's financial statements.

IFRS 16 'Leases' provides a new model for lessee accounting in which all leases, other than short-term and small-ticket-item leases, will be accounted for by the recognition on the balance sheet of a right-to-use asset and a lease liability, and the subsequent amortisation of the right-to-use asset over the lease term. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019.

The Group expects to adopt IFRS 16 on 1 January 2019. The Group's evaluation of the effect of adoption of the standard is ongoing but it is not currently expected that it will have a material effect on the Group's financial statements.

There are no other standards and interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the Group.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the significant judgements used in applying the accounting policies of the Group that have the most significant effect on the financial statements:

Impairment of exploration licenses

Management reviews intangible exploration assets for indicators of impairment under IFRS 6 – Exploration for and Evaluation of Mineral Resources at the end of each reporting period. This review of assets for potential indicators of impairment requires judgement including whether renewal of licences is planned, interpretation of the results of exploration activity and the extent to which the Group plans to continue substantive expenditure on the assets. In determining whether substantive expenditure remains in the Group's plan, management considers factors including future oil prices, plans to develop or renew licences and future exploration plans. If impairment indicators exist the assets are tested for impairment and carried at the lower of the estimated recoverable amount and net book value.

Management did not consider there to be any impairment indicators at any reporting date presented.

1. Segmental reporting

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources, assessing the performance of the operating segment and making strategic decision, has been identified as the Board of Directors. The Board of Directors consider that the Group has only one operating segment at corporate level, being the exploration and evaluation of oil and gas prospects, therefore no additional segmental information is presented.

The Group operates in three geographic areas – the UK, other EU and Latin America. The Group's revenue from external customers and information about its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) by geographical location are detailed below.

2018

£	UK	Other EU	Latin America	Total
Revenue	-	-	-	-
Non-current assets	683,554	1,712,830	1,703,027	4,099,411

2017

£	UK	Other EU	Latin America	Total
Revenue	-	-	-	-
Non-current assets	203,805	865,054	99,652	1,168,511

2. Operating loss

	2018 £	2017 £
Operating loss is stated after charging/(crediting):		
Fees payable to the Company's auditors for the audit of the annual financial statements	30,000	18,000
Fees payable to the Company's auditors and its associates for other services to the Group:		
- Tax compliance services	6,050	2,000
- Reporting accountant services	10,000	24,000

3. Directors and employees

The aggregate payroll costs of the employees, including both management and Executive Directors, were as follows:

	2018 £	2017 £
Staff costs		
Wages and salaries	386,233	200,658
Share-based payments	48,845	-
Social security	14,802	1,072
	449,880	201,730

Average monthly number of persons employed by the Group during the year was as follows:

	2018 Number	2017 Number
By activity:		
Administrative	3	1
Directors	4	3
	7	4

	2018 £	2017 £
Remuneration of Directors		
Emoluments and fees for qualifying services	292,436	191,792
Share-based payments	43,159	-
Social security	3,728	-
	339,323	191,792

Key management personnel are identified as the Executive Directors.

No share warrants have been exercised by any of the directors, nor have any payments of pensions contributions been made on behalf of directors in any of the periods presented.

4. Taxation

	2018 £	2017 £
Loss before tax	(810,987)	(593,414)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	(154,088)	(118,683)
Tax effects of:		
Unrelieved tax losses carried forward	154,088	118,683
Corporation tax charge	-	-

The Group has accumulated tax losses of approximately £1,590,000 (2017: £780,000). No deferred tax asset was recognised in respect of these accumulated tax losses as there is insufficient evidence that the amount will be recovered in future years.

5. Loss per share

The Group has issued share warrants and options over Ordinary shares which could potentially dilute basic earnings per share in the future. Further details are given in note 12.

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Due to the losses incurred during the year, a diluted loss per share has not been calculated as this would serve to reduce the basic loss per share. There were 93,329,853 (2017: 37,260,000) share warrants and options outstanding at the end of the year that could potentially dilute basic earnings per share in the future.

