Registered number: 09624969

UNITED OIL & GAS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

	Page
Chairman’s statement	3
Group strategic report	6
Group operations review	11
Directors' report	15
Board of Director’s	19
Directors' remuneration report	21
Independent auditor’s report	23
Consolidated income statement	31
Consolidated statement of comprehensive income	31
Consolidated balance sheet	32
Consolidated statement of changes in equity	33
Consolidated statement of cash flows	34
Notes to the consolidated financial statements	35
Company balance sheet	62
Company statement of changes in equity	63
Notes to the Parent Company financial statements	64
Company information	71

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

Dear shareholders,

Introduction

Building on the momentum of 2018, I am pleased to report that in 2019 and early 2020 we have made great strides towards our aim of becoming a full cycle oil and gas company with a strong and diversified portfolio of exploration, development and production assets. This was achieved in the course of another very active period for our small but highly skilled and experienced executive management team and staff.

Strengthening of Executive Team

We were delighted to welcome David Quirke to the executive team as CFO and to the Board in early 2019. His arrival has enhanced what was an already highly advanced 'deal-making' expertise within the business. David made an immediate impact and played a key role in the acquisition and financing of the Rockhopper Egypt assets discussed below. I am now very pleased that our executive team have the fully complementary skills and experience to allow us to deliver on our strategy and growth potential.

Strategy

Our strategy remains clear: it is focussed on building a full cycle portfolio of low risk production, development and exploration assets (as we now have in Egypt, Italy and the UK) complemented by a few higher risk but high impact exploration opportunities (as we have in Jamaica and are in discussions regarding elsewhere). We are committed to a dynamic approach to portfolio management and see opportunity to deliver value to shareholders through our technical expertise as well as through drilling operations. In pursuit of this strategy we continue to seek opportunities when appropriate, and to sell or withdraw from less fitting or promising assets, or when we can realise an immediate gain. 2019 was a very active year in the pursuit of that strategy as outlined below.

Key activities in 2019

2019 was dominated by the acquisition of Rockhopper Egypt and its 22% interest in the Abu Sennan concession onshore Egypt. Such acquisitions are complicated and involve many hurdles which must be overcome, each with the potential to end the deal. Our management team built and carefully managed relationships with the vendor, licence partners, financing partner, new and existing shareholders and with the Government and regulatory authorities in Egypt. Each of these stakeholders played a role in the process and it was only through the tireless work and considerable skill of our Executive team that this deal was delivered. I am particularly proud that United Oil & Gas Plc ("United" or "Company") secured this asset in the face of competition from larger and longer established bidders.

The merit of targeting this asset has been conclusively proven since the deal was announced, with a series of positive announcements, significantly enhancing the value of our new asset. Production at the licence has greatly exceeded expectations and will provide an important revenue source for the future development of our company.

In Italy, throughout 2019 we continued to pursue the various permissions required for our Selva gas development project with the objective of first gas in late 2020, leading to a further significant revenue stream for the company. The approval process was on track during 2019 and into H1 2020 but with the COVID-19 crisis affecting Italy, more seriously than most countries, progress has now inevitably slowed. While disappointing, the delay and associated cost deferral will help sustain our cash reserves in the current low-price environment.

In the UK, we divested our Crown discovery, successfully monetising that asset and delivering early value to shareholders. We were also awarded further interesting blocks in the 31st licensing round which we are continuing to review.

The Colter well was drilled in the early part of last year. While the well made a new discovery at Colter South, the originally targeted structure did not meet our expectations. Little work was done in the year on our Wessex Basin portfolio, and with our focus now on the Egypt assets and more prospective opportunities elsewhere, we have taken the decision to begin the process to divest those assets.

Elsewhere, we remain committed to progressing our Jamaica asset and while the operator has now taken the decision to withdraw from the licence, we are optimistic about its potential and are in discussions with the Government to agree a path forward.

There was limited activity in the year on our interest in Benin and since the year end, as part of our portfolio rationalisation, we have taken the decision not to progress our option there.

Business development opportunities across the full cycle continued to be offered to and assessed by the team in the course of 2019. These were put through a rigorous review process and only the most attractive ones consistent with our strategy were taken forward. However, while there were a number of such opportunities still in our pipeline as we entered 2020, these will only be pursued as and when the current industry challenges are overcome.

AIM Listing and capital raising

In March 2019 the company's shares were admitted to trading on the AIM market of the London Stock Exchange. While this was an onerous exercise in terms of both costs and management time, we believe that the move will prove to have been in the best interests of the company. It will lead to lower costs going forward and will assist us in undertaking with speed the type of value-adding transactions we look for to significantly grow our business.

In February 2020, as part of the financing for the Rockhopper Egypt assets, we raised £4.8 million at 3p with certain existing and new investors. We are very grateful for the support shown to the company by our existing shareholders in approving that fundraising, and of course by our new shareholders who we welcome to the company and I hope to meet in due course.

Financial Results for 2019

As expected at this stage in the company's history with no cash flow from operations during 2019, the company made a loss for the year. This loss of $2,139,075 comprises administrative expenditure in support of the company's activities, exploration costs written off (principally the Colter well), and costs associated with new ventures and evaluating acquisition opportunities. The costs of our AIM listing, the Egypt acquisition including a Reverse Takeover process as well as the corporate expenses associated with being a listed company, were also included.

Key events since year end

At the end of February 2020, we completed the acquisition of the Rockhopper Egypt assets. Since the effective date of the acquisition the performance of these assets has been stellar, and they are providing positive operational cash flow even at current low prices.

Impact to the Company of COVID-19 and Oil Price uncertainty

The human and economic impact of the COVID-19 pandemic has been very significant. The priority of the Company remains the health and wellbeing of our employees and wider stakeholders. At this point in time, we are glad to report that all of our employees are safe and well and continuing to work from home.

Proactive measures taken by United and its partners to reduce near-term Capex commitments during current oil-price uncertainty and the impact of Covid-19

- Deferral of Italian Capex improves cash flow and moves expected first gas slightly to H1 2021
- Deferral of Egyptian Capex reduces 2020 infill campaign from 4 wells to 1 well, significantly reducing gross 2020 Capex estimates. Further optimisation of the Capex and Opex budgets is being considered.
- Completion of post-Egyptian-acquisition licence review sees divestment plans for selected non-core assets in the Wessex Basin and a decision not to exercise the farm-in option in Benin
- Substantial cut in administrative expenditure resulting in further cost savings

There has been no impact on our operations in Egypt and the production and transport of oil and gas has continued uninterrupted. In Italy we expect the impact of COVID-19 to cause a slight delay in approvals for the Selva gas development project and now expect to deliver first gas in H1 2021.

In addition to this the Company's pre-payment facility with BP provides downside price protection by effectively hedging 6,600 bbls per month of production at $60/bbl. Coupled with this, c. 20% of United's net production is gas which is sold under a fixed contract that is relatively insensitive to oil-price changes. The low operating costs of Abu Sennan of ~ $6.50/bbl provide solid operating margins even at current oil price levels.

Conclusion

2019 was another very successful year for the company in the development and pursuit of our strategy and I would like to record my thanks to our executives and staff for their continued commitment and energy throughout the year.

Despite the challenges now facing our industry in 2020 with the rapid and unexpected oil price decline, and now the effects of COVID-19, I believe we are well placed to weather the storm and emerge from these crises with a balanced full cycle portfolio, the cash flow to fund our business and some exciting new opportunities under review.

Graham Martin

Chairman

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are pleased to present their Strategic Report for the year ended 31 December 2019.

Our strategy is defined, regularly reviewed and all significant decisions are measured against the strategy and the attainment of our strategic objectives.

In late 2019, the Board and Management took time to review the business strategy and to plan the next phase of our development as a Company, to ensure that our strategy remains fit for purpose.

Strategy, objectives and business model

Our objective as a business is to maximise shareholder value. Our strategy to meet our objectives, is to create and extract maximum value from our low risk, cash generative business in Europe and the Greater Mediterranean area whilst also looking for low cost, high reward explorations opportunities outside of Europe.

We focus on areas and regions that we have experience in, including Europe and the Greater Mediterranean, South America, the Caribbean and Africa.

United Oil & Gas plc:

- has a multi-stage portfolio of low risk European and Greater Mediterranean production, development and appraisal assets in Europe and high-impact exploration in Jamaica;
- is managed by a proven and ambitious management team with strong technical discipline and established links to the oil and gas industry;
- has an active growth strategy focused on creating maximum value from our existing asset base and monetisation of non-core assets;
- has a proven acquisition strategy which is built on strong technical experience, deal making expertise and solid judgement which balances prudence with opportunism.

Business review

I am pleased with the significant progress that the company made throughout 2019. The focus for the year was on growing portfolio value and I am pleased that we made significant headway across our asset base.

The highlights include advancing our Selva discovery in Italy closer to production, divesting our Crown asset, the award of four more blocks in the UK 31st licensing round and the acquisition of Rockhopper Egypt.

