

28 September 2023

United Oil & Gas Plc  
("United" "the Group" or the "Company")

Half-year 2023 results

United Oil & Gas PLC (AIM: "UOG"), the full cycle oil and gas company with a portfolio of production, development, exploration and appraisal assets is pleased to announce its unaudited financial and operating results for the half year ended 30 June 2023. A shareholder call will take place this morning, details are below.

Brian Larkin, CEO commented:

*"We are pleased to be able to report progress across our portfolio as we seek to explore further opportunities for growth to deliver greater value to our shareholders.*

*Looking at Egypt, we successfully drilled and brought 2 development wells onstream during the first half of 2023. Notably, we maintained our excellent safety record throughout these operations. Our active drilling programme continues with the drilling of a further near field exploration well planned for the fourth quarter of the year. Simultaneously, we continue to work with our JV partners to optimise production from our existing well stock through a comprehensive programme of workovers and well intervention activity. Whilst the macroeconomic situation in Egypt remains challenging, we do continue to be paid a portion of our receivables in US dollars.*

*In Jamaica we are engaged in discussions with the Government and with high-quality potential farm-in partners on our exciting high-impact exploration asset. Identifying a partner with the right skillset to complement our work is of paramount importance to advancing this project and we expect to move forward to commercial discussions with a preferred partner over the coming weeks.*

*Whilst Quattro have not yet completed their funding process and are likely to require a further extension to the long stop date on the sale agreement for licence P2519, we are hopeful that this transaction will complete over the coming weeks, given the renewed interest in the North Sea*

*We enter the last quarter of 2023 well placed, and will continue to work hard on delivering on our strategy in order to return value to our shareholders."*

1H 2023 Operational summary

- 1H 2023 Group net 22% working interest production averaged 1,051 bopd and 93 boepd gas with full year average net production forecast to be in the range of 930 to 1,030 boepd.
- In Egypt
  - Active drilling programme continues with two wells drilled in 1H, and one additional exploration well planned for H2
  - Successful ASH-8 development well brought onstream in March
  - Successful ASD-3 development well brought onstream in May
  - Zero - Lost Time Incident Frequency rate and Fatal Accident Frequency rate. No environmental spills, Restricted Work Incidents or Medical Treatment Incidents
  - We continue to have a portion of our Egyptian receivable balance settled in USD
- In Jamaica, discussions continuing with the Ministry and with potential farm-in partners with commercial discussions with a preferred partner expected to commence in Q4.
- In the UK, whilst the current deadline for completion of the deal with Quattro has been extended to 30th September, this is likely to be extended further as Quattro have not yet completed their funding process.

1H 2023 Financial summary

- Group revenue for the first half of 2023 was \$6.4m<sup>(1)</sup> (1H 2022:\$9.8m)

- Realised oil price of \$78.19/bbl (1H 2022:\$105.5/bbl)
- Gross Profit (excluding Egypt tax gross up) \$2.2m (1H 2022: \$5.6m)
- Cash Operating Expenses of \$10.65/boe (1H 2022: \$8.40/boe)
- Profit After Tax of \$0.6m (1H 2022: \$2.4m)
- Cash collections in the six-month period of \$7.0m (1H 2022: \$8.7m)
- Repayments on BP Pre-payment facility of \$1.2 (1H 2022: \$1.6m)
- A 30% reduction in Corporate G&A to \$830k (1H 2022: \$1.2m) and on target to deliver the 15% full year reduction.
- Group cash balances at period end were \$0.6m (1H 2022: \$3.8m)

(1) 22% working interest net of Government Take

#### 1H 2023 Corporate summary

- Jonathan Leather, Executive Director and Chief Operating Officer stepped down from the Board on 31 August 2023. Jonathan will continue to provide support to the company on the Jamaican farm out process on a consultancy basis.

#### Outlook

- In Egypt we look forward to drilling the ASD-S-1X near-field exploration well, which we expect to spud in October. This is an exciting exploration well located to the south of the prolific ASD Field. The well is targeting an estimated gross in-place mean volume of 10.1 million barrels of oil in multiple stacked reservoir targets across the productive Abu Roash and Bahariya reservoirs.
- The ASD-S-1X exploration well will be followed by additional development drilling on the Abu Sennan concession - likely targeting an undrained crestal area that has been identified on the ASH Field.
- In Jamaica, we continue discussions with high-quality potential partners and expect to commence commercial discussions with a preferred party over the coming weeks. We will provide further updates to the markets in due course.
- In the UK, we are looking to complete the transaction with Quattro on the P2519 licence containing the Maria discovery.

## CEO Statement

The first half of the year saw us deliver positive results from our Egyptian drilling programme, with notable success from both the ASH-8 and ASD-3 development wells. The high initial rates at ASH-8 demonstrates the productivity and rapid payback, that can be delivered from development wells drilled into this field. This success was followed up with a good result from the ASD-3 well which was drilled 1.1 km to the west of the prolific ASD-2 well and was brought onto production in May. The results of ASD-3 significantly improved our understanding of the ASD field and has led to a significant increase in our in-place volumetric estimates for the field by 16% from 11.4 to 13.2 MMBO in the mid case. Both new wells had strong initial production rates when they came online and overall have performed in line with expectations. Our year-to-date average production to September 2023 was 1,067 boepd net on the Abu Sennan concession. We continue to work with the operator and Joint Venture partners on initiatives to offset the natural production decline in the wells and re-instate production from temporarily shut in wells.