Basic and diluted loss per share

	2018	2017
	£	£
Loss per share	(0.29)	(0.59)

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

	2018	2017
	£	£
Loss used in the calculation of total basic and diluted loss per share	(810,987)	(593,414)

Number of shares	2018	2017
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	282,810,516	100,814,356
Weighted average number of dilutive shares for the purposes of diluted loss per share	342,725,734	138,074,356

6. Subsidiaries

Details of the Group's subsidiaries in 2018 are as follows:

Name & address of subsidiary	Principal activity	Class of shares	Place of incorporation and operation	% ownership held by the Group 2018	2017
UOG Holdings plc 200 Strand, London, WC2R 1DJ	Intermediate holding company	Ordinary	England and Wales	100	100
UOG Ireland Limited* 9 Upper Pembroke Street, Dublin 2, Ireland	Intermediate holding company	Ordinary	Ireland	100	100
UOG PL090 Ltd* 200 Strand, London, WC2R 1DJ	Oil and gas exploration	Ordinary	England and Wales	100	100
UOG Italia Srl* Viale Gioacchino Rossini 9, 00198, Rome, Italy	Oil and gas exploration	Ordinary	Italy	100	100
UOG Jamaica Ltd* 200 Strand, London, WC2R 1DJ	Oil and gas exploration	Ordinary	England and Wales	100	100
UOG Crown Ltd* 200 Strand, London, WC2R 1DJ	Oil and gas exploration	Ordinary	England and Wales	100	-
UOG Colter Ltd* 200 Strand, London, WC2R 1DJ	Oil and gas exploration	Ordinary	England and Wales	100	-

*held indirectly by United Oil & Gas

7. Intangible assets

	Exploration and Evaluation assets £
Cost	
At 1 January 2017	117,310
Additions	1,048,859
At 31 December 2017	1,166,169
Additions	2,929,546
At 31 December 2018	4,095,715
Net book value	
At 31 December 2018	4,095,715
At 31 December 2017	1,166,169

United Oil and Gas farmed into a UK licence in the Wessex basin with Corallian Energy Limited in January 2018, in which the Colter well was drilled in Q1 2019. The costs incurred and capitalised to 31 December 2018 are £287,900.

In May 2018 United Oil & Gas plc was awarded two blocks in the UK North Sea's 30th licensing round, which includes the Crown discovery and to 31 December 2018 the company has incurred costs of £96,744. The current work programme consists of Seismic reprocessing and Rock physics, and we continue the farm out process ahead of a well decision later in 2019.

In UOG Italia Srl well drilling and testing was completed at Podere Gallina in the first quarter of 2018. To 31 December 2018 the company has capitalised costs of £1,709,135 and development activities are on track for 2019 after the Italian Ministry granted the Joint Venture an exploitation licence in January 2019

UOG Jamaica Ltd activity consisted primarily of the 3D Seismic acquisition on the Walton-Morant licence with our partners Tullow Oil, and to 31 December 2018 the company has capitalised costs of £1,703,027.

Activities have continued on our UK asset with Egdon Resources on the Waddock Cross licence and to 31 December 2018 the company have capitalised costs of £298,909. The first well to be drilled is targeted for the second half of 2019.

Management review the intangible exploration assets for indications of impairment at each balance sheet date based on IFRS 6 criteria. Commercial reserves have not yet been established and the evaluation and exploration work is ongoing. The Directors do not consider that any indication of impairment have arisen and accordingly the assets continue to be carried at cost.

8. Property, plant and equipment

	Computer equipment
Cost	£
At 1 January 2017	-
Additions	2,794
At 31 December 2017	2,794
Additions	2,654
At 31 December 2018	5,448
Depreciation	
At 1 January 2017	-
Charge for the year	452
At 31 December 2017	452
Charge for the year	1,300
At 31 December 2018	1,752
Net book value	
At 31 December 2018	3,696
At 31 December 2017	2,342

Depreciation is recognised within administrative expenses.

9. Trade and other receivables

	2018 £	2017 £
Unpaid share capital receivable	-	117,500
Other receivables	561,733	-
Prepayments	17,504	7,370
	579,237	124,870

No receivables are past due or impaired at 31 December 2018 or 31 December 2017.

