

**U.S. Oil and Gas Plc**

**Annual Report and Financial Statements**

*for the period ended 31 July 2015*

# U.S. Oil and Gas Plc

## *Contents*

	<i>Page</i>
Directors and other information	1
Chairman's Statement	3
Directors' Report	6
Independent Auditors' Report	12
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	17
Company Statement of Financial Position	18
Consolidated Statement of Cash Flows	19
Company Statement of Cash Flows	20
Consolidated Statement of Changes in Equity	15
Company Statement of Changes in Equity	16
Notes to the Financial Statements	21

# U.S. Oil and Gas Plc

## *Directors and other information*

<b>Directors</b>	Brian McDonnell Paul O'Callaghan Peter Whelan Karim Akrawi Brian McBeth	(Chief Executive Officer / Chairman) (Non Executive Officer) (Resigned 19 June 2015) (Non Executive Officer) (Non Executive Officer) (Non Executive Officer) Appointed 20th October 2015
<b>Registered Office &amp; Business Address</b>	Alexandria House The Sweepstakes Ballsbridge Dublin 4	
<b>Secretary</b>	Brian McDonnell	
<b>Secretarial Services</b>	Byrne Wallace Solicitors 87-88 Harcourt Street Dublin 2	
<b>Auditors</b>	LHM Casey McGrath Limited Chartered Certified Accountants Statutory Audit Firm 6 Northbrook Road Dublin 6	
<b>Bankers</b>	Bank of Ireland Phibsborough Dublin 7  Bank of America 401 Virginia St. Reno NV 89501	
<b>Solicitors</b>	Byrne Wallace 87-88 Harcourt Street Dublin 2	
<b>Corporate Advisors</b>	Alexander David Securities Limited 49 Queen Victoria Street London EC4N 4SA	
<b>Registrars</b>	Computershare Investor Services (Ireland) Limited Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18	

## **U.S. Oil and Gas Plc**

**Registered Number** 471932 Republic of Ireland

**Date of Incorporation** 15 June 2009

**Website:** [www.usoil.us](http://www.usoil.us)

# U.S. Oil and Gas Plc

## Chairman's Statement

*for the period ended 31 July 2015*

The Company is pleased to report its final results for the period ended 31 July, 2015.

### Corporate Highlights

- Continuing dialogue with partners
- Relisting by GXG Markets and GXG closure
- Funds raised \$414k
- Retirement of Paul O'Callaghan
- Appointment of Independent Non-Executive Director

### Operational Highlights

- Additional data acquired
- Reservoir modelling study completed
- Further surveys planned

### Financial Highlights

- Administration expenses \$502,377 (2014: \$492,025). The decrease in expenditure was primarily due to reduced exploration activity over the period and reduced administration costs.
- Total comprehensive loss \$501,958 (2014: \$491,591); and cash and cash equivalents \$379,867 (2014: \$519,240). As a result of VAT refunds the cash and cash equivalents on hand as at 31 July 2015 amount to just over \$359K. The Company is debt-free.

### Review of the period ended 31 July 2015

#### Suspension from GXG Markets, restoration of trading, closure of GXG

GXG Markets suspended the trading of the Company's securities with effect December 16, 2014, citing 'the protection of investors.' The suspension was later shown by an Independent Due Diligence Report requested by GXG to have been entirely unjustified, and the Company's shares were readmitted to trading on 26 May 2015. However, for a six month period the suspension precluded any fund-raising activities whatsoever and negatively affected partnership discussions and other essential corporate activities.

On 18 August 2015, GXG Markets ceased operations, leaving US Oil without a trading platform. The Company is now seeking a listing on a fully recognised market and has made excellent progress towards satisfying various admission requirements.

#### Partnership Discussions

The first months of the period saw intense discussions continue with a prospective industry partner, however the pace of progress in this endeavour slowed considerably as the oil price crisis developed in late 2014. The Company's suspension of trading from the GXG Market further retarded the negotiations.

In the three months to November 2014, oil prices declined 30% and since June 2014 oil prices have more than halved. This followed on from a period of intensive cost-cutting and consolidation in the industry throughout 2014. Currently, risk aversion in the industry is extremely high, slowing progress towards the industry partnership the Company seeks for a large-scale exploration programme. However, discussions potential partners are continuing, and in the meantime the Company has made significant advances in its operational and corporate agendas.

The Board is confident that the considerable progress made in recent months will allow US Oil to move forward rapidly on both corporate and exploration fronts irrespective of broader industry conditions.

## **U.S. Oil and Gas Plc**

### **Share placing**

On May 29 2015, the Company announced it had placed 1,111,112 New Ordinary Shares (the "Placing Shares") at a price of STG 0.27 per share (the "Placing Price") to raise gross proceeds of circa \$414,000. The purpose of the placing was to strengthen the Company's working capital base, and the success of that placing is a tribute to the high level of confidence placed in the Company by investors.

### **Retirement of Director**

On June 19 2015. Mr. Paul O'Callaghan retired as a Director of the Company. Paul joined the company in 2012 and made an outstanding contribution to the work of the Board. On behalf of the Board and shareholders, I want to thank him for his insight and unwavering support for the Company and wish him well in his retirement. Paul has agreed to continue working with the Company on a consultancy basis, and the Board looks forward to continuing to benefit from his experience.

### **Appointment of Independent Non-Executive Director**

On 21 October 2015 Mr. Brian McBeth was appointed to the Board as an Independent Non-executive Director. Dr. McBeth has held numerous posts in the resources sector. He was the Senior Oil Analyst for Cominvest, the asset management arm of Commerzbank AG, as well as consultant to The Oxford Institute for Energy Studies, The Economist Intelligence Unit, and the London School of Economics. Dr. MacBeth is a widely respected industry professional, and I am confident the Company will benefit enormously from his experience and perspective.