Throughout late 2018 and 2019, we spent considerable time evaluating a large number of potentially game-changing acquisitions. We remained patient and focused on short-listing assets that we believed would be truly transformational for our business. We had strict investment criteria which, although sometimes limiting, ensured that we shortlisted only the most value accretive transactions which culminated in the acquisition of Rockhopper Egypt for $16million.

United has built a reputation in a short period as a company that other oil companies want to work with. This has seen us build partnerships with established industry players such as British Petroleum plc ("BP"), Tullow Oil plc, Kuwait Energy, Hibiscus Petroleum and Rockhopper Exploration plc. It has also seen a continuous flow of opportunities into the business from prospective partners. While we are currently adopting a cautious approach, we are keen to maintain a pipeline of opportunities for future development.

Despite the excellent progress in 2019, the COVID-19 pandemic and oil price uncertainty will no doubt have an impact upon our business. As a Board, we have taken proactive measures to re-position our company to survive a longer period of low commodity prices. These measures include $500k of corporate savings across the business and deferral of non-committed capital expenditure into 2021.

Licence Acquisitions and Divestments

Our focus has always been on value creation, so we were very pleased to announce the divestment of our Crown asset last July. The work by our technical team in attaining and developing this licence delivered an excellent outcome for our shareholders in a very short period of time.

At the beginning of 2019, we stated our ambition to deliver a transformational acquisition and I am very pleased that we announced the acquisition of Rockhopper Egypt in July for $16million and completed the deal in February 2020. This acquisition has completely transformed our company into an oil and gas production business that generates significant operational cash flows. In addition, we believe that there is significant unrealised upside within the Egyptian portfolio and we have seen some of that upside already captured with the completion of the Ash2 well earlier in 2020.

This transaction was partly funded by a prepayment financing structure of $8million provided by BP with the remaining consideration funded by equity of $3.5million and the issuance of $4.5million of consideration shares to Rockhopper Exploration Plc. To finance a transaction of this size for a company of our market capitalisation was a remarkable achievement, particularly in very challenging funding markets.

Corporate

In January 2019, we announced our decision to move the company to the AIM market of the London Stock Exchange. As a Board, we firmly believe that the AIM market is a more appropriate listing for a company of our current size and with our future growth plans. This move has positioned the company for the next steps in our development.

In July, we expanded our executive team with the appointment of David Quirke as Chief Financial Officer. David brings a wealth of experience to our team and has contributed greatly to the success that the company achieved in 2019.

Presentation currency

The Group has decided to change its presentation currency from UK Sterling (GBP) to United States dollars (US$) to better reflect the Group's expanding and international business activities and to improve investor’s ability to compare the Group's financial results with other publicly traded businesses in the international oil and gas industry.

Principal risks and uncertainties

The Directors have identified the following as key risks of the Group, setting out their impact and the controls that are in place:

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 challenges which are beyond its control such as environmental regulation, governmental regulations or delays, increase in costs and the availability of equipment or services and the volatility of oil and gas prices. United’s portfolio strategy mitigates exposure to a single asset whilst the company maintains strong relationships with a variety of existing and potentially new partners in the industry. Strong relations are established with the authorities in all countries, and professional advisers are also appointed in the countries in which we operate.

Sustained low oil price & COVID-19

A sustained lower oil price environment may result in a reduction of future revenues, margins, cashflows and returns and may also impact future debt capacity. The Group builds contingency planning into downside movements in commodity prices and the Group has an active hedging programme providing downside risk management. Sustained lower oil prices generally lead to a reduction in activity levels and a resultant reduction in industry development and exploration costs. Deferral of capital expenditure has been seen across the industry in 2020 and also across the Group's portfolio of assets.

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 liabilities as they fall due. New debt arrangements are in place meaning the company has a balanced mixture of equity and debt funding, whilst revenue from producing assets in Egypt will help build cash reserves going forward from 2020 onwards.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report how the Board engages with stakeholders.

- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. To ensure the Company was operating in line with good corporate practice, all Directors received refresher training on the scope and application of section 172 in writing. This encouraged the Board to reflect on how the Company engages with its stakeholders and opportunities for enhancement in the future and was considered at the Company's board meetings. As required, the Company's external lawyers and the Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f).

- The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management via Regulatory News Service announcements, Corporate Presentations, and Shareholder Meetings and teleconferences and also by direct engagement with stakeholders themselves.

- We aim to work responsibly with our stakeholders, including suppliers. The Board has recently reviewed its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies.

The key Board decisions made in the year are set out below:

Significant events/decisions	**Key s172 matter(s) affected**	**Actions and Consequences**
Approval of the 2019 Business Plan and Budget	Shareholders, Employees and Business Relationships	• The Board approved the Business Plan and Operating budget for the year in early 2019. • The consequences of this decision were to allocate capital to investments that have the potential to deliver substantial shareholder value and safeguard the assets of the Company
Acquisition of Rockhopper Egypt Limited	Shareholders, Employees	• Acquisition was approved by shareholders at a general meeting on 23 December 2019. • The consequences of this decision was to deliver a production, revenue and cashflow stream to the Group in pursuit of its strategy to become a fully cycle oil and gas company.
Restructuring post year end	Business Relationships, Employees and Shareholders	• Decisions were made by the executive team in consultation with the Board after carefully considering employee impact. • $500k of corporate savings across the business

		• Deferral of non-committed capital expenditure into 2021. The consequences of these decisions were to mitigate the impact on the company of this uncertainty on the oil price and the business environment generally
Listing the company on the AIM market of the London Stock Exchange	Shareholders, Business Relationships	• AIM market is a more appropriate listing for a company of our current size and with our future growth plans • The consequence of this decision results in the Company being listed on a more suitable Exchange for fast growing companies of United's size and is expected to lead to significant cost and administrative savings for the Company.
Divestment of Crown Licence	Shareholders, Business Relationships	• Divestment was a board decision. The proceeds from this divestment where used to part fund the acquisition of Rockhopper Egypt • The consequence of this decision was to deliver value for our shareholders and to reinvest the proceeds in the business

Finally, to you, our shareholders, thank you for your trust, support and advice. Your continued support is appreciated by your board, our wider internal team and our external advisory group.

I hope you stay safe and well and I look forward to meeting you face to face at a Company event when our world returns to what will be a ‘new normal’.

This report was approved by the board on 28 May 2020 and signed on its behalf.

Brian Larkin
Chief Executive Officer

GROUP OPERATIONS REVIEW

Introduction

2019 has been another active year for United operationally. Highlights have included progress towards first gas in Italy, the divestment of the UK Crown licence, the award of UK Licence P2480, and the work that was completed in 2019 on the Egyptian Abu Sennan transaction, which completed in early 2020.

The health, safety and well-being of our employees and host communities is always our first priority, and it is very pleasing to note that throughout our operations in 2019 there were no incidents to report.

Europe

Podere Gallina Licence, Onshore Italy

Progress has continued to be made towards bringing the successful Podere Maiar-1 well, which tested at rates of 150,000scm/day (c. 875boepd) in 2018, into production.

Development plans received a positive technical opinion from the Italian Hydrocarbon Committee (CIRM) at the end of 2018. An Environmental Impact Study for the proposed Selva Malvezzi Exploitation Concession was submitted to the relevant authorities on the 23 April 2019, and formal technical environmental approval for the project from the Italian Environmental Ministry was granted at the beginning of January 2020. This represents another important milestone on the road to achieving first gas from the field. Final EIA decree is expected in the coming months, and preliminary work has now commenced to prepare the field for gas production.

It is worth noting that United are expecting the planned development timeline to slow during 2020 with the Italian Government's critical focus on fighting the COVID-19 epidemic, and the target for first gas from the field is now H1 2021.

During 2019, a number of CPR reports were completed on the licence by the independent consultants, 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 and ready to be implemented, pending first gas. With a significant cash flow to be delivered from Podere Maiar from 2021 onward, in addition to the relationships and experienced developed within the Italian market, we are very excited about our position in Italy.

Central North Sea, UK

After the completion of the committed work programme on the Crown Discovery, Licence P2366, the sale of this asset to Anasuria Hibiscus UK Ltd (Hibiscus) was completed in December 2019. The transaction involved an initial payment of $1m ($0.95m net to United), with further payments expected, including $3m ($2.85m net to United) due in 2020 upon approval of a Field Development Plan ("FDP").

The completion of this divestment provided a clear demonstration of United's ability to manage our portfolio in a way which delivers tangible returns for shareholders. It is also testament to the value that our technical team can add in the work that they do. In a period of just over 12 months, United were awarded Licence P2366 as part of the UK's 30th Licensing Round, adding significant value through completion of the committed work programme, and realised this value by completing a sales process with Hibiscus.

In July 2019, United were awarded Licence P2480 in the UK 31st Licensing Round on a 100% basis. This was our second time applying in the UK Licencing Round system and our second success. The licence covers four highly prospective blocks in the Central North Sea with a combined area of c. 500 sq. km. It includes the Zeta prospect, which United estimates could contain over 90 million barrels of in-place oil. The Licence, which lies 10km from United's recently divested Crown Discovery, is close to the Marigold and Yeoman discoveries, and the substantial Piper, MacCulloch and Claymore oil fields. A low-cost work programme involving the purchase of seismic data and detailed geological and geophysical analysis is underway, and at an appropriate time, United will be looking to bring in additional partners.