Safety will always be of the highest priority within our business and we are pleased to report that during the period the operator has achieved an excellent record of safety in Egypt and has reported zero Lost Time Incidents, Medical Treatment Injuries, Restricted Work Injury, Spills, fires or environmental incidents.

In the short term, the macroeconomic issues in the Egyptian economy have resulted in reduced USD liquidity, which in turn has impacted our ability to repatriate funds from Egypt. Whilst we have been successful in repatriating some USD the liquidity constraints imposed by the Egyptian Central bank has resulted in increased foreign exchange charges being incurred by the company.

As announced in January 2023, the Company has entered into an agreement with Quattro Energy Limited ("Quattro") for the sale of our UK North Sea licence that contains the Maria discovery. The parties have agreed to extend the long stop date on the agreement to the end of September to provide Quattro with sufficient time to raise the additional funding needed to complete this transaction. Whilst Quattro have not yet completed their funding process and are likely to require a further extension to the long stop date on the sale agreement for licence P2519, we are hopeful that this transaction will complete over the coming weeks, given the renewed interest in the North Sea.

From a financial perspective, we have continued to apply our free cashflow from operations to fully fund our capital programme and also the repayment of debt, with net debt reduced to \$1.1m at 30 June and period end cash balances of \$0.6m. We continue to receive both USD and EGP in payment for our receivable balances with our steady cashflows from the Egypt production being leveraged to the current high commodity prices. We maintain a disciplined approach to capital allocation in parallel to a close focus on optimising G&A and operating costs. Our drilling and workover program in Abu Sennan has yielded robust operational results, positioning us well to maximize returns for all stakeholders.

Looking to the second half of the year, the third well of our fully funded drilling programme in Egypt is the ASD-S-1X exploration well which is due to spud in October. Although the spud of the well experienced delays due to rig availability, we are pleased to confirm that the ECDC-6 drilling rig has been secured by the joint venture for this operation. This is an exciting exploration well located to the south of the recently drilled ASD Field. The exploration well is targeting 10.1 million barrels of oil in place in multiple stacked reservoir targets across the productive Abu Roash and Bahariya reservoirs. A successful outcome on this well has the potential to increase production levels, add reserves, and boost the longer-term value from the Abu Sennan licence.

In Jamaica, we remain incredibly focussed on delivering a farmout partner to participate alongside us in the drilling of an exploration well on this highly prospective acreage. We are continuing to make progress towards securing a partner to move forward with us to the next stage of the licence and we expect to commence commercial discussions with a preferred party over the coming weeks. We remain confident that a successful outcome can be ultimately delivered and further updates will be provided in due course. In parallel to our farmout discussions, we continue to engage with the Jamaican authorities as we work together to deliver the long-term value of this licence to all stakeholders.

I would like to extend the Company's gratitude to United's former Chief Operating Officer, Jonathan Leather, for his dedicated eight years of service with United. While he embarks on new endeavours outside our company, we are excited to continue building upon the foundation of success we've achieved together. Jonathan will continue to provide support to the Company on the Jamaican farm out process on a consultancy basis.

Our strategy remains the same to create value by actively managing our existing assets whilst growing our business through additional high-margin opportunities. This growth strategy is supported by four pillars;

- the strength of our assets;
- commitment to managing a responsible business;
- effective financial and risk management; and

- an experienced and capable team

United is well placed to deliver on our strategy and with solid assets, a dynamic team, and supportive shareholders, we look forward to embracing the opportunities towards continued growth and success that lie ahead.

Brian Larkin  
Chief Executive Officer  
28 September 2023

## Operations Update

### Operations Update

#### Egypt, Abu Sennan (22% non-operated working interest, operated by Kuwait Energy Egypt)

##### 1H 2023 Production

Oil production from the Abu Sennan Licence in H1 2023 averaged 1,051 bopd (net to United's 22% working interest) with an additional 93 boepd net gas. The exit rate from the first half was 1,011 bopd net, plus 111 boepd net gas with Group working interest production forecast to average between 930 and 1,030 boepd for the full year 2023.

##### 2023 Work Programme

Two development wells, ASH-8 and ASD-3, were drilled in the first half of the year. Both of these wells were successful and came onstream in March and May respectively.

In parallel to the development drilling, a number of workovers have also been completed, and we have enhanced production from existing wells through low-cost interventions. Further workovers are planned as we continue through the second half of 2023.

After producing for a number of months at rates in excess of 2,800 bopd (616 bopd net) and producing 390,000 barrels to end of August, production from the ASH-8 well is now declining, and is currently producing at a flow rate of 601 bopd (132 bopd net). This decline is broadly in line with expectations and the performance of the other production wells in the ASH Field. Based on our previous experience of the field, the impact of the decline is expected to be partially mitigated by the installation of artificial lift in the well during H2, and by continued production-enhancing workover activity across the Abu Sennan Licence.