### **Operational Highlights**

The Company has made significant progress in preparation for further drilling. Additional 2-D seismic data was acquired and analysed, and a comprehensive modelling study of the reservoir associated with the Eblana #1 drill was undertaken to compliment the completed basin modelling study. The quality of the data was excellent and the technical team did an outstanding job producing a detailed and highly informative picture of the underlying structure by integrating this and all previously collected data. The Company is now in an excellent position from a technical point of view to initiate further drilling.

The Board believes that the status of the Hot Creek Valley oil play as a conventional play, with concomitant low costs of recovery, remains a potentially valuable asset even in the prevailing oil price environment. In addition, the cost of drilling and services and fallen dramatically, increasing the viability of further exploration. In Hot Creek Valley, we have the prospect that even limited further drilling could potentially raise 19.2 mmbbl Contingent Resources to Reserves. Such a development would potentially increase the Company's asset value by orders of magnitude.

### **Outlook**

The period of the GXG suspension was an extremely difficult period for the Board and for shareholders. An enormous burden of additional work was imposed on Company personnel during this time. However, the integrity of the Company, its officers and its statements was fully endorsed by the Due Diligence process. The Board and shareholders should derive considerable satisfaction from that outcome.

## **U.S. Oil and Gas Plc**

In spite of the GXG issue and current industry difficulties, the Company has made significant and exciting operational progress. Our understanding of the reservoir targeted by Eblana #1 has been substantially advanced, and we are very encouraged about the opportunity in Hot Creek Valley. We are determined to advance our exploration agenda significantly in the coming months.

**Brian McDonnell**  
**Chairman**

# **U.S. Oil and Gas Plc**

## **Directors' Report**

*for the period ended 31 July 2015*

The Directors present their Annual Report and the audited consolidated financial statements for the period ended 31 July 2015 for U.S. Oil and Gas Plc ("the Company") and its subsidiary, Major Oil International LLC (collectively "the Group").

## **Principal Activity**

The principal activity of the Company is oil and gas exploration and development.

## **Review of Business and Future Development**

A review of activities for the period and future prospects of the Group is contained in the Chairman's Statement.

## **Principal Risks and Uncertainties**

The Group's activities are carried out in North America. Accordingly the principal risks and uncertainties are considered to be the following:

### ***Exploration Risk***

Exploration and development activities may be delayed or adversely affected by factors outside the Group's control, in particular; climatic conditions, existence of commercial deposits of oil and gas, unknown geological conditions; remoteness of location; actions of host governments or other regulatory authorities (relating to, inter alia, the grant, maintenance or renewal of any required authorisations, environmental regulations or changes in law).

### ***Commodity Price Risk***

The demand for, and price of, oil and gas is dependent on global and local supply and demand, actions of governments or cartels and general global economic and political developments.

### ***Political Risk***

The Group may be subject to political, economic and other uncertainties, including but not limited to terrorism, military repression, war or unrest, changes in national laws and energy policies and exposure to less developed legal systems.

### ***Currency Risk***

Although the reporting currency is the US dollar (US\$), which is the currency most commonly used in the pricing of commodities and for significant exploration and production costs, other expenditure (in particular central administrative costs) and equity funding may be denominated in other currencies, being Euro (€) and Sterling (Stg£) respectively, thus creating currency exposure.

### ***Financial Risk***

Financial risk is addressed in Note 18 to these financial statements

## **Share Price**

The share price movement in the period ranged from a low of Stg£0.17 to a high of Stg£0.48. The share price was £0.25 at 18th August 2015.

## **Share Trading Platform**

The company's shares were traded on the GXG Markets Multilateral Trading Facility ("MTF") in London.

In August 2015, the GXG market relinquished its Danish market operator licenses and ceased operations. US Oil and Gas plc is now seeking a listing on an alternative recognised exchange.

## **Results and Dividends**

The loss for the period after providing for depreciation and taxation amounted to \$501,958 (2014 : \$491,591). All exploration and development costs to date have been deferred and therefore the Directors do not recommend the payment of a final dividend.

# U.S. Oil and Gas Plc

## Directors' Report

for the period ended 31 July 2015

### Directors

In accordance with the Articles of Association, at the next Annual General Meeting to be held Brian McBeth and Brian McDonnell will retire and being eligible offer himself for re-election.

### Directors and Secretary and their Interests

The interests (all of which are beneficial) of the directors and secretary and their families who held office at 31 July 2015 in the share capital of the Company were:

	Ordinary shares		
	18 Jan '16	31 Jul '15	1 Oct '14
<b>Directors</b>			
Brian McDonnell	3,913,234	3,913,234	3,913,234
Peter Whelan	564,118	564,118	564,118
Karim Akrawi	100,000	100,000	100,000
<b>Secretary</b>			
Brian McDonnell	3,913,234	3,913,234	3,913,234

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

	<i>Vested at 1 Oct '14 No.</i>	<i>Movement during the year No.</i>	<i>Vested at 31 Jul '15 No.</i>
Brian McDonnell	895,000	-	895,000
Peter Whelan	565,000	-	565,000
Karim Akrawi	535,000	-	535,000

### Transactions Involving Directors

There have been no contracts or arrangements of significance during the period in which the Directors of the Company were interested other than as disclosed in Notes 15 and 17 to the financial statements.

### Significant Shareholders

The Company has been informed that, in addition to the interests of the Directors, as at 31 July 2015 and the date of this report, the following shareholders own 3% or more of the issued share capital of the Company:

	Percentage of Issued share capital	
	18 Jan '16	31 Jul '15
Jim Nominees Limited	21.32%	21.27%
Davycrest Nominees	12.75%	12.75%
Aurum Nominees Limited	4.43%	4.43%
Redmayne (Nominees) Ltd	3.97%	3.95%
Lawshare Nominees	3.79%	3.79%
Goodbody Stock Brokers	3.14%	3.15%

The Directors are not aware of any other holding of 3% or more of the share capital of the Company.