Wessex Basin, UK

The completion of the Egyptian acquisition earlier in 2020 has led to a change in strategic focus for the company, and although the Wessex Basin licences remain attractive assets, they are now candidates for divestment, and discussions are currently underway with a number of potentially interested parties.

In the PL090 licence, seismic reprocessing over the Waddock Cross Field was completed in September 2018. This reprocessing had a positive impact, with an updated competent person's report increasing the gross 2C Contingent Resources for the field to 1.55 MMstb. Independent reservoir modelling work based on this new data was kicked off in 2019, and suggested that a new horizontal well on the field could yield commercial oil volumes flowing at rates in excess of 800bopd, albeit at high water cut. Further work is ongoing to finalise a forward plan for the field.

In Licence P1918, the Colter well (98/11a-6) spudded on 6 February 2019. The initial borehole did not intersect the targeted structure, but made an unexpected new discovery at Colter South. The well was then side-tracked, but the targeted Sherwood Sandstone reservoir section came in below the oil-water contact of the 98/11-3 discovery well, suggesting the originally targeted Colter structure is smaller than pre-drill estimates. However, the side-track found strong shows in the shallower Jurassic section, with encouraging implications for prospectivity along strike, which adds to the strength of our portfolio in the Wessex Basin.

Work was completed throughout 2019 to update the post-well volumetrics, with an independent CPR report indicating gross un-risked mean prospective volumes associated with Colter South of 12.6 MMstb (1.26 MMstb net). Although the structure could hold up to 24 MMstb in an upside case, further 3D seismic acquisition and an appraisal well would be required to reduce the uncertainty ahead of a development decision. Given the costs and timelines, and United's focus on Egypt we have chosen to adopt a prudent position and write-off the costs incurred on the P1918 licence, in advance of a divestment process.

On the two onshore PEDL licences (330 and 345), further petrophysical and fracture studies were conducted on the Purbeck Anticline prospect. This resulted in an updated operator estimate of the gross mean prospective resources associated with the structure of 6.9mmboe (0.69mboe net). In an onshore setting, these volumes would clearly be expected to be commercial, and alongside the drill-ready Waddock Cross field, should generate greater interest in the portfolio of Wessex Basin assets that we are now looking to divest.

Latin America, the Caribbean, and Africa

Walton-Morant Licence, offshore Jamaica

Final processing of the 2,250km2 3D seismic data that was acquired in 2018 was completed in 2019. A CPR completed on this new data increased the gross unrisked mean-case recoverable Prospective Resources to 229 MMstb, and improved the chance of success to 20%. Further prospectivity was identified on the new 3D data, adding to the numerous structures already identified on the larger 2D surveys, and this was used to launch a joint-venture farm-down process with the operating partners, Tullow Oil plc. This generated significant interest, but the current market conditions have proven a challenging environment in which to complete a farm-down of such a frontier wildcat opportunity, despite the lowered risk profile. With time and the support of the Jamaican authorities, we believe the strength of this licence will attract partners to participate in the drilling of an exploration well.

A 6-month extension to the initial Exploration Period was granted in January 2020, giving the Joint Venture until the 31 July before a drill-or-drop decision is required. United has indicated to the Jamaican authorities that it wishes to explore options for continuing to progress what United believe to be a transformative licence beyond the 31 July deadline, and discussions to this end have been initiated with the Government.

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, fieldwork, and detailed evaluation of the prospectivity was completed, and although United were encouraged by the results, our strategic focus shifted during 2019, and a decision was made not to exercise the option on the licence.

Abu Sennan Licence, onshore Egypt

Although the transaction to acquire a 22% non-operated position in the producing Abu Sennan licence did not complete until February 2020, the effective date of this transformative deal was 1st January 2019, meaning all revenue and costs from the effective date accrued to the company. Large part of last year was spent evaluating the opportunity, and working towards the completion.

We had been looking for a transformational acquisition for some time, and it became apparent to us that Abu Sennan provided that opportunity. When the acquisition was first announced in July 2019, production levels were at c. 5,000boepd (1,100 boepd net working interest). This production was split across 7 development concessions and 17 producing wells - all contained within the very sizable Abu Sennan licence area. When it is considered that each well typically has multiple pay zones, it is clear that the asset has a particularly robust production base.

The low operating and drilling costs (c. $6.5/boe and c. $3-4m/well respectively) were another factor that attracted United to this opportunity. Perhaps most importantly, however, United's technical team saw significant remaining infill and exploration upside within Abu Sennan, and was keen to participate in the ongoing drilling campaign that had been underway since mid-2018. The merit of this has already been realised.

This drilling campaign had success throughout 2019, firstly with infill wells on the Al Jahraa Field, and then with the ASH-2 appraisal well. The ASH-2 well targeted a fault-block adjacent to the known accumulation at the ASH Field. After encountering 49.5m of net pay, the well was tested at 7,027 bopd in December, and was brought onstream a few days later at c. 3,000bopd. It has maintained consistent production since then – significantly outperforming pre-drill expectations, and demonstrating the presence of a sizeable accumulation.

The successful drilling in 2019, combined with bringing gas from the Al Jahraa Field onstream in March 2020, has led to production levels of well over 8,000 boepd (1,760 boepd net to United). When it is considered that production was at less than half these levels when United first started evaluating the asset, it is encouraging to now see the realization of the potential value that the Company identified.

Although the asset is outperforming expectations operationally, the current low oil prices have had a significant impact on the plans for 2020. With its low operating costs, the assets are reasonably robust at low oil prices. However, much of the planned capital expenditure programme for 2020 on the assets has been deferred, with three of the planned infill wells pushed back until commodity prices improve. This has removed. c. $10m ($2.2m net) out of the 2020 capital expenditure budget, and will help to ensure that Abu Sennan remains cash-flow positive at oil prices below $20/bbl.

United believe there is significant potential remaining across the Abu Sennan concession. With results from the El Salmiya-5 well due shortly, and with the project to bring the gas at the ASH Field onstream continuing, we look forward to further news flow from the asset, and to resuming the deferred drilling campaign once market conditions improve.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The loss for the year, after taxation, amounted to $2,139,075 (2018: loss of $1,080,272). The directors do not recommend payment of a dividend (2018: $Nil).

Directors

The directors who served during the year were:

Brian Larkin
Jonathan Leather
Graham Martin
Alberto Cattaruzza
David Quirke (appointed 24 June 2019)

Principal activities

The principal activity of the company is to create and extract maximum value from our low risk, cash generative business in Europe and the Greater Mediterranean area whilst also looking for low cost, high reward explorations opportunities outside of Europe.

Business review and future developments

The business review and future developments are disclosed in the strategic report on page 6.

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 17 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 12 to the financial statements.

Subsequent events

The events since the balance sheet date are disclosed in note 24.

Directors' interests

As at 31 December 2019, 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 2019, 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
David Quirke	-	-
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 31 March 2020:

Party name	Number of Ordinary Shares	% of Share Capital and Voting Rights
Rockhopper Exploration plc	114,503,817	18.52%
Jarvis Securities	112,910,648	18.27%
Hargreaves Landsdown PLC	68,289,496	11.05%
Interactive Investor Trading	30,702,562	4.97%
Lloyds Banking Group	19,613,524	3.17%

Capital and returns management

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.

The Directors believe that further equity capital raisings may be required by the Company as it continues to pursue its objectives. The amount of any such additional equity to be raised 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.

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 held 6 scheduled meetings during 2019. Meeting dates and attendance are set out in the table below. In 2020 the board have committed to meet on a more frequent monthly basis, as a result of the additional operational activities in Egypt, to monitor the impact of the oil price and COVID-19 uncertainties and as the company continues to grow.

Table with dates and attendance of directors:

Director	Board meeting	Audit Committee meeting	Remuneration Committee meeting	AIM Compliance Committee meeting
Brian Larkin	6/6			1/1
Jonathan Leather	6/6			
David Quirke (appointment date 24 June 2019)	4/6			
Graham Martin	6/6	3/3	3/3	1/1
Alberto Cattaruzza	6/6	3/3	3/3	

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, details of these committees are included below.

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, for reviewing reports from the Company's auditors relating to the Group's accounting and internal controls, and for overseeing the adequacy and effectiveness of risk management systems. 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 been 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. There have been no compliance issues during 2019.

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;
- 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 on 28 May 2020 and signed on its behalf.

Brian Larkin, Chief Executive Officer

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.

David Quirke – Chief Financial Officer

David has 17 years of treasury and corporate finance experience in the upstream oil and gas sector and is a qualified chartered management accountant. He holds a BA in law and Accounting from the University of Limerick.
He established and led the Tullow Oil Group Treasury function for a fifteen-year period from 2003 to 2017, supporting a period of transformational growth. He has extensive experience of the key exploration and production ('E&P') debt and equity instruments such as Reserves Based Lending Facilities, Acquisition Facilities, Corporate Bonds, Trade Finance Facilities and Equity Transactions. More recently, David acted as a Treasury and Financial Consultant advising Assala Energy on their corporate finance and treasury following the acquisition of Shell's onshore assets in Gabon. He has also supported a number of small E&P companies in managing their capital structure and developing financial strategies.