10. Cash and cash equivalents

	2018 £	2017 £
Cash at bank (GBP)	3,899,190	2,497,543
Cash at bank (EUR)	58,691	389,313
Cash at bank (USD)	78,029	148,112
	4,035,910	3,034,968

At 31 December 2018 and 2017 all significant cash and cash equivalents were deposited in the UK and Ireland with large international banks.

11. Share capital, share premium and merger reserve

Allotted, issued, and fully paid:

	No	Share capital £	2018 Share premium £
Ordinary shares of £0.01 each			
Opening balance	232,185,001	2,321,850	4,213,944
Allotments:			
28 February 2018	60,000	600	2,400
11 May 2018	58,823,530	588,235	1,911,765
08 October 2018	54,545,454	545,455	2,454,545
Share issue costs	-	-	(1,095,708)
At 31 December	345,613,985	3,456,140	7,486,946

	No	Share capital £	2017 Share premium £
Ordinary shares of £0.01 each			
Opening balance	27,000,000	270,000	945,501
Allotments:			
31 July 2017	173,935,001	1,739,350	2,609,025
27 December 2017	31,250,000	312,500	937,500
Share issue costs	-	-	(278,082)
At 31 December	232,185,001	2,321,850	4,213,944

As regards income and capital distributions, all categories of shares rank pari passu as if the same constituted one class of share.

Merger reserve

Following the reverse takeover of Senterra Energy Plc (subsequently renamed United Oil & Gas Plc) on 31 July 2017, the results of this entity were combined with those of the UOG Holdings plc group on a merger accounting basis.

The merger reserve arising on consolidation is effectively the difference between the fair value of consideration from the share for share exchange less the net assets at the time and is calculated as shown below.

The merger reserve in the year ended 31 December 2017 is made up as follows:

	£	£
At 1 January 2017		332,712
Investment in UOG Holdings plc Group	1,554,810	
United Oil & Gas share capital	(384,250)	
United Oil & Gas share premium	(371,650)	
United Oil & Gas (formerly Senterra Energy plc) pre-combination retained deficit	916,462	
		1,715,372
At 31 December 2017		2,048,084

12. Share-based payments

Options

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

2018

	Number of Options	WAEP £
Outstanding at the beginning of the year	-	-
Issued	11,117,647	0.05
Outstanding at the year end	11,117,647	0.05
Number vested and exercisable at 31 December 2018	-	-

The fair values of share options issued in the current financial year were calculated using the Black Scholes model as follows:

	Share options
Date of grant	25 June 2018
Number granted	11,117,647
Share price at date of grant	£0.05
Exercise price	£0.04
Expected volatility	58%
Expected life from date of grant (years)	6.5
Risk free rate	0.9876%
Expected dividend yield	0%
Fair value at date of grant	£293,069
Earliest vesting date	25 June 2021
Expiry date	25 June 2028

Expected volatility was determined based on the historic volatility of the Company's shares for a period averaging 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of £48,845 in the income statement in relation to share options accounted for as equity-settled share-based payment transactions during the year in relation (2017: £nil).

Warrants

Details of the number of share warrants and the weighted average exercise price (WAEP) outstanding during the year are as follows:

2018

	Number of Warrants	WAEP £
Outstanding at the beginning of the year	37,260,000	0.02
Exercised	(60,000)	(0.05)
Issued	45,012,206	0.05
Outstanding at the year end	82,212,206	0.04
Number vested and exercisable at 31 December 2018	41,303,126	0.02

2017

	Number of Warrants	WAEP £
Outstanding at the beginning of the year	20,000,000	0.02
Cancelled	(20,000,000)	(0.02)
Pre-existing warrants in United Oil & Gas	60,000	0.05
Issued	37,200,000	0.02
Outstanding at the year end	37,260,000	0.02
Number vested and exercisable at 31 December 2017	37,260,000	0.02

The fair values of share warrants issued or extended in the current financial year were calculated using the Black Scholes model as follows:

	Share warrants	Share warrants	Share warrants	Share warrants	Share warrants
Date of grant	31 July 2017	31 July 2017	27 December 2017	11 May 2018	18 September 2018
Number granted	28,000,000	9,200,000	1,375,000	2,728,126	40,909,080
Share price at date of grant	£0.03	£0.03	£0.04	£0.04	£0.06
Exercise price	£0.01	£0.03	£0.04	£0.04	£0.08
Expected volatility	59%	59%	55%	56%	58%
Expected life from date of grant (years)	2.5	2.5	2.5	2.5	2.5
Risk free rate	0.5555%	0.5555%	0.7280%	1.0783%	1.1283%
Expected dividend yield	0%	0%	0%	0%	0%
Fair value / incremental fair value at date of grant	£382,533	£72,959	£18,952	£40,957	£550,390
Earliest vesting date	31 July 2017	31 July 2017	27 December 2017	11 May 2018	18 September 2019
Expiry date	31 July 2022	31 July 2022	27 December 2022	11 May 2023	18 September 2022

Expected volatility was determined based on the historic volatility of a comparable company's shares for a period averaging 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of £610,299 in relation to share warrants accounted for as equity-settled share-based payment transactions during the year in relation (2017: £455,492). These were recognised as follows:

£610,299 (2017: £47,582) as a deduction from share premium related to share warrants accounted for as equity-settled share-based payment transactions during the year.

£nil (2017: £25,377) in relation to the combination of United Oil & Gas (formerly Senterra Energy plc) with the UOG Holdings plc group – recognised as expenses in the income statement.

£nil (2017: £382,533) as cost of investment in subsidiary held by United Oil & Gas arising on the formation of the new group structure, and thus results in an increase in the merger reserve recognised in the group consolidation (see Statement of Changes in Equity).

13. Trade and other payables

	2018	2017
	£	£
Trade payables	8,153	22,935
Tax and social security	16,121	10,694
Other payables	1,262	9,894
Deferred shares (note 14)	30,000	30,000
Accruals	264,217	135,048
	319,753	208,571

14. Deferred shares

On 12 October 2015, the Company issued 30,000 Deferred Shares of £1 for £30,000 to the Founder, which have an entitlement to a non-cumulative annual dividend at a fixed rate of 0.1 per cent of their nominal value. The Deferred Shares have no voting rights attached to them, and may be redeemed in their entirety by the Company for an aggregate redemption payment of £1.

15. Financial instruments

Categories of financial instruments

The tables below set out the Group's accounting classification of each class of its financial assets and liabilities.

Financial assets	2018	2017
	£	£
Unpaid share capital receivable (note 9)	-	117,500
Cash and cash equivalents (note 10)	4,035,910	3,034,968
	4,035,910	3,152,468

All of the above financial assets' carrying values are approximate to their fair values, as at 31 December 2018 and 2017.

Financial liabilities	Measured at amortised cost	
	2018	2017
	£	£
Trade payables (note 13)	8,153	22,935
Other payables (note 13)	1,262	9,894
Accruals (note 13)	264,217	135,048
	273,632	167,877

In the view of management, all of the above financial liabilities' carrying values approximate to their fair values as at 31 December 2018 and 2017.

Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values (due to their nature and short times to maturity).

16. Financial instrument risk exposure and management

The Group's operations expose it to degrees of financial risk that include liquidity risk, credit risk, interest rate risk.

This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in notes 9, 10, 13, 14, 15 and 17.

Liquidity risk

Liquidity risk is dealt with in note 17 of these financial statements.

Credit risk

The Group's credit risk is primarily attributable to its cash balances.

The credit risk on liquid funds is limited because the third parties are large international banks.

The Group's total credit risk amounts to the total of other receivables and cash and cash equivalents.

Interest rate risk

The Group's only exposure to interest rate risk is the interest received on the cash held on deposit, which is immaterial. The Group does not have any borrowings.

Foreign exchange risk

The Group's transactions are carried out in GBP, EUR and USD. Fundraising transactions and parent company operating transactions are carried out in GBP. Operational transactions are carried out predominantly in EUR but also in USD.

Exposures to foreign currency exchange rates arise from the Group's overseas sales and purchases, which are denominated in a number of currencies, primarily EUR and USD. Cash balances held in these currencies are relatively immaterial (see note 10) and transactional risk is considered manageable.