### Shares in Treasury

At 31 July 2015 the Company held 717,612 (2014 : 717,612) ordinary shares "in Treasury".

# **U.S. Oil and Gas Plc**

## **Directors' Report**

*for the period ended 31 July 2015*

### **Subsidiary Undertakings**

Details of the Company's subsidiary are set out in Note 10 to the financial statements.

### **Political Donations**

The Company did not make any political donations during the period. (2014: \$Nil)

### **Statement of Directors' Responsibilities**

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

Company law in the Republic of Ireland requires the Directors to prepare Group and parent company financial statements for each financial period. As permitted by company Law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU (EU IFRS) and have elected to prepare the financial statement in accordance with EU IFRS, as applied in accordance with the provisions of the Companies Act 2014.

The Group and company financial statements are required by law and EU IFRS to present fairly the financial position and performance of the Group and company. The Companies Acts provide, in relation to such financial statements, that references in the relevant part of the Acts to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company, and the Group as a whole, will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited.

They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **U.S. Oil and Gas Plc**

## **Directors' Report**

*for the period ended 31 July 2015*

### **Going Concern**

As further discussed in Note 2, the Directors have reviewed budgets, projected cash flows and other relevant information, and on the basis of this review, and having made the appropriate enquiries, are confident that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future.

The future of the Company and the Group is also dependent on the successful future outcome of its exploration interests and the availability of future funding to bring these interests to production.

The Directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. Consequently, they consider that it is appropriate to prepare the financial statements on a going concern basis.

### **Corporate Governance**

The Directors are committed to maintaining the highest standards of corporate governance commensurate with the size, stage of development and financial status of the Group.

### **The Board**

The Board is responsible for the supervision and control of the Group and is accountable to the shareholders. The Board has reserved decision-making on a variety of matters, including determining strategy for the Group, reviewing and monitoring executive management performance and monitoring risks and controls.

The Board currently has four Directors, comprising one executive Director and three non-executive Directors. The Board met formally on five occasions during the period ended 31 July 2015. An agenda and supporting documentation was circulated for these meetings. All the Directors bring independent judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experiences in the industry.

### **Audit Committee**

The Audit Committee comprises Brian McDonnell and Peter Whelan. It may examine any matters relating to the financial affairs of the Group and the Group's audits. This includes reviews of the annual financial statements and announcements, internal control procedures, accounting procedures, accounting policies, the appointment, independence, objectivity, terms of reference and fees of external auditors and such other related functions as the Board

### **Remuneration Committee**

The Remuneration Committee comprises Brian McDonnell and Peter Whelan. It determines the terms and conditions of employment and annual remuneration of the executive directors. It consults with the Chairman, takes into consideration external data and comparative third party remuneration and has access to professional advice outside the Company.

The key policy objectives of the Remuneration Committee in respect of the Company's executive directors and other senior executives are:

- to ensure that individuals are fairly rewarded for their personal contribution to the Company's overall performance; and
- to ensure that due regard is given to the interest of the Company's shareholders and to the financial and commercial health of the Company.

# U.S. Oil and Gas Plc

## Directors' Report

for the period ended 31 July 2015

Directors' Remuneration during the period ended 31 July 2015 was as follows:

	2015	2014
	\$	\$
Remuneration and other emoluments - Executive Director	86,957	123,848
Remuneration and other emoluments - Non- Executive Directors	10,525	76,000
Share based payments	-	-
	<u>97,482</u>	<u>199,848</u>

## Nominations Committee

At present, as the Board of Directors is small, no formal nomination committee has been established. The authority to nominate new Directors for appointment vests in the Board of Directors. All Directors co-opted to the Board during any financial period are subject to election by shareholders at the first opportunity following their appointment. Consideration to setting up a nominations committee is under continuous review.

## Internal Control

The Board is responsible for maintaining the Group's system of internal control to safeguard shareholders investments and Group assets.

The Directors have overall responsibility for the Group's system of internal control and have delegated responsibility for the implementation of this system to Executive Management. This system includes financial controls that enable the Board to meet its responsibilities for the integrity and accuracy of the Group's accounting records.

The Group's system of internal financial control provides reasonable, though not absolute assurance that assets are safeguarded, transactions authorised and recorded properly and that material errors or irregularities are either prevented or detected within a timely period. Having made appropriate enquiries, the Directors consider that the system of internal financial, operational and compliance controls and risk management operated effectively during the period covered by the financial statements and up to the date on which the financial statements were signed.

The internal control system includes the following key features, which have been designed to provide internal financial control appropriate to the Group's businesses:

- budgets are prepared for approval by the Board
- expenditure and income are compared to previously approved budgets;
- a detailed investment approval process which requires Board approval of all major capital projects and regular review of the physical performance and expenditure on these projects.
- all commitments for expenditure and payments are compared to previously approved budgets and are subject to approval by personnel designated by the Board of Directors.
- cash flow forecasting is performed on an ongoing basis to ensure efficient use of cash resources.
- the Directors, through the Audit Committee, review the effectiveness of the Group's system of internal financial control.

## Accounting records

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285, Companies Act 2014, regarding adequate accounting records are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books and accounting records of the company are maintained at Alexandria House, The Sweepstakes, Ballsbridge, Dublin 4.

# **U.S. Oil and Gas Plc**

## **Directors' Report**

*for the period ended 31 July 2015*

### **Disclosure of Information to Auditors**

Each of the persons who are directors at the time when this Director's Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Post Balance Sheet Events**

In August 2015, GXG Markets communicated that it was voluntarily relinquishing its Danish market operator licenses and is terminating its agreements with issuing companies with effect from 18 August 2015, investors in US Oil & Gas Plc will, therefore, no longer be able to trade in the Company's securities on GXG Markets.