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. 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 international energy law firm Vinson & Elkins LLP, and at the UK corporate law firm Dickson Minto WS. 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.

Stewart MacDonald – Non-Executive Director (Appointed 12th March 2020)

Stewart has 17 years of energy and corporate finance experience. He has been the CFO of Rockhopper Exploration Plc since 2014 and has played a significant role in the execution of many of Rockhopper's growth initiatives. Prior to joining Rockhopper, Stewart was a Director of Rothschild's global oil and gas group and spent 12 years advising clients in the sector on a range of M&A transactions as well as debt and equity financings.

DIRECTORS’ REMUNERATION REPORT

The Directors' Remuneration Report, which comprises Alberto Cattaruzza and Graham Martin, 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 2019 to 31 December 2019.

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 Director’s 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.

The only change to the Directors' remuneration since the publication of the Company's Prospectus dated 25 July 2017 was for the appointment of David Quirke as CFO on 24 June 2019, and David’s emoluments are disclosed below.

Policy for new appointments

Base salary levels will take into account market data for the relevant role, internal relativities, their 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 2019:

	Total fees paid (exc VAT)	Salary (incl. social security costs)	Pension	Total
	$	$	$	$
Brian Larkin	-	155,724	-	155,724
Jonathan Leather	-	149,235	-	149,235
Graham Martin	-	51,908	-	51,908
David Quirke*	-	74,118	-	74,118
Alberto Cattaruzza	19,465	-	-	19,465

*Appointed 24 June 2019

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	Total
	$	$	$	$
Brian Larkin	-	162,756	-	162,756
Jonathan Leather	-	155,975	-	155,975
Graham Martin	-	50,827	-	50,827
Alberto Cattaruzza	19,980	-	-	19,980

Share-based payments:

	2019	2018
	$	$
Brian Larkin	48,294	24,786
Jonathan Leather	46,281	23,753
Graham Martin	13,415	6,885
David Quirke*	-	-
Alberto Cattaruzza	4,025	2,066

*Appointed 24 June 2019

Statement of Directors' shareholding and share interest

The Directors who served during the year ended to 31 December 2019, and their interests at that date, are disclosed on page 15.

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.

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 28 May 2020 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 2019

Opinion

We have audited the financial statements of United Oil & Gas Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2019, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow 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, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss 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 in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the 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 draw attention to the Going Concern section of the Principal Accounting Policies of the Group financial statements concerning the Group's and Company's ability to continue as a going concern. The Group incurred an operating loss of $2.1m during the year ended 31 December 2019 (2018: $1.1m). The Group is faced with a lower oil price environment along with the Covid-19 pandemic. Management have considered a number of scenarios including a downside case where further receipts from the Crown disposal are not received within the forecast period, and in the absence of potential mitigating actions, if realised would place doubt on the ability to fund the business for 12 months from the current cash reserves and projected oil and gas revenues following the acquisition of Rockhopper Egypt Pty Limited ('Rockhopper Egypt'). Some mitigating actions have been considered and include further divestment of the portfolio, restructuring of debt arrangements and further equity raises. 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 this matter.

The risk

Due to the nature of the industry and the significant amount of capital needed in order to fund cash calls and operating costs, there are risks surrounding the going concern assumption. Whilst post year end, the Group began to generate revenues following the acquisition of Rockhopper Egypt, the current low oil price impacts cash flow at least in the short term. Following the acquisition the Group also has significant monthly commitments in respect of the repayment of the BP Oil International Limited loan facility. This facility is underpinned by a hedging instrument which reduces the monthly settlements when the Brent oil price falls. Furthermore, the current market conditions, including the global Covid-19 pandemic and suppressed oil price will have a direct impact on the Group's ability to generate profits. Whilst a further instalment of $2.85m is expected in relation to the Crown disposal later this year it remains contingent on the submission and approval of Hibiscus's field development plan.

Given the above factors, we consider going concern to be a significant audit risk area.

The directors' conclusion of the risks and circumstances described in the Going Concern section of the Principal Accounting Policies of the Group financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included:

- Assessing the transparency and the completeness and accuracy of the matters covered in the going concern disclosure by evaluating management's cash flow projections for the next 12 months and the underlying assumptions.
- We obtained budgets and cash flow forecasts, reviewed the methodology behind these, ensured arithmetically correct and challenged the assumptions.
- We obtained post year end results and compared these to budget to ensure budgeting is reasonable and results are in line with expectations.
- We completed sensitivity analysis on the budgets provided to assess the change in revenue or costs that would need to occur to push the Group into a cash negative position.
- We discussed plans for the Group going forward with management, ensuring these had been incorporated into the budgeting and would not have an impact on the going concern status of the Group.

Emphasis of matter – Valuation of the Walton Morant license in Jamaica

We draw attention to principal accounting policies in the financial statements which describes management's review and the key assumptions used in the assessment of impairment of the Group's exploration assets. In respect of the Walton Morant license in Jamaica in which the Group have a 20% interest and have capitalised $2,764,170. Tullow Jamaica Limited have made the decision to relinquish the licence and withdraw as operator by 31 July 2020. Although the licence ends in 2024, a 'drill or drop decision' currently needs to be made by 31 July 2020. UOG Jamaica Limited have written to the Jamaican authorities expressing their interest in continuing the current phase of exploration beyond this period and the Board are confident that this will be approved. However, due to the uncertainty in respect of the current exploration phase there is an indication of possible future impairment should the extension of the exploration period not be granted. The financial statements do not include the asset impairment adjustments that would result if the Group does not obtain the required approvals to continue with the license and to extend the current exploration phase.

Our opinion is not modified in respect of this matter.

Emphasis of matter – Consideration relating to the Crown disposal

We draw attention to note 3 of the financial statements which describes management's review and the key assumptions used when assessing the appropriate value of the consideration to be received in respect of the Crown disposal. The next instalment of $3m is dependent on field development plan approval by the Oil & Gas Authority in the UK. We understand that Anasuria Hibiscus UK Limited (Hibiscus) is still progressing with both the Sunflower and Marigold oil fields in the UK of which the Crown discovery is a key part. The Board remain confident that Hibiscus are still pressing ahead with the field development plan and are therefore expecting to receive the second instalment of $2.85m by the 31 December 2020. As at the year-end receipt of these funds is therefore considered probable, therefore we are satisfied that this has been appropriately recognised in these financial statements. However there is an inherent uncertainty due to the fact that the receipt is reliant on Hibiscus submitting the field development plan and obtaining approval. The financial statements do not include the receivable impairment adjustment that would result if the required approvals are not obtained.

Our opinion is not modified in respect of this 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.

Key audit matter	**How the matter was addressed during the audit**
Impairment of exploration and evaluation assets in the Group 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	Our audit work included, but was not restricted to: • Obtaining and discussing each of the licences with the directors and evaluating 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.

Key audit matter	How the matter was addressed during the audit
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. This involves significant judgements and assumptions such as the timing and extent and probability of future cash flow. We therefore identified the impairment of exploration and evaluation assets as a key audit matter, which was one of the most significant assessed risks of material misstatement.	• We discussed each of the licences with the directors and challenged 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. • Assessing the future plans of the projects in respect of funding, viability and development to assess whether there were any indicators of impairment. **Key observations** An emphasis of matter has been included above in respect of the Group's Walton Morant license in Jamaica due to the uncertainty in respect of the extension of the current exploration phase which ends on 31 July 2020. We obtained evidence that all the licenses remain valid and are in good standing. No other indicators of impairment were identified in respect of the carrying values of exploration and evaluation assets at the year end.
Impairment of investments and loans due from subsidiary companies in the Parent Company 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. Management assessment involves significant judgements and assumptions such as the timing and extent and probability of future cash flow. The Parent Company has loans due from subsidiary companies of \$6.5m (2018: \$11.3m). The investments represent the primary balance on the Company balance sheet and there is a risk it could be impaired and that intragroup loans may not be	Our audit work included, but was not restricted to: • Reviewing the investments balances for indicators of impairment in accordance with IAS 36; • Assessing the appropriateness of the methodology applied by management in their assessment of the recoverable amount of intragroup loans by comparing it to the Group's accounting policy and IAS 36; • Assessing management's evaluation of the recoverable amounts of intragroup loans including review the impairment provisions and net asset values of components that have intercompany debt; • Checking that intragroup loans have been reconciled and confirming that there are no material differences. **Key observations** The majority of the investment balances correlate with the exploration assets held by that subsidiary and our impairment

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed during the audit</th></tr>
<tr><td>recoverable as a result of the subsidiary companies incurring losses.

We therefore identified the impairment of loans due from subsidiary companies as a key audit matter in the Parent Company financial statements, which was one of the most significant assessed risks of material misstatement.</td><td>review was therefore linked to our assessment of indicators of impairment on the corresponding exploration licences.