The Group does not hold material non-domestic balances and currently does not consider it necessary to take any action to mitigate foreign exchange risk due to the immateriality of that risk.

17. Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group can meet liabilities as they fall due.

In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due. The table below shows the undiscounted cash flows on the Company's / Group's financial liabilities as at 31 December 2018 and 2017, on the basis of their earliest possible contractual maturity.

17. Liquidity risk (continued)

	Total £	Payable on demand £	Within 2 months £	Within 2 -6 months £	Within 6 – 12 months £	Within 1-2 years £
At 31 December 2018						
Trade payables	8,153	-	8,153	-	-	-
Other payables	1,262	1,262	-	-	-	-
Accruals	264,217	-	-	264,217	-	-
	273,632	1,262	8,153	264,217	-	-
At 31 December 2017						
Trade payables	22,935	-	22,935	-	-	-
Other payables	9,894	9,894	-	-	-	-
Accruals	135,048	-	-	135,048	-	-
	167,877	9,894	22,935	135,048	-	-

Other payables comprise loans from directors which are repayable on demand.

18. Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide long-term returns to shareholders

The Group defines and monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet and as follows:

	2018 £	2017 £
Equity	8,394,805	4,119,778
Cash and cash equivalents	(4,035,910)	(3,034,968)
	4,358,895	1,084,810

The Board of Directors monitors the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares. The Group is not subject to any externally imposed capital requirements.

These policies have not changed in the year. The Directors believe that they have been able to meet their objectives in managing the capital of the Group.

19. Related party transactions

Key management personnel are identified as the Executive Directors, and their remuneration is disclosed in note 3.

Loan from director

	Brian Larkin
	£
Principal	
At 31 December 2015	10,086
Loans issued	2,826
At 31 December 2016	12,912
Loans repaid	(4,352)
At 31 December 2017	8,560
Loans repaid	(8,560)
At 31 December 2018	-

The loan balance was repayable on demand with no formal terms.

20. Financial commitments

As at 31 December 2018, the Group's commitments comprise their exploration expenditure interests in Waddock Cross, Crown, Colter, Po Valley and the Walton-Morant licence, and an office lease. These commitments have been summarised below:

	Year ending 31 December 2019	Year ending 31 December 2020
Exploration licence	£	£
Crown	83,890	-
Colter	836,655	-
Walton-Morant licence	589,078	-
Po Valley	59,072	-
Waddock Cross	36,864	-
	1,605,559	-
Land & Buildings		
Office Space	£60,754	-
	1,666,313	-

21. Ultimate controlling party

The directors do not consider there to be an ultimate controlling party.

22. Events after the balance sheet date

(i) On 1 March 2019 the Company announced its admission to trading on AIM. No additional capital has been raised upon admission.

(ii) The Colter Well 98/11a-6, situated in the UK Wessex Basin was spudded on 6th February 2019, targeting the fault-block immediately to the south of Wytch Farm. The initial borehole didn't intersect the targeted structure, but made an unexpected new discovery at Colter South. The well was then sidetracked, but the targeted Sherwood Sandstone reservoir section came in below the Oil Water Contact of the 98/11-3 well, suggesting the original Colter structure is smaller than pre-drill estimates. However, the sidetrack found strong shows in the shallower Jurassic section, with encouraging implications for prospectivity along strike. Volumetric evaluation of both the Colter and Colter South structures are underway. The operator, Corallian Energy carried pre-drill recoverable volumes of 15mmbbls for Colter South – likely to be a conservative estimate. The most recent estimated final costs of drilling at Colter to UOG, including the additional sidetrack are circa £1.35m.

(iii) United Oil & Gas Plc has signed an option agreement in March 2019 with Elephant Oil Ltd ("Elephant") to farm in to their Block B onshore acreage in Bénin, potentially taking a 20% interest in the production sharing agreement ("PSC").

Under the farm in option agreement, the company have agreed to fund passive seismic and field studies up to a value of $175k. The completion of the passive seismic programme was completed April. The goal of the proposed work programme will be to calibrate the depth to basement and obtain further information on the oil and gas seeps. This will further de-risk maturity and migration in the area ahead of the completion of a final decision to exercise the farm in option.