The inconvenience caused to the shareholders by these developments is regrettable and the Board wishes to repeat its assurance that all steps are being taken to list on another regulated exchange. The Board has been working intensively to this end and expects a positive outcome in due course.

The Board wishes to emphasise that various aspects of the admissions process are not under the Company's direct control, therefore a timeline for listing cannot be provided at this point. However, the Board is making every effort to expedite the process in the interests of the Company and shareholders.

### **Auditors**

LHM Casey McGrath Limited have indicated their willingness to continue in office in accordance with the provisions of Section 383(2) of the Companies Act 2014.

### **On behalf of the board**

**Brian McDonnell**  
Director

**Peter Whelan**  
Director

# **U.S. Oil and Gas Plc**

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

We have audited the Group and Company financial statements (the "financial statements") of U.S. Oil and Gas Plc for the period ended 31 July 2015 which comprise of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

This report is made solely to the Company's members as a body in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in the audit 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 or the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statement sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements for the period ended 31 July 2015 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion:

- the Group and Company financial statements give a true and fair view of the assets, liabilities and financial position of the Group and the Company as at 31 July 2015 and of the of the Group for the period then ended; and
- the parent company statement of financial position has been properly prepared in accordance with IFRS's as adapted by the European Union; and
- the financial statements have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the Companies Act 2014.

# **U.S. Oil and Gas Plc**

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

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### **Emphasis of Matter - Going concern**

In forming our opinion on the financial statements, which is not modified, we considered:

- (a) the adequacy of disclosures made in Note 9 to the financial statements in relation to the Directors' assessment of the carrying value of the Group's deferred exploration costs amounting to \$5,173,729;
- (b) the adequacy of the disclosures made in Note 2 to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a net loss of \$501,958 for the period ended 31 July 2015.

These conditions indicate the existence of material uncertainty which may cast doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

### **Matters on which we are required to report by the Companies Act 2014**

- We have obtained all the information and explanations which we considered necessary for the purpose of our audit
- In our opinion the accounting records of the company were sufficient to permit the parent company financial statements to be readily and properly audited.
- The parent company Statement of Financial Position is in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

### **Matters on which we are required to report by exception:**

We have nothing to report in respect of the provisions of the Companies Act 2014 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

**Fergal McGrath**  
**Statutory auditor**  
**For and on behalf of**

## **LHM Casey McGrath Limited**

Chartered Certified Accountants  
Statutory Audit Firm  
6 Northbrook Road,  
Dublin 6,  
Ireland.

Date: 22 January 2016

# U.S. Oil and Gas Plc

## Consolidated Statement of Comprehensive Income for the period ended 31 July 2015

	<i>Notes</i>	1 Oct '14 to 31 Jul '15 \$	1 Oct '13 to 30 Sep '14 \$
<b>Continuing Operations</b>			
Administrative expenses		(502,377)	(492,025)
<b>Operating loss</b>		<u>(502,377)</u>	<u>(492,025)</u>
Finance Income	5	<u>419</u>	<u>434</u>
<b>Loss for the period before taxation</b>	4	<u>(501,958)</u>	<u>(491,591)</u>
Income tax expense	7	<u>-</u>	<u>-</u>
<b>Loss for the period from continuing operations</b>		<u>(501,958)</u>	<u>(491,591)</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
<b>Total Comprehensive Loss for the period</b>		<u>(501,958)</u>	<u>(491,591)</u>
<b>Loss attributable to:</b>			
Equity holders of the Company		<u>(501,958)</u>	<u>(491,591)</u>
<b>Total Comprehensive Loss attributable to:</b>			
Equity holders of the Company		<u>(501,958)</u>	<u>(491,591)</u>
<b>Earnings per share from continuing operations</b>			
Basic and diluted loss per share (cent)	8	<u>1.20</u>	<u>(1.18)</u>

All activities derive from continuing operations. All losses and total comprehensive loss for the period and the preceding period are attributable to the owners of the Company.

The company has no recognised gains or losses other than those dealt with in the Statement of Comprehensive Income.

The accompanying notes on pages 24 to 23 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 22 January 2016 and signed on its behalf by:

**Brian McDonnell**  
Director

**Peter Whelan**  
Director

## U.S. Oil and Gas Plc

### Consolidated Statement of Changes in Equity for the period ended 31 July 2015

	Share Capital	Share Premium	Treasury Shares	Share Based payment Reserve	Retained Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 October 2013	5,670	9,742,553	102	168,305	(3,943,322)	5,973,308
<b>Total comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(491,591)	(491,591)
Total comprehensive income for the year	-	-	-	-	(491,591)	(491,591)
<b>Transactions with owners, recorded directly in equity</b>						
Total transactions with owners	-	-	-	-	-	-
Balance at 30 September 2014	5,670	9,742,553	102	168,305	(4,434,913)	5,481,717
Balance at 1 October 2014	5,670	9,742,553	102	168,305	(4,434,913)	5,481,717
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	-	-	(501,958)	(501,958)
Total comprehensive income for the period	-	-	-	-	(501,958)	(501,958)
<b>Transactions with owners, recorded directly in equity</b>						
Shares issued	147	504,888	-	-	-	505,035
Total transactions with owners	147	504,888	-	-	-	505,035
<b>Balance at 31 July 2015</b>	<b>5,817</b>	<b>10,247,441</b>	<b>102</b>	<b>168,305</b>	<b>(4,936,871)</b>	<b>5,484,794</b>

Net equity is attributable to the holders of the ordinary shares in the Group.

The accompanying notes on pages 24 to 23 form an integral part of these financial statements.