The results of ASD-3 significantly improved our understanding of the ASD field and has led to a significant increase in our in-place volumetric estimates for the field by 16% from 11.4 to 13.2 MMBO in the mid case. This well also had strong initial production rates which have now declined in line with expectations.

We continue to work with the operator and Joint Venture partners on initiatives including additional drilling, water injection, and stimulation to offset the natural production decline in the wells and re-instate production from temporarily shut in wells.

Additional drilling in 2H 2023 has now been agreed by the JV partners and is expected to commence in October with the drilling of the ASD-S-1X exploration well. This exciting exploration prospect lies to the south of the prolific ASD Field and is expected to take approximately 40 days to drill. The exploration well is targeting a gross mean in-place volume of 10.1 million barrels of oil in multiple stacked reservoir targets across the productive Abu Roash and Bahariya reservoirs.

Once ASD-S-1X has been completed, additional development drilling is planned and will likely target an undrained crestal area that has been identified on the ASH Field. Subject to rig availability, this well is expected to spud in Q1 2024.

#### Jamaica, Walton Morant Licence (100% working interest)

The farm-out campaign remains a key focus for United, as we seek to take this potentially transformational project forward into the next phase of the Licence. We have continued to engage with potential partners to participate alongside us in drilling an exploration well and have been encouraged by the quality of the companies who have undertaken in-depth evaluations. The initial deadline for indicative offers that was set at the end of 1H was extended to allow these evaluations to be completed. Commercial discussions with a preferred partner are now expected to commence in Q4. Additional updates will be provided in due course.

#### UK Central North Sea, Maria Discovery, Licence P2519 (100% working interest)

United entered into a binding Asset Purchase Agreement ("APA") on the licence with Quattro Energy Limited ("Quattro") on 18<sup>th</sup> January 2023. This APA had a long-stop date of 31<sup>st</sup> July 2023, and although the NSTA approval was received for this transaction, Quattro had not completed the required fundraising by this long-stop date.

After receiving further assurances from Quattro and a non-refundable deposit of \$0.1m, the parties subsequently agreed an extension of the long stop date in the APA to 30<sup>th</sup> September 2023. It was also agreed that a further extension may be required for all conditions precedent to be met to allow completion of the sale, namely regulatory approvals to enable the transfer of funds to United, and the Licence assignment to Quattro, with such extension to be automatically granted on the satisfaction of the Quattro funding condition being met by 30 September 2023. Whilst we understand that Quattro has made

progress towards completing their funding process it is likely that they will require a further extension to the long stop date to facilitate this process. A further update will be provided in due course.

[UK Onshore, Licence PL090 \(26.25% non-operated working interest, operated by Egdon Resources UK Ltd\)](#)

Licence PL090 contains the shut-in Waddock Cross Field, situated in the onshore Wessex Basin, UK. Work continues on securing planning and permitting consents, finalising the site facilities and well designs, ahead of a potential 2024 drilling campaign. There is clearly value within this asset, and United will continue to evaluate all the options for realising this potential, including the option of participating in a well in 2024.

## Financial Update

### Highlights

	1H 2023	1H 2022
Net average production volumes (boepd)	1,144	1,552
Oil price realised (\$/bbl)	\$78.19	\$105.5
Revenue <sup>(1)</sup>	\$6.4m	\$9.8m
Gross profit <sup>(2)</sup>	\$2.2m	\$5.6m
Profit after tax	\$0.6m	\$2.4m
Cash from operating activities	\$4.4m	\$4.9m
Capital expenditure	\$3.5m	\$3.4m
Debt repayments	\$1.2m	\$1.6m
Cash operating cost per boe	\$10.65	\$8.40

<sup>(1)</sup> 22% working interest stated net of government take

<sup>(2)</sup> Gross profits excluding Egypt tax gross up

### Group Production and Commodity Prices

Total group working interest production for 1H 2023 was 1,144 boepd. The average realised oil price was \$78.19/bbl and the average realised gas price was \$2.61/mmbtu.

### Revenues

Group Revenues for the six month period ending 30 June 2023 was \$6.4m (1H 2022 \$9.8 m), due to a 26% reduction in average production and a 26% reduction in realised oil prices in the period. The entire revenue for the Group is generated from our 22% interest in the Abu Sennan concession in Egypt and is stated after accounting for government entitlements under each of the production sharing contracts. The 1H 2023 average realised oil price per barrel achieved was \$78.19/bbl (representing a discount to Brent of circa \$2.37/bbl).

### Group Operating costs, Depreciation, Depletion & Amortisation ("DD&A"), and expenses

Cash Operating costs amounted to \$10.65/boe (1H 2022: \$8.40/boe). The increase in the per barrel cost is being primarily driven by the predominantly fixed nature of the cost base, and the reduction in average daily production in the period. DD&A charges on production and development assets amounted to \$2.1m for the six months to 30 June 2023.