An impairment provision of $1.65m was recognised in the parent company following the impairment of the Colter licence at the year end. No further indications of impairment were identified.</td></tr>
<tr><td>Accounting and valuation of consideration relating to the Crown disposal in the Group

During the current year the Group disposed of its interest in the Crown discovery for total consideration of up to $5m to Hibiscus. A further instalment of $2.85m is expected to be received by 31 December 2020. The receipt is reliant on Hibiscus submitting the field development plan and obtaining approval. Therefore key judgements are required in order to conclude as to the appropriate value to recognise in the financial statements.</td><td>Our audit work included, but was not restricted to:

• Obtaining and reviewing the sale purchase agreement with Hibiscus along with the terms and conditions therein.
• In respect of the contingent consideration, we have considered management's assessment of the probability of receipt and the key assumptions.
• We have considered the announcements made by Anasuria Hibiscus UK Limited to ensure consistency with management's assessment.

Key observations
As at the year-end the receipt of these funds is considered probable, however, an emphasis of matter has been discussed above in which we have included further observations due to the fact that there is inherent uncertainty due to the fact that the receipt is reliant on Hibiscus submitting the field development plan and obtaining approval.</td></tr>
</table>

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 reasonably knowledgeable 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.

Materiality Measure	Group	Parent
Overall materiality	We determined materiality for the financial statements to be:	
	$182,000 (2018: $214,000).	$146,000 (2018: $171,000).
How we determine it	Based on the main key indicator, being 2% of net assets of the Group.	2% of net assets of the Parent Company exceeded the Group materiality amount therefore this was capped at 80% of Group materiality.
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 Group and Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality being:	
	$136,500 (2018: $160,500)	$109,500 (2018: $129,000)
Reporting threshold	We agreed with the Audit Committee that we would report to them all misstatements over 5% of Group and company materiality identified during the audit as set out below, 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.	
	$9,000 (2018: $11,000)	$7,500 (2018: $8,500)

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 and assumptions in respect of the capitalisation or impairment of the costs attributable to the Group's exploration assets, such as allocations of time writing costs and where there were 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.

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
Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London E1W 1YW

28 May 2020

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year to 31 December 2019 $	Year to 31 December 2018 $
Revenue		-	-
Cost of sales		-	-
Gross profit / (loss)		-	-
Administrative expenses:			
Other administrative expenses		(1,516,035)	(1,080,272)
Impairment of intangible assets		(2,111,319)	-
Gain on disposal of intangible assets	3	2,881,976	-
Acquisition and AIM expenses		(1,202,586)	-
Total administrative expenses		(1,947,964)	(1,080,272)
Operating loss	2	(1,947,964)	(1,080,272)
Interest expense		(4,841)	-
Loss before taxation	2	(1,952,805)	(1,080,272)
Taxation	5	(186,270)	-
Loss for the financial year attributable to the Company's equity shareholders		(2,139,075)	(1,080,272)
Loss per share from continuing operations expressed in pence per share:			
Basic and diluted	6	(0.62)	(0.38)

Consolidated Statement of Comprehensive Income

	2019 $	2018 $
Loss for the financial year	(2,139,075)	(1,080,272)
Foreign exchange gains/(losses)	405,954	(496,793)
Total comprehensive loss for the financial year attributable to the Company's equity shareholders	(1,733,121)	(1,577,065)

Consolidated Balance Sheet as at 31 December 2019

	Notes	2019	2018
Assets		$	$
Non-current assets			
Intangible assets	8	5,580,864	5,226,219
Property, plant and equipment	9	26,722	4,717
		5,607,586	5,230,936
Current assets			
Trade and other receivables	10	3,524,655	739,119
Cash and cash equivalents	11	1,275,537	5,149,907
		4,800,192	5,889,026
Total Assets		10,407,778	11,119,962
Equity and liabilities			
Capital and reserves			
Share capital	12	4,564,787	4,564,787
Share premium	12	9,912,988	9,912,988
Share-based payment reserve	13	1,591,808	1,465,036
Merger reserve		(2,697,357)	(2,697,357)
Translation reserve		(11,227)	(417,181)
Retained earnings		(4,255,398)	(2,116,323)
Shareholders' funds		9,105,601	10,711,950
Current liabilities:			
Trade and other payables	14	1,085,701	408,012
Current tax payable		190,446	-
Lease liabilities		26,030	-
		1,302,177	408,012
Total equity and liabilities		10,407,778	11,119,962

The financial statements were approved by the Board of Directors and authorised for their issue on 28 May 2020 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 earnings $	Translation reserve $	Merger reserve $	Total $
For the year ended 31 December 2019							
Balance at 1 January 2019	4,564,787	9,912,988	1,465,036	(2,116,323)	(417,181)	(2,697,357)	10,711,950
Loss for the year	-	-	-	(2,139,075)	-	-	(2,139,075)
Foreign exchange difference	-	-	-	-	405,954	-	405,954
Total comprehensive income	-	-	-	(2,139,075)	405,954	-	(1,733,121)
Share based payments	-	-	126,772	-	-	-	126,772
Balance at 31 December 2019	4,564,787	9,912,988	1,591,808	(4,255,398)	(11,227)	(2,697,357)	9,105,601
For the year ended 31 December 2018							
Balance at 1 January 2018	3,054,383	5,562,026	600,145	(1,036,051)	79,612	(2,697,357)	5,562,758
Loss for the year	-	-	-	(1,080,272)	-	-	(1,080,272)
Foreign exchange difference	-	-	-	-	(496,793)	-	(496,793)
Total comprehensive income	-	-	-	(1,080,272)	(496,793)	-	(1,577,065)
Exercise of share warrants	827	3,309	-	-	-	-	4,136
Issue of share capital	1,509,577	5,796,341	-	-	-	-	7,305,918
Share issue expenses	-	(1,448,688)	799,829	-	-	-	(648,859)
Issue of share options	-	-	65,062	-	-	-	65,062
Balance at 31 December 2018	4,564,787	9,912,988	1,465,036	(2,116,323)	(417,181)	(2,697,357)	10,711,950

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

	2019 $	2018 $
Cash flow from operating activities		
Loss for the financial year before tax	(1,952,805)	(1,080,272)
Share-based payments	126,772	65,062
Depreciation	94,026	1,732
Impairment of intangible assets	2,111,319	-
Gain on disposal of intangible assets	(2,881,976)	-
Interest expense	4,841	-
Foreign exchange movements	268,159	(137,119)
	(2,229,664)	(1,150,597)
Changes in working capital		
Increase in trade and other receivables	(61,527)	(570,512)
Increase in trade and other payables	677,689	126,387
Cash outflow from operating activities	(1,613,502)	(1,594,722)
Cash outflow from investing activities		
Disposal of intangible assets	950,000	-
Purchase of property, plant & equipment	(1,637)	(3,535)
Spend on exploration activities	(3,097,401)	(3,651,592)
Net cash (used in) investing activities	(2,149,038)	(3,655,127)
Cash flow from financing activities		
Issue of ordinary shares net of expenses	-	6,661,195
Capital payments on lease	(88,387)	-
Interest paid on lease	(4,841)	-
Net cash (used in) / generated from financing activities	(93,228)	6,661,195
Net (decrease) / increase in cash and cash equivalents	(3,855,768)	1,411,346
Cash and cash equivalents at beginning of financial year	5,149,907	4,097,985
Effects of exchange rate changes	(18,602)	(359,424)
Cash and cash equivalents at end of financial year	1,275,537	5,149,907

Notes to the consolidated financial statements

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 2019.

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 2019 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.

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 Directors' recent forecasts demonstrate that the Group will meet its day-to-day working capital and financial commitments over the forecast period (being at least 12 months from the date the financial statements were approved) from the cash held on deposit and planned oil and gas revenue from Abu Sennan in 2020, as further opportunities arise and the portfolio continues to grow in line with group strategy. This base case forecast is inclusive of the lower oil prices that are forecast well into 2021, primarily as a result of the global oil supply and demand dynamics and the COVID-19 pandemic. The Group has been able to defer a significant portion of the budgeted capital expenditure programme for 2020 and taken other measures to reduce the running costs of the business, which combined will protect the Group cashflows. Management have also considered some additional downside scenarios including a case where a significant contingent consideration receipt relating to the Crown disposal due in late 2020 is not received within the forecast period, and if realised would place doubt on the ability to fund the business for 12 months from the current cash reserves and projected oil and gas revenues from Egypt. Some mitigating actions have been considered in the event that the downside scenario was realised and include further divestment of the portfolio, potential restructuring of debt arrangements and a further equity raise.

The Group has sufficient funding to meet planned financial commitments in relation to operational activities and a level of contingency, and as a result the directors continue to adopt the going concern basis of accounting in preparing the financial statements. However, in the downside scenario discussed, and without the successful implementation of mitigating actions, a material uncertainty does exist that may affect the ability of the company to continue as a going concern. The consolidated financial statements have not been adjusted for the scenario where the Group is not a going concern.

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 (US dollar), 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.

The Group has taken the decision to change its presentation currency to USD. This has been accounted for retrospectively as a change in accounting policy. In making this change in presentation currency, the Company followed the requirements set out in IAS 21, The Effects of Change in Foreign Exchange Rates. In accordance with IAS 21, the change in presentational currency is applied retrospectively and financial statements for the previous financial periods have therefore been translated into the new presentation currency.