The financial statements were approved by the board of Directors on 22 January 2016 and signed on its behalf by

**Brian McDonnell**  
Director

**Peter Whelan**  
Director

## U.S. Oil and Gas Plc

### Company Statement of Changes in Equity for the period ended 31 July 2015

	Share Capital	Share Premium	Treasury Shares	Share Based Payment Reserve	Retained Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 October 2013	5,670	9,742,553	102	168,305	(2,726,713)	7,189,713
<b>Total comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(287,706)	(287,706)
Total comprehensive income for the year	-	-	-	-	(287,706)	(287,706)
<b>Transactions with owners, recorded directly in equity</b>						
Shares issued	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at 30 September 2014	5,670	9,742,553	102	168,305	(3,014,419)	6,902,007
Balance at 1 October 2014	5,670	9,742,553	102	168,305	(3,014,419)	6,902,007
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	-	-	(452,695)	(452,695)
Total comprehensive income for the period	-	-	-	-	(452,695)	(452,695)
<b>Transactions with owners, recorded directly in equity</b>						
Shares issued	147	504,888	-	-	-	505,035
Total transactions with owners	147	504,888	-	-	-	505,035
<b>Balance at 31 July 2015</b>	<b>5,817</b>	<b>10,247,441</b>	<b>102</b>	<b>168,305</b>	<b>(3,467,114)</b>	<b>6,954,347</b>

Net equity is attributable to the holders of the ordinary shares in the Group.

The accompanying notes on pages 24 to 23 form an integral part of these financial statements.

The financial statements were approved by the board of Directors on 22 January 2016 and signed on its behalf by

**Brian McDonnell**  
Director

**Peter Whelan**  
Director

# U.S. Oil and Gas Plc

## Consolidated Statement of Financial Position

as at 31 July 2015

	<i>Notes</i>	31 Jul '15 \$	30 Sep '14 \$
<b>Assets</b>			
<b>Non-Current Assets</b>			
Intangible Assets	9	<u>5,173,729</u>	<u>5,173,729</u>
Total Non-Current Assets		<u>5,173,729</u>	<u>5,173,729</u>
<b>Current Assets</b>			
Trade and other receivables	11	<u>87,826</u>	74,861
Cash and cash equivalents	12	<u>379,867</u>	<u>519,240</u>
Total Current Assets		<u>467,693</u>	<u>594,101</u>
<b>Total Assets</b>		<u><u>5,641,422</u></u>	<u><u>5,767,830</u></u>
<b>Equity</b>			
<b>Capital and Reserves</b>			
Share capital presented as equity	14	<u>5,715</u>	5,568
Share premium	14	<u>10,247,441</u>	9,742,553
Treasury shares	14	<u>102</u>	102
Share based payments reserve	15	<u>168,305</u>	168,305
Retained Loss	16	<u>(4,936,871)</u>	<u>(4,434,913)</u>
Attributable to owners of the Company		<u>5,484,692</u>	<u>5,481,615</u>
Total Equity		<u>5,484,692</u>	<u>5,481,615</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	<u>156,730</u>	286,215
Total Current Liabilities		<u>156,730</u>	<u>286,215</u>
Total Liabilities		<u>156,730</u>	<u>286,215</u>
<b>Total Equity and Liabilities</b>		<u><u>5,641,422</u></u>	<u><u>5,767,830</u></u>

The accompanying notes on pages 24 to 23 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 22 January 2016 and signed on its behalf by:

**Brian McDonnell**  
Director

**Peter Whelan**  
Director

# U.S. Oil and Gas Plc

## Company Statement of Financial Position as at 31 July 2015

	<i>Notes</i>	31 Jul '15 \$	30 Sep '14 \$
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investments in Subsidiaries	10	14	14
Total Non-Current Assets		<u>14</u>	<u>14</u>
<b>Current Assets</b>			
Trade and other receivables	11	6,748,639	6,632,567
Cash and cash equivalents	12	359,712	445,749
Total Current Assets		<u>7,108,351</u>	<u>7,078,316</u>
<b>Total Assets</b>		<u><u>7,108,365</u></u>	<u><u>7,078,330</u></u>
<b>Equity</b>			
<b>Capital and Reserves</b>			
Share capital presented as equity	14	5,715	5,568
Share premium	14	10,247,441	9,742,553
Treasury shares	14	102	102
Share based payments reserve	15	168,305	168,305
Retained Loss	16	(3,467,114)	(3,014,419)
Attributable to owners of the Company		<u>6,954,449</u>	<u>6,902,109</u>
Total Equity		<u><u>6,954,449</u></u>	<u><u>6,902,109</u></u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	153,916	176,221
Total Current Liabilities		<u>153,916</u>	<u>176,221</u>
Total Liabilities		<u>153,916</u>	<u>176,221</u>
<b>Total Equity and Liabilities</b>		<u><u>7,108,365</u></u>	<u><u>7,078,330</u></u>

The accompanying notes on pages 24 to 23 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 22 January 2016 and signed on its behalf by:

**Brian McDonnell**  
Director

**Peter Whelan**  
Director

## U.S. Oil and Gas Plc

### Consolidated Statement of Cash Flows for the period ended 31 July 2015

	Note	1 Oct '14 to 31 Jul '15 \$	1 Oct '13 to 30 Sep '14 \$
<b>Cash flows from operating activities</b>			
Loss for the period before taxation		(502,377)	(492,025)
<b>Movement in working capital</b>			
Movement in trade and other receivables		(12,965)	112,555
Movement in trade and other payables		(129,485)	(3,858)
<b>Cash used in operations</b>		<u>(644,827)</u>	<u>(383,328)</u>
<b>Cash flows from financing activities</b>			
Proceeds of issue of share capital	14	505,035	-
<b>Net cash generated from financing activities</b>		<u>505,035</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Interest received		419	434
Expenditure on intangible assets	9	-	(83,851)
<b>Net cash used in investing activities</b>		<u>419</u>	<u>(83,417)</u>
<b>Movement in cash and cash equivalents</b>			
<b>Cash and Cash Equivalents at the beginning of period</b>	12	<u>519,240</u>	<u>985,985</u>
<b>Cash and Cash Equivalents at end of period</b>	12	<u>379,867</u>	<u>519,240</u>