### Administrative Expenses

Group administrative expenses for the six month period ending 30 June 2023 was \$1.6m (1H 2022 \$1.8 m). Adjusted for the non-cash items under IFRS Share Based payments and IFRS 16 leases, the administrative expense is \$1.4m (2022 \$1.6m) Included in Administrative expenses are foreign exchange losses of \$0.5m (2022: \$0.2m) with the increase being due primarily to realised losses on the devaluation of the Egyptian pound versus the USD during the year and the additional costs to translate EGP to USD.

As previously announced in January 2023, the Group is currently implementing a number of initiatives to further reduce General and Administration costs whilst ensuring continuity of operational capability. In 1H 2023 other Administrative Expenses have been reduced by approximately 30% to \$0.8m from \$1.2m in 1H 2022. This decrease has been delivered primarily through a reduction in Corporate Headcount and reduction in the size of the Board. The Company remains on track to deliver the overall 15% reduction for the full year compared to 2022.

### Derivative Financial Instrument

In 2022 the Group extended the final maturity date on the BP facility from 30 September 2022 to 31 December 2023. This amendment required the Group to recognise a fair value loss on the derivative of \$1.5m in the prior year period, rather than recognising the charge over the remaining maturity of the facility. No additional charge to the income statement in relation to the fair value of the derivative arose in the period as the prevailing oil price remained above \$70 per barrel throughout the period.

### Exploration Costs

There were no exploration costs written off in the period; \$302K has been spent assessing New Venture activities and has been expensed as these costs are pre-licence.

### Impairment

There were no impairment triggers in the period.

### Taxation and other income

In Egypt under the terms of the Production Sharing Agreement all corporate taxes are paid by EGPC who receive production entitlements from the licence. The Egypt concession is subject to corporate income tax at the standard rate of 40.55%. However, responsibility for payment of corporate income taxes falls upon EGPC on behalf of UOG Egypt Pty Ltd. The Group records a tax charge with a corresponding increase in other income for the tax paid by EGPC on its behalf. Due to accumulated tax- deductible balances there was no tax due in the prior period.

### Cash

	US\$'000
Opening Cash at 1 January 2023	1,345
Net cash inflow from operations	3,463
Movements in working capital	909
Exploration Expenditure	(492)
Development Expenditure	(2,992)
Repayment of Debt facility	(1,158)
Exchange movements and other	(521)
Closing Cash at 30 June 2023	554

The continued effect of macroeconomic challenges on the broader Egyptian economy has resulted in both a devaluation of the Egyptian Pound and restrictions on outgoing US Dollar transfers by the Central Bank of Egypt. This has resulted in businesses in Egypt suffering from reduced and occasionally unpredictable USD liquidity.

As previously announced, we have continued to receive a portion of our USD receivable balances in USD with the remainder received in EGP, the latter of which are primarily used to fund our active drilling and operations programme in country. The Group continues to manage its cash and working capital position through this period with the continued support of our joint venture partners in Egypt and our strategic long term financing partner BP.

### Capital Expenditure

The Group continues to engage in an active work programme across our portfolio of assets with forecast cash capital expenditure for the full year 2023 of c. \$6m of which \$3.5m was incurred in 1H 2023, including \$3.2m on the drilling programme in Egypt and workover activity in addition to \$0.3m on Jamaica and UK assets.

### Events today

Management is hosting a shareholder call at 1100 BST today. Investors that wish to participate in the event, please click on this link to register <https://bit.ly/46rS2FF>

Confirmation email with the details of the dialling in process will be sent to your email address.

A presentation will be available today on [www.uogplc.com](http://www.uogplc.com).

### ENDS

This announcement contains inside information for the purposes of Article 7 of Regulation 2014/596/EU which is part of domestic UK law pursuant to the Market Abuse (Amendment) (EU Exit) regulations (SI 2019/310).

### Glossary:

1H- first half  
bbl – barrel of crude oil  
boe – barrel of oil equivalent  
bopd - barrels of oil per day  
boepd - barrels of oil equivalent per day  
EGP - Egyptian pound

EGPC - Egyptian General Petroleum Corporation  
JV - Joint Venture  
mmbbls - million barrels of oil  
m- million  
NSTA – North Sea Transition Authority  
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USD - US Dollar

[Notes to Editors](#)

United Oil & Gas is a high growth oil and gas company with a portfolio of low-risk, cash generative production, development, appraisal and exploration assets across Egypt, UK and a high impact exploration licence in Jamaica.

The business is led by an experienced management team with a strong track record of growing full cycle businesses, partnered with established industry players and is well positioned to deliver future growth through portfolio optimisation and targeted acquisitions.