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 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 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.

Other intangible assets

Other intangible assets acquired separately from a business combination are capitalised at cost.

Intangible assets are amortised on a straight-line basis over their useful lives as follows:
Computer software 33%

The carrying value of intangible assets is assessed annually and any impairment is charged to the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost 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.

Financial instruments

Recognition and derecognition

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

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

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

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorised as FVOCI or FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Impairment of Financial Assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model to be applied. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on trade receivables.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL.

Classification and measurement of financial liabilities

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

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 contingent consideration designated at FVTPL, which is 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 finance income.

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.

Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policy applicable from 1 January 2019

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, prepayments made on the lease at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

Policy applicable prior to 1 January 2019

Operating leases

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease") amounts payable under the lease are charged to the income statement on a straight-line basis over the lease term.

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.

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.

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 employee, as measured at the date of modification.

Where an equity-settled award (share options) is cancelled, it is treated as if it had vested on the date of cancellation if it had not yet fully vested, 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. Upon expiry of an equity-settled award, the cumulative charge expensed is transferred from the Share-based payment reserve to retained earnings.

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 16	Leases	1 January 2019	Yes	See below
	Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019	Yes	Immaterial

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring all leases (subject to exemptions) to be recognised giving a right of use asset and lease liability in the balance sheet, with the statement of comprehensive income reflecting depreciation of the right of use asset and the interest charge on the lease liability.

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with the former operating lease.

The new Standard has been applied using the modified retrospective approach, with right of use asset and corresponding liability recognised as an adjustment in the current period. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Prior periods have not been restated.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

The impact of the implementation of this standard is set out below:

- Recognition of lease liabilities and right of use assets, the initial impact of which is an increase in property, plant and equipment and in total liabilities.
- A new finance expense due to the lease finance charge
- Increased annual depreciation of property, plant and equipment for the duration of the leases
- Elimination of the former operating lease rental expense

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	Yes
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2022	No
IFRS 3	Amendment to IFRS 3 Business Combinations	1 January 2020	Yes
IFRS 3	Amendment to IFRS 3 Business Combinations	1 January 2022	No
IAS 16	Amendments to IAS 16 Property, Plant and Equipment	1 January 2022	No
IAS 37	Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	No
	Annual Improvements: minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, and the Illustrative Examples accompanying IFRS 16 Leases	1 January 2022	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 above are not expected to have a material impact on the Group's financial statements.

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.

During the year, a decision was taken to impair the Colter intangible exploration asset. Management did not consider there to be any indicators of impairment in the remaining intangible exploration assets at any reporting date presented.

Fair value of consideration in relation to Crown Disposal

Management have applied judgement in determining the consideration recognised for the Crown disposal in accordance with IFRS 5, including a receivable for contingent consideration of $2.85m. In the event of non-payment of the contingent consideration the Group would retain the asset which has been attributed a fair value of $3.8m as a result of the disposal deal.

Notes to the Consolidated Financial Statements

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, Europe and greater Mediterranean 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.

2019

$	**UK**	**Other EU**	**Latin America**	**Total**
Revenue	-	-	-	-
Non-current assets	511,009	2,336,837	2,759,740	5,607,586

2018

$	**UK**	**Other EU**	**Latin America**	**Total**
Revenue	-	-	-	-
Non-current assets	872,229	2,185,608	2,173,099	5,230,936

2. Operating loss

	2019 **$**	**2018** **$**
Operating loss is stated after charging/(crediting):		
Fees payable to the Company's auditors for the audit of the annual financial statements	40,000	40,000
Fees payable to the Company's auditors and its associates for other services to the Group:		
- Tax compliance services	10,000	8,000
- Reporting accountant services	90,000	13,000

3. Disposal of Crown asset

On 12 December 2019, United announced the completion of the sale of its 95% share in the North Sea Blocks 12/18d and 15/19b (licence P2366) to Anasuria Hibiscus UK limited. The disposal was of the aforementioned licence only, and the UOG Crown Limited subsidiary company is retained in the group.

Under the deal for this disposal of the Crown licence (intangible asset disposal – see note 8), United received $950,000 in 2019 on completion, with a further receivable of $2,850,000 due in 2020 which is contingent upon approval of an FDP, the latter amount being reflected in current receivables in the balance sheet. In the event of non-payment of the latter amount, ownership of the licence asset would return to the Group.

Having acquired the licence in 2018 and incurred costs of $918,024 in the interim period on a work programme, some in-house technical work, and the costs of disposal the Group is reporting a profit on disposal before tax in its 2019 Income Statement of $2,881,976.

4. Directors and employees

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

	2019 $	2018 $
Staff costs		
Wages and salaries	675,928	514,480
Share-based payments	126,772	65,064
Social security	31,958	19,717
	834,658	599,261

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

	2019 Number	2018 Number
By activity:		
Administrative	3	3
Directors	5	4
	8	7

	2019 $	2018 $
Remuneration of Directors		
Emoluments and fees for qualifying services	450,450	389,538
Share-based payments	112,015	57,490
Social security	13,881	4,966
	576,346	451,994

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.

5. Taxation

	2019 $	2018 $
Loss before tax	(1,952,805)	(1,080,272)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(371,033)	(216,054)
Tax effects of:		
Unrelieved tax losses carried forward	557,303	216,054
Corporation tax charge	186,270	-

The Group has accumulated tax losses of approximately $4m (2018: $2m). 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.

6. 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 13.

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 (2018: 93,329,853) 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

	2019 Cents	2018 Cents
Loss per share from continuing operations	(0.62)	(0.38)

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

	2019 $	2018 $
Loss used in the calculation of total basic and diluted loss per share	(2,139,075)	(1,080,272)

Number of shares	2019 Number	2018 Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	345,613,985	282,810,516

7. Subsidiaries

Details of the Group's subsidiaries in 2019 are as follows:

Name & address of subsidiary	Principal activity	Class of shares	Place of incorporation and operation	% ownership held by the Group	
				2019	2018
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	100
UOG Colter Ltd* 200 Strand, London, WC2R 1DJ	Oil and gas exploration	Ordinary	England and Wales	100	100

*held indirectly by United Oil & Gas

8. Intangible assets

	Exploration and Evaluation assets $	Computer software $	Total $
Cost			
At 1 January 2018	1,574,627	-	1,574,627
Additions	3,902,289	-	3,902,289
Foreign exchange differences	(250,697)	-	(250,697)
At 31 December 2018	5,226,219	-	5,226,219
Additions	3,086,027	11,374	3,097,401
Disposals	(792,033)	-	(792,033)
Foreign exchange differences	207,925	-	207,925
At 31 December 2019	7,728,138	11,374	7,739,512
Amortisation and impairment			
At 1 January 2018	-	-	-
Charge for the year	-	-	-
At 31 December 2018	-	-	-
Charge for the year	-	-	-
Impairment	2,111,319	-	2,111,319
Foreign exchange differences	47,329	-	47,329
At 31 December 2019	2,158,648	-	2,158,648
Net book value			
At 31 December 2019	5,569,490	11,374	5,580,864
At 31 December 2018	5,226,219	-	5,226,219

At 31 December 2019 the group's E&E carrying values of $5.6m related to our development Selva asset in Italy, our high impact exploration activity in Jamaica, and the UK North Sea and Wessex basin exploration/development work programmes. During the year we divested the Crown Discovery in the North Sea, and after evaluating a number of commercialization options, have made the decision to write off the expenditure on the Colter wells.

Our Italian development at the Selva field continued to make progress in 2019. Factoring in the impact of Covid-19, we are now targeting first production in early 2021. Formal technical environmental approval from the Italian Environmental Ministry was granted in January 2020 and preliminary work has commenced on the development programme preparing for first gas. Testing has previously indicated rates of 150,000scm/day with UOG's economic interest being 20%. At the Balance Sheet date $2,335,135 had been capitalised for our Italian asset.

In Jamaica work continued in 2019 on the processing of 3D seismic data acquired during the previous year, adding further prospectivity to the numerous structures already identified in the licence. Further resources and funds were also spent during 2019 on a joint-venture farm out process, led by the operator to seek partners to participate in drilling an exploration well. This generated significant interest, but the current market conditions have proven a challenging environment in which to complete a farm-down of such a frontier wildcat opportunity. A 6-month extension to the initial Exploration Period was granted in January 2020, giving the Joint Venture until the 31st July before a drill-or-drop decision is required. United has indicated to the Jamaican authorities that it wishes to explore options for continuing to progress what United believe to be a transformative licence beyond

the 31 July deadline, and discussions to this end have been initiated positively with the Government. As at 31 December UOG are carrying $2,764,170 for Jamaica in its Intangibles number.

In the UK, United has had an interesting year. In the North Sea, Licence P2480, containing four blocks, was acquired in the OGA's 31st licensing round, whilst the divestment of Licence P2366, containing the Crown discovery was completed for a significant profit. In the Wessex Basin, the Colter well (98/11a-6) and its sidetrack have been fully impaired, whilst the work programme continues on the Waddock Cross development.