The accompanying notes on pages 24 to 23 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 22 January 2016 and signed on its behalf by:

**Brian McDonnell**  
Director

**Peter Whelan**  
Director

## U.S. Oil and Gas Plc

### Company Statement of Cash Flows for the period ended 31 July 2015

	<i>Notes</i>	1 Oct '14 to 31 Jul '15 \$	1 Oct '13 to 30 Sep '14 \$
<b>Cash flows from operating activities</b>			
Loss for the period before taxation	16	(452,695)	(287,706)
<b>Movement in working capital</b>			
Movement in trade and other receivables		(116,072)	(99,442)
Movement in trade and other payables		(22,305)	(73,066)
<b>Cash used in operations</b>		<u>(591,072)</u>	<u>(460,214)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	14	505,035	-
<b>Net cash generated from financing activities</b>		<u>505,035</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
<b>Net cash used in investing activities</b>		<u>-</u>	<u>-</u>
<b>Movement in Cash and Cash Equivalents</b>			
Cash and Cash equivalents at beginning of the period	12	445,749	905,963
<b>Cash and Cash equivalents at end of period</b>	12	<u>359,712</u>	<u>445,749</u>

The accompanying notes on pages 24 to 23 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 22 January 2016 and signed on its behalf by:

**Brian McDonnell**  
Director

**Peter Whelan**  
Director

# U.S. Oil and Gas Plc

## Notes to the Financial Statements

for the period ended 31 July 2015

### 1. Statement of Accounting Policies

U.S. Oil and Gas Plc ("the Company") is a company incorporated in Ireland. The Group financial statements consolidate those of the Company and its subsidiary (together referred to as the "Group").

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and by all group entities.

#### Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the EU.

The financial statements have been prepared on the historical cost basis. The accounting policies have been applied consistently by Group entities.

#### Statement of Compliance

As permitted by the European Union, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU (IFRS). The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with the IFRSs as adopted by the EU and as applied in accordance with the Companies Acts which permits a company that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 304 of the Companies Act 2014, from presenting to its members its Company Statement of Comprehensive Income and related notes that form part of the approved Company financial statements.

The IFRSs adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective on or before 31 July 2015.

#### Standards and amendments to existing standards effective 1 October 2014

The following standards, amendments and interpretations which became effective during the period are of relevance to the Group:

Standard	Content	Effective Date
IFRS 2	Share Based Payment	1 July 2014
IFRS 3	Business Combinations	1 July 2014
IFRS 8	Operating Segments	1 July 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 12	Disclosures of Interests in Other Entities	1 January 2014
IFRS 13	Fair Value Measurement	1 July 2014
IAS 16	Property, Plant and Equipment	1 July 2014

# U.S. Oil and Gas Plc

## Notes to the Financial Statements

for the period ended 31 July 2015

IAS 19	Employee benefits	1 July 2014
IAS 24	Related Party Disclosures	1 July 2014
IAS 27	Consolidated and Separate Financial Statements	1 January 2014
IAS 32	Financial Instruments: Presentation	1 January 2014
IAS 38	Intangible Assets	1 July 2014

### Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

Standard/ Interpretation	Content	Effective Date
IFRS 7	Financial Instruments: Disclosures	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 10	Consolidated Financial Statements	1 January 2016
IFRS 11	Joint Arrangements	1 January 2016
IAS 16	Property, Plant and Equipment	1 January 2016
IAS 27	Consolidated and separate financial statements	1 January 2016
IAS 34	Interim Financial Reporting	1 January 2016
IAS 38	Intangible Assets	1 January 2016

In the period ended 31 July 2015, the Group did not early adopt any new or amended standards and do not plan to early adopt any of the standards issued but not yet effective.

### IFRS 2 Share Based Payment

The Group approved a share option plan as an incentive to certain key management and staff (including Directors). The fair value of the share options granted to the directors and employees under the Company share option scheme is recognised as an expense with a corresponding credit to the share based payment reserve. The fair value is measured at grant date and spread over the period during which the awards vest.

### Functional and Presentation Currency

The consolidated financial statements are presented in US Dollars (\$), which is the Company's functional currency.

### Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are in the following areas:

Note 9 - Intangible asset; measurement of impairment

Note 7 - Deferred Tax; utilisation of tax losses

# U.S. Oil and Gas Plc

## Notes to the Financial Statements

for the period ended 31 July 2015

### Revenue Recognition - Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### Basis of Consolidation

The consolidated financial statements comprise the financial statements of U.S. Oil and Gas Plc and its subsidiary undertaking for the period ended 31 July 2015.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intragroup balances and any unrealised gains or losses or income or expenses arising from intragroup transactions are eliminated in preparing the Group financial statements.

In the Company's own Statement of Financial Position, investments in subsidiaries are stated at cost less provisions for any permanent diminution in value.

### Intangible Assets

In accordance with International Financial Reporting Standard 6 - Exploration for and Evaluation of Mineral Resources, the Group uses the cost method of recognition. Exploration costs include licence costs, survey, geophysical and geological analysis and evaluation costs, costs of drilling and project-related overheads.

Exploration expenditure in respect of properties and licences not in production is capitalised and is carried forward in the Consolidated Statement of Financial Position under intangible assets in respect of each area of interest where:-

- (i) the operations are ongoing in the area of interest and exploration or evaluation activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; or
- (ii) such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its realisation.

When the Directors decide that no further expenditure on an area of interest is worthwhile, the related expenditure is written off or down to an amount which it is considered represents the residual value of the Group's interest therein.

### Impairment

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

# U.S. Oil and Gas Plc

## Notes to the Financial Statements

*for the period ended 31 July 2015*

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that is expected to generate cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

### **Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

### **Foreign Currencies**

Monetary assets and liabilities denominated in a foreign currency are translated into US Dollars at the exchange rate ruling at the balance sheet date, unless specifically covered by foreign exchange contracts whereupon the contract rate is used. Revenues, costs and non monetary assets are translated at the exchange rates ruling at the dates of the transactions. All exchange differences are dealt with through the Statement of Comprehensive Income.