United Oil & Gas is listed on the AIM market of the London Stock Exchange. For further information on United Oil and Gas please visit [www.uogplc.com](http://www.uogplc.com)

## CONSOLIDATED INCOME STATEMENT

Period ended 30 June 2023

	Note	Period ended 30 June 2023 Unaudited \$	Period ended 30 June 2022 Unaudited \$	Year ended 31 December 2022 Audited \$
Revenue		6,401,660	9,782,239	15,831,237
Other income		1,167,603	3,360,093	5,181,458
Cost of sales	4	(4,159,685)	(4,172,012)	(8,143,910)
Gross profit		3,409,578	8,970,320	12,868,785
Administrative expenses:				
Other administrative expenses		(830,823)	(1,167,226)	(1,773,154)
Impairment of intangible assets		-	-	(483,611)
Exploration and New Venture write offs		(301,656)	(122,793)	(284,275)
Decommissioning provision on impaired exploration licence		-	(290,609)	-
Foreign exchange (losses) / gains		(499,892)	(158,346)	(1,106,614)
(Loss) / gain on disposal of business / non-current assets held for sale		-	(21,768)	-
Operating profit		1,777,207	7,209,578	9,221,131
Finance expense		(10,690)	(1,467,980)	(1,690,896)
Profit before taxation		1,766,517	5,741,598	7,530,235
Taxation		(1,167,603)	(3,360,093)	(5,181,458)
Profit for the financial period attributable to the Company's equity shareholders		598,914	2,381,505	2,348,777
Earnings per share from continuing operations expressed in cents per share:				
Basic	3	0.09	0.37	0.36
Diluted	3	0.09	0.35	0.36

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30 June 2023 Unaudited \$	Period ended 30 June 2022 Unaudited \$	Year ended 31 December 2022 Audited \$
Profit for the financial period	598,914	2,381,505	2,348,777
Foreign exchange difference	45,512	(241,389)	337,866
Profit for the financial period attributable to the Company's equity shareholders	644,426	2,140,116	2,686,643

**CONSOLIDATED BALANCE SHEET**

On 30 JUNE 2023

	Note	30 June 2023 Unaudited \$	30 June 2022 Unaudited \$	31 December 2022 Audited \$
<b>NON-CURRENT ASSETS</b>				
Intangible assets	5	7,937,945	6,104,920	7,385,326
Property, plant and equipment	6	<u>22,317,006</u>	<u>18,261,905</u>	<u>20,368,299</u>
		<u>30,254,951</u>	<u>24,366,825</u>	<u>27,753,625</u>
<b>CURRENT ASSETS</b>				
Inventory		373,918	272,341	268,859
Trade and other receivables	7	3,789,268	6,334,151	4,469,493
Derivative financial instruments		-	-	120,168
Cash and cash equivalents		<u>553,920</u>	<u>3,806,121</u>	<u>1,345,463</u>
		<u>4,717,106</u>	<u>10,412,613</u>	<u>6,203,983</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		(5,173,107)	(3,923,213)	(3,709,667)
Derivative financial instruments		-	(1,229,802)	-
Borrowings	9	(1,728,712)	(1,413,983)	(2,964,225)
Lease liabilities		<u>(42,092)</u>	<u>(28,517)</u>	<u>(83,985)</u>
		<u>(6,943,911)</u>	<u>(6,595,515)</u>	<u>(6,757,877)</u>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	9	-	(709,753)	-
Decommissioning Provisions		(249,244)	(274,262)	(233,630)
Derivative financial instruments		-	(611,199)	-
Lease liabilities		<u>(7,356)</u>	<u>(24,495)</u>	<u>(7,356)</u>
		<u>(256,600)</u>	<u>(1,619,709)</u>	<u>(240,986)</u>
<b>NET ASSETS</b>				
		<u>27,771,546</u>	<u>26,564,214</u>	<u>26,958,745</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>				
Share capital	8	8,839,679	8,416,182	8,839,679
Share premium	8	16,798,823	16,215,361	16,798,823
Share-based payment reserve		2,716,063	2,376,659	2,547,688
Merger reserve		(2,697,357)	(2,697,357)	(2,697,357)
Translation reserve		(962,625)	(799,493)	(1,008,137)
Retained earnings		<u>3,076,963</u>	<u>3,052,862</u>	<u>2,478,049</u>
<b>TOTAL EQUITY</b>				
		<u>27,771,546</u>	<u>26,564,214</u>	<u>26,958,745</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2023