If United chooses to exercise the option, then the Company will farm into the PSC for a 20% interest and will be responsible to fund 30% of the non-drilling and 20% of the drilling costs in the Phase 1 work programme as approved under the PSC. United would also pay Elephant the sum of US$260,000, representing one quarter of the pro rata (20%) past costs expended by Elephant on the prospect, with the remaining US$780,000 paid in three equal six monthly instalments.

United Oil & Gas plc

Company Balance Sheet as at 31 December

	Notes	2018	2017
Assets		£	£
Non-current assets			
Investments	2	1,554,810	1,554,910
Current assets			
Trade and other receivables	3	8,976,635	4,357,886
Cash and cash equivalents	4	-	703
		8,976,635	4,358,589
Total Assets		10,531,445	5,913,499
Equity and liabilities			
Capital and reserves			
Share capital	7	3,456,140	2,321,850
Share premium		7,486,946	4,213,944
Share-based payment reserve		1,114,636	455,493
Retained losses:			
Opening retained earnings		(1,142,052)	(644,965)
Loss for the year		(522,326)	(497,087)
Total retained losses		(1,664,378)	(1,142,052)
Shareholders' funds		10,393,344	5,849,235
Current liabilities			
Trade and other payables	5	108,101	34,264
Deferred shares	6	30,000	30,000
Total liabilities		138,101	64,264
Total equity and liabilities		10,531,445	5,913,499

The notes to these financial statements form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 28th May 2019 and were signed on its behalf by:

Brian Larkin
Chief Executive Officer
Registered number: 09624969

Company Statement of Changes in Equity

	Share capital £	Share premium £	Share-based payment reserve	Retained earnings £	Total £
For the year ended 31 December 2018					
Balance at 1 January 2018	2,321,850	4,213,944	455,493	(1,142,052)	5,849,235
Loss for the financial year	-	-	-	(522,326)	(522,326)
Total comprehensive income	-	-	-	(522,326)	(522,326)
Transactions with owners:					
Exercise of share warrants	600	2,400	-	-	3,000
Share issue	1,133,690	4,366,310	-	-	5,500,000
share issue expenses	-	(1,095,708)	610,299	-	(485,409)
Issue of share options	-	-	48,844	-	48,844
Total transactions with owners	1,134,290	3,273,002	659,144	-	5,066,434
Balance at 31 December 2018	3,456,140	7,486,946	1,114,636	(1,664,378)	10,393,344
For the year ended 31 December 2017					
Balance at 1 January 2017	270,000	945,501	-	(644,965)	570,536
Loss for the financial year	-	-	-	(497,087)	(497,087)
Total comprehensive income	-	-	-	(497,087)	(497,087)
Transactions with owners:					
Share issued to combine with United Oil & Gas	539,350	809,025	-	-	1,348,375
Share placing	1,512,500	2,737,500	-	-	4,250,000
share issue expenses	-	(278,082)	-	-	(278,082)
Issue of share warrants in United Oil & Gas	-	-	455,493	-	455,493
Total transactions with owners	2,051,850	3,268,443	455,493	-	5,775,786
Balance at 31 December 2017	2,321,850	4,213,944	455,493	(1,142,052)	5,849,235

The notes to these financial statements form an integral part of these financial statements.

Notes to the Parent Company Financial Statements
for the year ended 31 December 2018

1. Accounting Policies

Basis of Preparation

The annual financial statements of United Oil & Gas (the Parent Company financial statements) have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with the Company's wholly owned subsidiaries.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's Consolidated Financial Statements. These financial statements do not include certain disclosures in respect of:

- Financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value)
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value)
- Related party transactions
- Share-based payments

As permitted by section 408 of Companies Act 2006, a separate Income Statement for the Company has not been included in these financial statements. The Company's loss for the year ended 31 December 2018 was £522,326 (2017: £497,087).

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Strategic Report.