On consolidation, the assets and liabilities of overseas subsidiaries are translated into US Dollars at the rates of exchange prevailing at the balance sheet date. Exchange differences arising from the restatement of the opening balance sheets of these subsidiary Companies are dealt with through reserves. The operating results of overseas subsidiary Companies are translated into US Dollars at the average rates applicable during the year.

# U.S. Oil and Gas Plc

## Notes to the Financial Statements

for the period ended 31 July 2015

### Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction in equity.

### Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### Financial Instruments

#### *Cash and Cash Equivalents*

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

#### *Trade and Other Receivables / Payables*

Trade and other receivables and payables are stated at cost less impairment, which approximates fair value given the short dated nature of these assets and liabilities.

### Finance Income

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as the interest accrues using the effective interest rate method to the net carrying amount of the financial asset.

### Segmental Information

In accordance with IFRS 8: Operating Segments, the Group has one principle reportable segment which is the Group's strategic business unit, which represents the exploration for oil and gas in the United States.

Other operations includes cash resources held by the Group, interest income earned and other operational expenditure incurred by the Group, which have been allocated to the United States.

### Financial Assets - Investment in Subsidiaries

Investments in subsidiaries are stated at cost and are reviewed for impairment if there are indications that the carrying value may not be recoverable.

# U.S. Oil and Gas Plc

## Notes to the Financial Statements

*for the period ended 31 July 2015*

### Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of this obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Consolidated Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### Contingencies

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefit is probable.

## 2. Going Concern

The financial statements have been prepared on the going concern basis, which assumes that U.S. Oil and Gas Plc will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the following:

- 1) The raising of additional finance to fund the exploration programme and the administrative expenses of the Company and the Group.
- 2) The successful development or disposal of Oil and Gas rights in the Groups Licence area of North America as detailed in Note 9. This is dependent on several variables including the existence of commercial deposits of oil and gas, availability of finance and the price of oil and gas.

The financial statements do not include any adjustments that would result if the development or disposal of oil and gas was not successful, and if the required additional finance was not secured. Whilst taking into consideration the uncertainties described above, the Directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

# U.S. Oil and Gas Plc

## Notes to the Financial Statements for the period ended 31 July 2015

### 3. Segment Information

In the opinion of the Directors the operations of the Group comprise one class of business, being the exploration and development of oil and gas. The Group's main operations are located within the United States. The information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment is specifically focused on the exploration areas in the United States. In the opinion of the Directors the Group has only one reportable segment under IFRS 8 'Operating Segments,' which is exploration carried out in the United States.

Information regarding the Group's reportable segments is presented below.

#### Segment Revenues and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue		Segment Loss	
	1 Oct '14 to 31 Jul '15	1 Oct '13 to 30 Sep '14	1 Oct '14 to 31 Jul '15	1 Oct '13 to 30 Sep '14
	\$	\$	\$	\$
<b>Exploration - United States</b>	-	-	(502,377)	(492,025)
Total for continuing operations	-	-	(502,377)	(492,025)
Investment income			419	434
Loss before tax (continuing operations)			(501,958)	(491,591)
Income tax expense			-	-
Loss after tax			(501,958)	(491,591)

#### Segment assets and liabilities

Segment Assets	31 Jul '15	30 Sep '14
	\$	\$
Exploration - United States	5,641,422	5,767,830
Consolidated assets	5,641,422	5,767,830
<b>Segment Liabilities</b>		
Exploration - United States	156,730	286,215
Consolidated liabilities	156,730	286,215

## U.S. Oil and Gas Plc

Notes to the Financial Statements  
for the period ended 31 July 2015

### Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	31 Jul '15	30 Sep '14	31 Jul '15	30 Sep '14
	\$	\$	\$	\$
Exploration - United States	-	-	-	83,851

### Revenue from major products and services

The Group did not receive any revenue from external customers in the current or prior year.

### Geographical information

The Group operates in two principal geographical areas - Republic of Ireland (country of residence of U.S. Oil and Gas Plc) and the United States (country of residence of Major Oil International LLC, a wholly owned subsidiary of U.S. Oil and Gas Plc).

The Group does not have revenue from external sources. Information about its non-current assets by geographical location are detailed below:

	Non-Current Assets	
	31 Jul '15	30 Sep '14
	\$	\$
Ireland	-	-
United States	5,173,729	5,173,729
	<u>5,173,729</u>	<u>5,173,729</u>

# U.S. Oil and Gas Plc

Notes to the Financial Statements  
for the period ended 31 July 2015

## 4. Statutory Information

	1 Oct '14 to 31 Jul '15	1 Oct '13 to 30 Sep '14
	\$	\$
<b>Group</b>		
<i>The loss for the financial period is stated after charging:</i>		
Loss for financial period in the Group	<u>501,958</u>	<u>491,591</u>
Loss/(Gain) on foreign currencies	10,309	(207,062)
Auditors' remuneration	21,359	27,136
Auditors' remuneration from non-audit work	5,195	11,556
<b>Company</b>		
<i>The loss for the financial period is stated after charging:</i>		
Loss for financial year in the Company	<u>391,044</u>	<u>287,706</u>
(Gain)/Loss on foreign currencies	(4,323)	(373,711)
Auditors' remuneration	21,359	27,136
Auditors' remuneration from non-audit work	5,195	11,556

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

## 5. Finance Income: Continuing Operations

	1 Oct '14 to 31 Jul '15	1 Oct '13 to 30 Sep '14
	\$	\$
Interest Revenue:		
Bank deposits	<u>419</u>	<u>434</u>
	<u>419</u>	<u>434</u>