A key achievement of the year was the divestment of the Crown licence to Anasuria Hibiscus UK Limited for an initial $4m of which United have a 95% share. This sale required the net off of costs incurred from the work programme and some disposal costs, amounting to $792,033 in total. With the addition of the 31st round licences in Q3 of 2019 the company is carrying a small value of $33,884 on its North Sea assets, with a work programme to ramp up in 2020/2021 on the P2480 licence, which includes the Zeta prospect.

In the PL090 licence, work continues with some independent reservoir modelling after the seismic completion in 2018 and at the Balance Sheet date the company is carrying $481,336 in capitalised costs in this licence.

In licence P1918 the Colter Well and side-track were drilled in Q1 of 2019. Despite some encouraging signs and positive CPR indicators of a structure that could hold up to 24 MMstb in an upside case, the company has decided to impair its costs in full, amounting to $2,158,649. This decision was made as after evaluating numerous scenarios, it was determined that to make further progress towards development, further investment in 3D seismic acquisition and an appraisal well would be required. The company's view is that such investment would be more profitably deployed elsewhere.

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 believe the only impairment indicators relate to Colter (as described above) and have impaired all associated costs to date accordingly, with all remaining assets described continuing to be carried at cost.

9. Property, plant and equipment

	Computer equipment $	Right of use asset $	Total $
Cost			
At 1 January 2018	3,773	-	3,773
Additions	3,535	-	3,535
Foreign exchange differences	(356)	-	(356)
At 31 December 2018	6,952	-	6,952
Transition to IFRS 16	-	72,453	72,453
Additions	1,637	41,860	43,497
Foreign exchange differences	-	462	462
At 31 December 2019	8,589	114,775	123,364
Depreciation			
At 1 January 2018	609	-	609
Charge for the year	1,732	-	1,732
Foreign exchange differences	(106)	-	(106)
At 31 December 2018	2,235	-	2,235
Charge for the year	3,562	90,464	94,026
Foreign exchange differences	15	366	381
At 31 December 2019	5,812	90,830	96,642
Net book value			
At 31 December 2019	2,777	23,945	26,722
At 31 December 2018	4,717	-	4,717

Depreciation is recognised within administrative expenses.

10. Trade and other receivables

	2019 $	2018 $
Prepayments and deposit	340,019	68,636
Other tax receivables	334,636	670,483
Crown disposal proceeds due	2,850,000	-
	3,524,655	739,119

The Directors consider that the carrying values of trade and other receivables are approximate to their fair values.

No expected credit losses exist in relation to the Group's receivables as at 31 December 2019 (2018: £nil).

Prepayments and deposits relate to monies paid in advance in relation to the Rockhopper acquisition completed after the balance sheet date, and 2 months advance rent on the office.

Crown disposal proceeds due are being carried at the full value of the ascertainable contingent consideration expected to be received (see note 3).

11. Cash and cash equivalents

	2019 $	2018 $
Cash at bank (GBP)	263,536	4,975,449
Cash at bank (EUR)	21,465	74,891
Cash at bank (USD)	990,536	99,567
	1,275,537	5,149,907

At 31 December 2019 and 2018 all significant cash and cash equivalents were deposited in the UK and Ireland with large international banks.

12. Share capital, share premium and merger reserve

Allotted, issued, and fully paid:

	No	Share capital $	2019 Share premium $
Ordinary shares of $0.01 each			
At 1 January and 31 December 2019	345,613,985	4,564,787	9,912,988

	No	Share capital $	2018 Share premium $
Ordinary shares of $0.01 each			
At 1 January 2018	232,185,001	3,054,383	5,562,026
Allotments:			
28 February 2018	60,000	827	3,309
11 May 2018	58,823,530	797,404	2,591,561
08 October 2018	54,545,454	712,173	3,204,780
Share issue costs	-	-	(1,448,688)
At 31 December 2018	345,613,985	4,564,787	9,912,988

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

13. 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:

2019

	Number of Options	**WAEP £**
Outstanding at the beginning of the year	11,117,647	0.05
Issued	-	-
Outstanding at the year end	11,117,647	0.05
Number vested and exercisable at 31 December 2019	-	-

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 $126,772 in the income statement in relation to share options accounted for as equity-settled share-based payment transactions during the year in relation (2018: $65,062).

Warrants

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

2019

	Number of Warrants	**WAEP £**
Outstanding at the beginning of the year	82,212,206	0.04
Outstanding at the year end	82,212,206	0.04
Number vested and exercisable at 31 December 2019	82,212,206	0.04

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

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 $nil in relation to share warrants accounted for as equity-settled share-based payment transactions during the year in relation (2018: $799,829). These were recognised as follows:

$nil (2018: $799,829) as a deduction from share premium related to share warrants accounted for as equity-settled share-based payment transactions during the year.

14. Trade and other payables

	2019 $	2018 $
Trade payables	403,816	10,403
Tax and social security	26,151	20,571
Other payables	200,074	1,610
Deferred shares (note 15)	39,804	38,281
Accruals	415,856	337,147
	1,085,701	408,012

15. 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.

16. Leases

Disclosure required by IFRS 16

Right of use assets

The Group used leasing arrangements relating to property, plant and equipment. As the Group has the right of use of the asset for the duration of the lease arrangement, a "right of use" asset is recognised within property, plant and equipment.

When a lease begins, a liability and right of use asset are recognised based on the present value of future lease payments.

	2019 $
Interest expense on lease liabilities	4,841
Total cash outflow for leases	(93,228)
Additions to right-of-use assets	114,313
Depreciation charge – right of use assets	(90,464)
Foreign exchange movement on right of use assets	96
Carrying amount at the end of the year:	
Right of use assets	23,945

Lease liabilities

	2019
	$
Current	26,030
Non-current	-
	26,030

Disclosure required by IAS 17

Operating leases

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018
Land and buildings:	$
Less than one year	75,668
Between one and five years	-

During 2018, $nil was recognised as an expense in the income statement in relation to operating leases.

17. 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	**2019**	**2018**
	$	**$**
Crown disposal proceeds due (note 10)	2,850,000	-
Cash and cash equivalents (note 11)	1,275,537	5,149,907
	4,125,537	5,149,907

All of the above financial assets' carrying values are approximate to their fair values, as at 31 December 2019 and 2018.

Financial liabilities	**Measured at amortised cost**	
	2019	**2018**
	$	**$**
Trade payables (note 14)	403,816	10,403
Other payables (note 14)	200,074	1,610
Lease liabilities (note 16)	26,030	-
Accruals (note 14)	415,856	337,147
	1,045,776	349,160

In the view of management, all of the above financial liabilities' carrying values approximate to their fair values as at 31 December 2019 and 2018.

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).

18. 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 10, 11, 14, 15, 16, 17 and 19.

Liquidity risk

Liquidity risk is dealt with in note 19 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 with a minimum investment grade credit rating.

The Group's total credit risk amounts to the total of other receivables and cash and cash equivalents. Credit assessments are routinely reviewed on all of the Group's joint venture partners and other counterparties.

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 as at 31 December 2019.

Foreign exchange risk

The Group is exposed to foreign exchange movements on monetary assets and liabilities denominated in currencies other than USD. The Group's transactions are carried out in GBP, EUR and USD. Equity funding transactions are carried out in GBP. Operational transactions are carried out predominantly in USD but also in GBP and EUR.

The monetary assets and liabilities denominated in currencies other than USD are e relatively immaterial (see notes 10 and 11) 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.

19. 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 2019 and 2018, on the basis of their earliest possible contractual maturity.

	Total $	Payable on demand $	Within 2 months $	Within 2 -6 months $	Within 6 – 12 months $	Within 1-2 years $
At 31 December 2019						
Trade payables	403,816	-	403,816	-	-	-
Other payables	200,074	200,074	-	-	-	-
Lease liabilities	26,446	-	17,631	8,815	-	-
Accruals	415,856	-	-	415,856	-	-
	1,046,192	200,074	421,447	424,671	-	-
At 31 December 2018						
Trade payables	10,403	-	10,403	-	-	-
Other payables	1,610	1,610	-	-	-	-
Accruals	337,147	-	-	337,147	-	-
	349,160	1,610	10,403	337,147	-	-

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

20. Capital management

The Group's capital management objectives are:

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

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:

	2019 $	2018 $

Equity	9,105,601	10,711,950
Cash and cash equivalents	(1,275,537)	(5,149,907)
	7,830,064	5,562,043

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.

21. 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 2017	11,558
Loans repaid	(11,402)
Foreign exchange differences	(156)
At 31 December 2018	-
Loans repaid	-
At 31 December 2019	-

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

22. Financial commitments

As at 31 December 2019, the Group's commitments comprise their exploration expenditure interests in Waddock Cross, Crown, Colter, Po Valley and the Walton-Morant licence. These commitments have been summarised below:

Exploration licence	Year ending 31 December 2019 $	Year ending 31 December 2020 $
Crown	107,045	9,952
Colter	1,067,590	6,774
Walton-Morant licence	751,676	103,407
Po Valley	75,377	177,883
Waddock Cross	47,039	47,314
	2,048,727	345,330

23. Ultimate controlling party

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

24. Events after the balance sheet date

1. On 28 February 2020 the company announced that it has completed the acquisition of Rockhopper Egypt Pty Ltd. from Rockhopper Exploration plc. The Acquisition, which has an effective date of 1st January 2019, includes a 22% non-operating interest in the producing Abu Sennan concession, onshore Egypt.