	Share capital \$	Share premium \$	Share- based payment reserve \$	Retained earnings \$	Translation reserve \$	Merger reserve \$	Total equity \$
For the period ended 30 June 2023							
Balance at 1 January 2023	8,839,679	16,798,823	2,547,688	2,478,049	(1,008,137)	(2,697,357)	26,958,745
Profit for the period	-	-	-	598,914	-	-	598,914
Foreign exchange difference	-	-	-	-	45,512	-	45,512
Total comprehensive income for the period	-	-	-	598,914	45,512	-	644,426
Contributions by and distributions to owners:							
Share based payments	-	-	168,375	-	-	-	168,375
Total contributions by and distributions to owners	-	-	168,375	-	-	-	168,375
Balance at 30 June 2023 (Unaudited)	8,839,679	16,798,823	2,716,063	3,076,963	(962,625)	(2,697,357)	27,771,546
For the period ended 30 June 2022							
Balance at 1 January 2022	8,416,182	16,215,361	2,247,465	671,357	(558,104)	(2,697,357)	24,294,904
Profit for the period	-	-	-	2,381,505	-	-	2,381,505
Foreign exchange difference	-	-	-	-	(241,389)	-	(241,389)
Total comprehensive income for the period	-	-	-	2,381,505	(241,389)	-	2,140,116
Contributions by and distributions to owners:							
Share based payments	-	-	129,194	-	-	-	129,194
Total contributions by and distributions to owners	-	-	129,194	-	-	-	129,194
Balance at 30 June 2022 (Unaudited)	8,416,182	16,215,361	2,376,659	3,052,862	(799,493)	(2,697,357)	26,564,214
For the period ended 31 December 2022							
Balance at 1 January 2022	8,416,182	16,215,361	2,247,465	201,543	(558,104)	(2,697,357)	23,825,090
Profit for the period	-	-	-	2,348,777	-	-	2,348,777
Foreign exchange difference	-	-	-	-	337,866	-	337,866
Total comprehensive income for the year	-	-	-	2,348,777	337,866	-	2,686,643
Contributions by and distributions to owners:							
Foreign exchange adjustment arising on change of parent company functional currency to USD	283,278	523,376	53,516	(72,271)	(787,899)	-	-
Shares issued	140,219	60,086	-	-	-	-	200,305
Share-based payments	-	-	246,707	-	-	-	246,707
Balance at 31 December 2022 (Audited)	8,839,679	16,798,823	2,547,688	2,478,049	(1,008,137)	(2,697,357)	26,958,745

## CONSOLIDATED STATEMENT OF CASHFLOWS

Period ended 30 June 2023

	Period ended 30 June 2023 Unaudited	Period ended 30 June 2022 Unaudited	Year ended 31 December 2022 Audited
	\$	\$	\$
<b>Cash flows from operating activities</b>			
Profit before taxation	1,766,517	5,741,598	7,530,235
Adjustments for:			
Share-based payments	168,375	129,194	246,707
Depreciation & amortisation	2,185,290	1,860,040	3,309,940
Fair value loss on derivatives	-	1,457,545	1,562,467
Impairment, decommissioning and NV costs	-	413,403	483,611
Gain on non-current assets / disposal groups held for sale	-	57,926	-
Interest expense	10,690	10,435	128,429
Foreign exchange movements	499,892	158,344	1,106,614
Tax paid	(1,167,603)	(3,417,339)	(5,238,704)
	<u>3,463,161</u>	<u>6,411,146</u>	<u>9,129,299</u>
(Increase) in inventories	(105,058)	(126,771)	(123,289)
Decrease / (increase) in trade and other receivables	680,225	(132,129)	732,529
(Decrease) / increase in trade and other payables	<u>334,163</u>	<u>(1,224,657)</u>	<u>(1,032,853)</u>
Net cash from operating activities	4,372,491	4,927,589	8,705,686
<b>Cash flows from investing activities</b>			
Proceeds received on disposal of non-current assets	-	3,887,275	4,887,275
Purchase of property, plant & equipment	(2,992,206)	(2,138,247)	(5,610,924)
Spend on exploration activities	<u>(492,145)</u>	<u>(1,318,314)</u>	<u>(2,972,201)</u>
Net cash used in investing activities	(3,484,351)	430,714	(3,695,850)
<b>Cash flows from financing activities</b>			
Issue of ordinary shares (net of expenses)	-	-	200,305
Repayments on swap financing arrangement	(1,118,250)	(710,824)	(1,452,118)
Payments on oil price derivatives	-	(922,286)	(1,522,892)
Capital payments on lease	(45,829)	(46,195)	(90,096)
Interest paid on lease	<u>(3,213)</u>	<u>(3,888)</u>	<u>(86,669)</u>
Net cash used in financing activities	<u>(1,167,292)</u>	<u>(1,683,193)</u>	<u>(2,951,470)</u>
Increase / (decrease) in cash and cash equivalents	<u>(279,152)</u>	<u>3,675,110</u>	<u>2,058,366</u>
Cash and cash equivalents at beginning of period / year	1,345,463	397,308	397,308
Effects of exchange rate changes	<u>(512,391)</u>	<u>(266,297)</u>	<u>(1,110,211)</u>
Cash and cash equivalents at end of period / year	<u>553,920</u>	<u>3,806,121</u>	<u>1,345,463</u>

## Notes to the financial information

Period ended 30 June 2023

### 1. GENERAL

The interim financial information for the period to 30 June 2023 is unaudited.

### 2. ACCOUNTING POLICIES

The interim financial information in this report has been prepared on the basis of the accounting policies set out in the audited financial statements for the period ended 31 December 2022, which complied with International Financial Reporting Standards as adopted for use in the European Union ("IFRS").

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an on-going process of review and endorsement by the European Commission.

The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 31 December 2023.

The Directors have adopted the going concern basis in preparing the financial information. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the foreseeable future.

The condensed financial information for the year ended 31 December 2022 set out in this interim report does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2022, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

#### **Foreign currency**

The Group's presentation currency is USD with its functional currency being the Egyptian Pound.