The group will continue to manage its working capital, by closely managing all costs. The group expects that it will require additional funding within the next 12 months, therefore the group will consider additional capital to fund acquisition opportunities along with future development projects that are currently within the existing asset base. The company will consider the optimum time for any capital funding depending on the commercialisation and funding of its existing assets. The directors anticipate shareholder support with any capital funding and have raised regular financing successfully in the past.

There is however a material uncertainty related to the conditions above that may cast significant doubt on the Group's ability to continue as a going concern, however the Directors have a reasonable expectation that the group will continue to finance its operational existence from the equity market, portfolio divestments and the debt market, therefore, they continue to adopt the going concern basis of accounting in preparing the financial statement.

Investments
Fixed asset investments are stated at cost. Investments are tested for impairment when circumstances indicate that the carrying value may be impaired.

Impairment of non-financial assets
At each balance sheet date, the Directors review the carrying amounts of the Company's tangible and intangible assets, other than goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately.

An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately.

Financial instruments
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
The Company classifies its financial assets as 'loans and receivables'. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the Balance Sheet.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities
The Company's financial liabilities include trade and other payables.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Current taxation
Current taxation is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred taxation
Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax liabilities are provided in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currency
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end date. All differences are taken to the Income Statement.

Share-based payments
Where share-based payments (warrants and options) have been issued, IFRS 2 has been applied whereby the fair value of the share-based payment is measured at the grant date and spread over the vesting period. A valuation model is used to assess the fair value, taking into account the terms and conditions attached to the share-based payments. The fair value at grant date is determined including the effect of market based vesting conditions, to the extent such vesting conditions have a material impact.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The charge or credit for a period to the income statement represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the recipient as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Where an equity-settled award is forfeited, the cumulative charge expensed up to the date of forfeiture is credited to the income statement.

Equity

Equity comprises the following:

- "Share capital" represents amounts subscribed for shares at nominal value.
- "Share premium" represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- "Share-based payment reserve" represents amounts credited to equity as part of the accounting for share-based payments.
- "Retained earnings" represents the accumulated profits and losses attributable to equity shareholders.

2. Investments

	Investments in Subsidiaries £
Cost	
As at 1 January 2017	-
Additions	1,554,910
As at 31 December 2017	1,554,910
Transfer of investment to subsidiary	(100)
As at 31 December 2018	1,554,810

The Company's subsidiaries are detailed in note 6 to the consolidated financial statements.

3. Trade and other receivables

	2018	2017
Unpaid share capital receivable	-	117,500
Amounts due from group undertakings	8,886,506	4,240,386
Other receivables	90,129	-
	8,976,635	4,357,886

4. Cash and cash equivalents

	2018	2017
Cash at bank	-	703

5. Trade and other payables

	2018	2017
Accruals	108,101	34,264
	108,101	34,264

6. Deferred shares

On 12 October 2015, the Company issued 30,000 Deferred Shares of £1 for £30,000 to the Founder, which have an entitlement to a non-cumulative annual dividend at a fixed rate of 0.1 per cent of their nominal value. The Deferred Shares have no voting rights attached to them and may be redeemed in their entirety by the Company for an aggregate redemption payment of £1.

7. Share Capital

Allotted, issued, and fully paid:

	No	Share capital £	2018 Share premium £
Ordinary shares of £0.01 each			
Opening balance	232,185,001	2,321,850	4,213,944
Allotments:			
28 February 2018	60,000	600	2,400
11 May 2018	58,823,530	588,235	1,911,765
08 October 2018	54,545,454	545,455	2,454,545
Share issue costs	-	-	(1,095,708)
At 31 December 2018	345,613,985	3,456,140	7,486,946

	No	Share capital £	2017 Share premium £
Ordinary shares of £0.01 each			
Opening balance	27,000,000	270,000	945,501
Allotments:			
31 July 2017	173,935,001	1,739,350	2,609,025
27 December 2017	31,250,000	312,500	937,500
Share issue costs	-	-	(278,082)
At 31 December 2017	232,185,001	2,321,850	4,213,944

The Company has one class of ordinary shares which carry no fixed right to income.

8. Events After the Balance Sheet Date

See note 22 of the Notes to the Consolidated Financial Statements.