   The consideration for the Acquisition was US$16 million (approximately £13 million) which was being funded by:

   - the issue to Rockhopper PLC of 114,503,817 Consideration Shares at 3 pence per Ordinary Share representing 18.5% of the Company's Enlarged Ordinary Share Capital,
   - a pre-payment financing structure of US$8 million provided by BP ('the BP Facility') and
   - the issue of 150,616,669 Placing Shares at 3 pence per share with certain existing and new investors and 8,419,498 Subscription Shares also at 3 pence per share.

   Consideration Shares held by Rockhopper in United are subject to certain lock-up and orderly market disposal provisions for a period of up to 12 months from completion.

   This deal and its financial impacts are transformational for the company. At 31 December 2019 the acquired company had net assets of $15.9m and generated profits of $2.4m in 2019.

	$'000
Intangible exploration and evaluation assets	3,012
Property, plant and equipment	11,764
Inventories	67
Other receivables	3,082
Other payments	-2,000
	15,925

	$'000
Revenue's	7,637
Cost of sales	4,629
Administration & other costs	635
Profits	2,373

Post year-end, gross production has continued to increase upwards from early 2019 levels of 5,000 boepd to over 8,500 boepd in May 2020 (1,870 boepd to United's working Interest), with the ASH-2 well coming on stream in Q1.
Even at the current levels of lower commodity prices, the Abu Sennan assets remain on track to add significant revenue, profits and cashflow to United in 2020. Proactive measures have been taken by the joint venture partners including the deferral of three of the four wells in the 2020 campaign and further optimization of the Capital and Operating expenditure budgets is being considered.

2. On the 12 March 2020 UOG announced that further to the Rockhopper acquisition and readmission of shares announcement of 28 February 2020, the Company has appointed Mr. Stewart MacDonald as Non-Executive Director of the Company.

3. Impact of COVID-19
   Directors have considered the impact of the COVID-19 pandemic and measures were taken in response to the situation and oil-price volatility.

   The Company is going forward with an awareness that, due to the COVID-19, the low oil price and decline in oil and gas demand may sustain. Both human and economic impact has been very significant so far and at this point the long-term effect is uncertain. United has published a statement regarding the fall of Brent oil price in March and April, underlining the facts and efforts that management and staff are making to maintain the company's operations.

   Proactive measures taken by United and its partners to reduce near-term Capex commitments during current oil-price uncertainty and the impact of Covid-19

- Deferral of Italian Capex improves cash flow and moves expected first gas slightly to H1 2021
- Deferral of Egyptian Capex reduces 2020 infill campaign from 4 to 1 well, significantly reducing gross 2020 Capex estimates. Further optimisation of the Capex and Opex budgets is being considered.
- Completion of post-Egyptian-acquisition licence review sees divestment plans for selected non-core assets in the Wessex Basin and a decision not to exercise the farm-in option in Benin
- Substantial cut in administrative expenditure resulting in further cost savings

Measures taken to minimise the impact of oil-price uncertainty and Covid-19 will help safeguard the company during the current industry challenges, with the aim of putting it in a position to take advantage of future opportunities
The Company's pre-payment facility with BP is based on a floor price of $60/bbl for c.6,600 bbls of crude oil production per month for the next thirty months. This provides downside price protection by effectively hedging this portion of production. Coupled with this, c. 20% of United's net production is gas which is sold under a fixed contract that is relatively insensitive to oil-price changes.

Company Balance Sheet as at 31 December

	Notes	2019	2018
Assets		**£**	**£**
Non-current assets			
Investments	2	1,554,810	1,554,810
Current assets			
Trade and other receivables	3	7,353,155	8,976,635
Cash and cash equivalents	4	854,670	-
		8,207,825	8,976,635
Total Assets		9,762,635	10,531,445
Equity and liabilities			
Capital and reserves			
Share capital	7	3,456,140	3,456,140
Share premium		7,486,946	7,486,946
Share-based payment reserve		1,212,326	1,114,636
Retained earnings:			
Opening retained earnings		(1,664,378)	(1,142,052)
Loss for the year		(1,911,754)	(522,326)
Total retained earnings		(3,576,132)	(1,664,378)
Shareholders' funds		8,579,280	10,393,344
Current liabilities			
Trade and other payables	5	1,009,816	108,101
Current tax payable		143,539	-
Deferred shares		30,000	30,000
Total liabilities		1,183,355	138,101
Total equity and liabilities		9,762,635	10,531,445

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

The financial statements were approved by the Board of Directors and authorised for their issue on 28 May 2020 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 2019					
Balance at 1 January 2019	3,456,140	7,486,946	1,114,636	(1,664,378)	10,393,344
Profit for the financial year	-	-	-	(1,911,754)	(1,911,754)
Total comprehensive income	-	-	-	(1,911,754)	(1,911,754)
Transactions with owners:					
Share based payments	-	-	97,690	-	97,690
Balance at 31 December 2019	3,456,140	7,486,946	1,212,326	(3,576,132)	8,579,280
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	659,143	-	5,066,435
Balance at 31 December 2018	3,456,140	7,486,946	1,114,636	(1,664,378)	10,393,344

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 2019

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 2019 was £1,911,754 (2018: £522,326).

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 Directors' recent forecasts demonstrate that the Group will meet its day-to-day working capital and financial commitments over the forecast period (being at least 12 months from the date the financial statements were approved) from the cash held on deposit and planned oil and gas revenue from Abu Sennan in 2020, as further opportunities arise and the portfolio continues to grow in line with group strategy. This base case forecast is inclusive of the lower oil prices that are forecast well into 2021, primarily as a result of the global oil supply and demand dynamics and the COVID-19 pandemic. The Group has been able to defer a significant portion of the budgeted capital expenditure programme for 2020 and taken other measures to reduce the running costs of the business, which combined will protect the Group cashflows. Management have also considered some additional downside scenarios including a case where a significant contingent consideration receipt relating to the Crown disposal due in late 2020 is not received within the forecast period, and if realised would place doubt on the ability to fund the business for 12 months from the current cash reserves and projected oil and gas revenues from Egypt.

Some mitigating actions have been considered in the event that the downside scenario was realised and include further divestment of the portfolio, potential restructuring of debt arrangements and a further equity raise.

The Group has sufficient funding to meet planned financial commitments in relation to operational activities and a level of contingency, and as a result the directors continue to adopt the going concern basis of accounting in preparing the financial statements. However, in the downside scenario discussed, and without the successful implementation of mitigating actions, a material uncertainty does exist that may affect the ability of the company to continue as a going concern. The consolidated financial statements have not been adjusted for the scenario where the Group is not a going concern.

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

Recognition and derecognition

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

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

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

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:
- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVOCI or FVTPL.

The classification is determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets
Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions:
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Impairment of Financial Assets
In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model to be applied. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on trade receivables.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL.

Classification and measurement of financial liabilities
The Company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company 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 contingent consideration designated at FVTPL, which is 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 finance income.

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 2018	1,554,910
Transfer of investment to subsidiary	(100)
As at 31 December 2018	1,554,810
Additions	-
As at 31 December 2019	1,554,810

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

3. Trade and other receivables

	2019 £	2018 £
Amounts due from group undertakings	4,912,536	8,886,506
Crown disposal proceeds due	2,148,045	-
Other tax receivables	46,983	-
Prepayments	245,591	90,129
	7,353,155	8,976,635

Amounts due from group undertakings represent all intercompany receivables after the deduction of impairment provisions of £1,645,436 from UOG Colter Limited in relation to the Colter well costs, and £719,370 from UOG Ireland Limited.

4. Cash and cash equivalents

	2019 £	2018 £
Cash at bank	854,670	-

5. Trade and other payables

	2019 £	2018 £
Trade payables	165,527	-
Amounts due to group undertakings	453,501	-
Other payables	142,315	-
Accruals	248,473	108,101
	1,009,816	108,101

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:

			2019
	No	Share capital £	Share premium £
Ordinary shares of £0.01 each			
At 1 January and 31 December 2019	345,613,985	3,456,140	7,486,946

			2018
	No	Share capital £	Share premium £
Ordinary shares of £0.01 each			
At 1 January 2018	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

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

8. Events After the Balance Sheet Date

See note 24 of the Notes to the Consolidated Financial Statements.

COMPANY INFORMATION

Directors	Graham Martin (Chairman) Brian Larkin David Quirke Jonathan Leather Alberto Cattaruzza Stewart Macdonald
Company secretary	David Quirke
Registered number	09624969
Registered office	200 Strand, London, WC2R 1DJ
Nominated Advisor	Beaumont Cornish 10th Floor, 30 Crown Place London, EC2A 4EB
Joint Brokers	Optiva Securities 2 Mill Street London, W1S 2AT Cenkos Securities plc 6-8 Tokenhouse Yard London, EC2R 7AS
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