#### **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 CEO's statement.

United regularly monitors its business activities, financial position, cash flows and liquidity through the preparation and review of detailed forecasts. Scenarios and sensitivities are also regularly presented to the Board, including changes in commodity prices and in production levels from the existing assets, plus other factors which could affect the Group's future performance and position. A base case forecast has been considered which uses budgeted commitments and prevailing forward curve assumptions for oil prices. The directors have also considered the potential impacts of a delay in the payment of receivables in Egypt, a reduction in forecasted revenue and an increase in forecast capital expenditure in Egypt. The cashflow forecasts incorporates a scenario whereby the sale of Maria P2519 to Quattro does not complete in the period.

The likelihood of all these 'downside sensitivities' taking place simultaneously and lasting for the entire forecast period is considered to be remote. If required, we have identified appropriate mitigating actions, including the deferral of additional uncommitted capital expenditure, seeking a restructuring of debt arrangements and adjustment of the Group cost base, which would be available to us and have been demonstrated as effective strategies in previous periods of low oil prices. Our business in Egypt remains stable given cash operating costs of less than \$11/boe, flexible drilling contracts and gas contracts that are fixed price in nature. There are limited capital commitments in the other assets in our portfolio. The forecasts outlined above show that the Group will have sufficient financial resources for the 12 months from the date of approval of the interim financial statements. Based on this analysis, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to use the going concern basis of accounting in preparing the annual Financial Statements.

#### **Revenue**

Revenue comprises invoiced sales of hydrocarbons to customers, excluding value added and similar taxes. Also disclosed within revenue is tariff income recognised, excluding value added and similar taxes, for gas transportation facilities provided to third parties.

Revenue from hydrocarbon sales represents the Group's share of sales from its producing interest in Egypt, at the point in time when ownership of the oil has passed to the buyer. This includes adjustments to invoiced quantities for entitlement share adjustments calculated on a licence-by-licence basis that arise in the period. The Group does not have performance obligations subsequent to delivery.

#### ***Other Income - Tax Entitlement Volumes***

Under the concession agreements in Egypt, income tax due on taxable profit is paid on the Group's behalf by EGPC. To achieve this through the agreements, the Group notionally receive a greater share of hydrocarbon production in excess of the Group's entitlement interest share of production equal to the amount required to cover the tax payable. The oil is produced and sold on the Group's behalf and proceeds remitted to the tax authorities. This income does not fall within the definition of revenue and is therefore shown as other income with an equal and opposite tax charge recorded through current taxation.

#### ***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 profit and loss account. 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 impaired to the Income Statement. 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.

#### ***Depreciation of production assets***

Production assets are accumulated into cash generating units (CGUs) and the net book values are depreciated on a prospective basis using the unit-of production method by reference to the ratio of production in the year and the related economic commercial reserves, taking into account future development expenditures necessary to bring those reserves into production.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the income statement.

Each asset's estimated useful life has been assessed with regard to both its own physical life limitations and the present assessment of economically recoverable reserves of the oil and gas asset at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all oil and gas assets, machinery and equipment, with annual reassessments for major items. Changes in estimates which affect unit production calculations are accounted for prospectively.

#### ***Classification and measurement of financial liabilities***

The Group's financial liabilities include borrowings, trade and other payables and embedded derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or fair value gains/(losses) on derivative financial instruments.

**Embedded derivative financial instruments**

A borrowing arrangement structured as a prepaid commodity swap with monthly repayments over 30 months has embedded in it a derivative that is indexed to the price of the commodity. This is considered to be a separable embedded derivative of a loan instrument.

At the date of issue, the fair value of the embedded derivative is estimated by considering the derivative as a series of forward contracts with modelling of the fixed and floating legs to determine a repayment schedule and derive a net present value for the forward contract embedded derivative.

This amount is recognised separately as a financial liability or financial asset and measured at fair value through the income statement. The residual amount of the loan is then recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

**3. EARNINGS PER SHARE**

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

Basic and diluted earnings per share

	Unaudited Period ended 30 June 2023	Unaudited Period ended 30 June 2022	Audited Year ended 31 December 2022
Profit for the period (\$)	598,914	2,381,505	2,348,777
Weighted average number of ordinary shares for the purposes of basic earnings per share(number)	656,353,969	644,803,969	649,550,544
Dilutive shares	-	37,200,000	6,803,425
Weighted average number of ordinary shares for the purposes of diluted earnings per share(number)	656,353,969	682,003,969	656,353,969
Basic earnings per share from continuing operations (cents per share)	0.09	0.37	0.36
Diluted earnings per share from continuing operations (cents per share)	0.09	0.35	0.36

**4. COST OF SALES**

	Unaudited Period ended 30 June 2023	Unaudited Period ended 30 June 2022	Audited Year ended 31 December 2022
	\$	\$	\$
Production Operating costs	2,026,203	2,360,166	4,930,038
Depreciation, depletion and amortisation	2,133,482	1,811,846	3,213,872
Inventories	-	-	-
	4,159,685	4,172,012	8,143,910

**5. INTANGIBLE ASSETS**

Intangible assets comprise the Group's exploration and evaluation projects which are pending determination.

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 indications of impairment have arisen and accordingly the assets continue to be carried at cost.

## 6. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment assets primarily consist of the group's producing assets in the Abu Senan concession in Egypt, plus some office assets and right of use leased office space.

Management reviews the property, plant and equipment for indications of impairment at each balance sheet date in accordance with IAS 36. No indications of impairment have been identified at either 30 June 2023 or 31 December 2022.

## 7. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2023 \$	Unaudited 30 June 2022 \$	Audited 31 December 2022 \$
Trade receivables	2,640,577	1,545,991	3,549,051
Prepayments and deposit	34,802	6,739	6,941
Accrued income	1,078,232	3,732,373	873,206
Other tax receivables	35,657	49,048	40,295
Crown disposal proceeds due	-	1,000,000	-
	<u>3,789,268</u>	<u>6,334,151</u>	<u>4,469,493</u>

## 8. SHARE CAPITAL & SHARE PREMIUM

Allotted, issued, and fully paid:

	No	Share capital \$	30 June 2023 Share premium \$
Ordinary shares of £0.01 each			
Opening balance	656,353,969	8,839,679	16,798,823
At 30 June	656,353,969	8,839,679	16,798,823

	No	Share capital \$	30 June 2022 Share premium \$
Ordinary shares of £0.01 each			
Opening balance	644,803,969	8,416,182	16,215,361
At 30 June	644,803,969	8,416,182	16,215,361

	No	Share capital \$	31 December 2022 Share premium \$
Ordinary shares of £0.01 each			
Opening balance	644,803,969	8,416,182	16,215,361
Effect of Parent company functional currency change	-	283,278	523,376
Allotments:			
Share issued for cash (exercise of warrants)	11,550,000	140,219	60,086
At 31 December	656,353,969	8,839,679	16,798,823

## 9. BORROWINGS AND DERIVATIVES

Summary of borrowing arrangements:

In February 2020, the Group entered into a prepaid commodity swap arrangement for \$8m to part-finance the acquisition of Rockhopper Egypt Pty Ltd. The funds were to be repaid through 30 monthly repayments which are structured as a fixed notional amount with variations based on movements in oil prices. Due to the price structure, the arrangement includes an embedded derivative (a forward contract). For financial reporting purposes, this must be separately accounted for at fair value at each balance sheet date. The balance of proceeds that did not relate to the derivative were treated as the opening carrying amount of the loan which will then be measured at amortised cost over its life, with finance charges recognised to give an even return over the loan life and repayments of capital allocated appropriately.

In January 2022, the Group refinanced the swap arrangement, with the remaining balance to be repaid through a further 24 monthly repayments which are structured as a fixed notional amount with variations based on movements in oil prices. The refinanced swap arrangement is a substantial modification and has therefore been accounted for as a termination of the old debt and commencement of a new arrangement. This has again been accounted for as a loan at amortised cost with an embedded derivative which is separately accounted for at fair value.

The amount outstanding at the period end was c\$1.7m (1H 2022: \$4m), included in current liabilities in the balance sheet.

## 10. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since the Balance Sheet date that have any material impact on the half year results for the period ended 30 June 2023.

## Glossary

### Non-IFRS measures

The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles.

### Cash-operating costs per barrel

Cash operating costs are defined as cost of sales less depreciation, depletion and amortisation, and movements in inventories. The cash operating costs are then divided by barrels of oil equivalent produced to demonstrate the cash cost of producing oil and gas from the Group's producing assets.

	Period ended 30 June 2023 Unaudited \$	Period ended 30 June 2022 Unaudited \$	Year ended 31 December 2022 Audited \$
Cost of Sales	4,159,685	4,172,012	8,143,910
<u>Less:</u>			
Depreciation, depletion, and amortisation	(2,133,482)	(1,811,846)	(3,213,872)
Inventories	-	-	-
Cash Operating costs *	<u>2,026,203</u>	<u>2,360,166</u>	<u>4,930,038</u>
Production (BOEPD) *	<u>1,051</u>	<u>1,552</u>	<u>1,312</u>
Cash Operating cost per BOE (\$)	<u>10.65</u>	<u>8.40</u>	<u>10.29</u>

### EBITDAX

EBITDAX is a non-IFRS measure that represents earnings (exclusive of Egypt income relating to tax entitlement volumes) before Interest, tax, depreciation, amortisation, exploration expense and impairment.

Exploration expense excluded as write off is one-off in nature and not normal annual activity.

Presented to help users understand the cash profitability of the Group.

	Period ended 30 June 2023 Unaudited \$	Period ended 30 June 2022 Unaudited \$	Year ended 31 December 2022 Audited \$
Operating Income (Excl. Egypt tax gross-up)	609,604	3,849,486	9,221,131
Depreciation, Depletion & Amortisation	2,185,290	1,858,201	3,307,462
Exploration/NV, Impairment & Decommissioning Expense	<u>301,656</u>	<u>413,402</u>	<u>767,886</u>
EBITDAX	<u>3,096,550</u>	<u>6,121,089</u>	<u>13,296,479</u>