# U.S. Oil and Gas Plc

## Notes to the Financial Statements for the period ended 31 July 2015

### 6. Employees

#### *Number of employees*

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

	1 Oct '14 to 31 Jul '15 Number	1 Oct '13 to 30 Sep '14 Number
Directors	4	4
	<u>4</u>	<u>4</u>

#### *Employment costs ( Including directors)*

	1 Oct '14 to 31 Jul '15	1 Oct '13 to 30 Sep '14
Wages and salaries	88,284	189,786
Social welfare costs	9,198	10,062
	<u>97,482</u>	<u>199,848</u>

### 6.1. Directors' emoluments

	1 Oct '14 to 31 Jul '15 \$	1 Oct '13 to 30 Sep '14 \$
Remuneration and other emoluments	97,482	199,848
	<u>97,482</u>	<u>199,848</u>

## U.S. Oil and Gas Plc

Notes to the Financial Statements  
for the period ended 31 July 2015

### 7. Income Tax Expense

	1 Oct '14 to 31 Jul '15 \$	1 Oct '13 to 30 Sep '14 \$
<b>Current tax</b>		
Current tax expense in respect of the current period	-	-
Total tax expense	-	-

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

	1 Oct '14 to 31 Jul '15 \$	1 Oct '13 to 30 Sep '14 \$
Loss from continuing operations	(501,958)	(491,591)
Income Tax expense calculated at Irish corporation tax rate of 12.5% (2014 : 12.5%)	(62,745)	(61,449)
<i>Effects of:</i>		
Investment Income taxable at a different rate	52	54
Losses available to carry forward	62,693	61,395
Income tax expense recognised	-	-

The tax rate used for the year end reconciliations above is the corporate rate of 12.5% payable by corporate entities in Ireland on taxable profits under tax law in the jurisdiction of Ireland.

At the Statement Financial Position date, the Group had unused tax losses of \$ \$4,700,679 (2014 : \$ \$4,198,721) available for offset against future profit which equates to a deferred tax asset of \$ 587,585 (2014 : \$ 524,840). No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Losses may be carried forward indefinitely.

## U.S. Oil and Gas Plc

### Notes to the Financial Statements

for the period ended 31 July 2015

#### 8. Loss per share

##### Basic earnings per share

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

	1 Oct '14 to 31 Jul '15 \$	1 Oct '14 to 30 Sep '14 \$
Loss for the year attributable to equity holders of the parent	(501,958)	(491,591)
Number of ordinary shares in issue - start of year	41,682,356	41,682,356
Effects of share issued during the year	194,445	-
Weighted average number of ordinary shares for the purposes of basic earnings per share:	41,876,801	41,682,356
Basic loss per ordinary share (cent)	(1.20)	(1.18)

##### Diluted earnings per share

There is no dilutive effect of share options on the basic loss per share.

## U.S. Oil and Gas Plc

### Notes to the Financial Statements for the period ended 31 July 2015

#### 9. Intangible assets - Group

	31 Jul '15	30 Sep '14
	\$	\$
Cost	5,173,729	5,173,729
Accumulated amortisation and impairment	-	-
	<u>5,173,729</u>	<u>5,173,729</u>

#### Exploration and Evaluation Assets

	31 Jul '15	30 Sep '14
Cost	\$	\$
At 1 October 2014	5,173,729	5,089,878
Additions	-	83,851
At 31 July 2015	<u>5,173,729</u>	<u>5,173,729</u>

The Directors have considered expenditure on exploration and evaluation activities which have been capitalised and carried at historical cost. No amortisation has been charged in the period. The Directors have reviewed the carrying value of the exploration and evaluation expenditure and consider it to be fairly stated and not impaired at 31 July 2015. The recoverability of the exploration and evaluation assets is dependent on the successful development or disposal of oil and gas in the Group's licence area.

# U.S. Oil and Gas Plc

## Notes to the Financial Statements for the period ended 31 July 2015

### 10. Financial assets - Company

	31 Jul '15	30 Sep '14
<b>Group undertakings - unlisted:</b>	\$	\$
Shares at cost	14	14
	<u>          </u>	<u>          </u>
	<b>Subsidiary</b>	
	<b>Undertakings</b>	
	<b>Shares</b>	<b>Total</b>
<b>Cost</b>	\$	\$
At 1 October 2014	14	14
Additions	-	-
	<u>          </u>	<u>          </u>
At 31 July 2015	14	14
	<u>          </u>	<u>          </u>
<b>Net book values</b>		
At 31 July 2015	14	14
	<u>          </u>	<u>          </u>
At 30 September 2014	14	14
	<u>          </u>	<u>          </u>
In respect of prior year:		
	<b>Subsidiary</b>	
	<b>Undertakings</b>	
	<b>Shares</b>	<b>Total</b>
<b>Cost</b>	\$	\$
At 1 Oct 2013	14	14
Additions	-	-
	<u>          </u>	<u>          </u>
At 30 September 2014	14	14
	<u>          </u>	<u>          </u>
<b>Net book values</b>		
At 30 September 2014	14	14
	<u>          </u>	<u>          </u>
At 30 September 2013	14	14
	<u>          </u>	<u>          </u>

In the opinion of the directors' the carrying value of the investment is appropriate.

# U.S. Oil and Gas Plc

## Notes to the Financial Statements

for the period ended 31 July 2015

At 31 July 2015 the company had the following subsidiary undertaking:

Name	Incorporated in	Main Activity	Proportion of ownership	
			31 Jul '15	30 Sep '14
Major Oil International LLC	Texas, U.S.A.	Petroleum and gas exploration	100%	100%

The aggregate capital and reserves and results from this undertaking for the last relevant financial period to 31 July 2015 was as follows:

	Capital and reserves	Loss for the year
	\$	\$
Major Oil International LLC	(1,420,484)	(49,259)

11. Trade and other receivables	Group 31 Jul '15	Group 30 Sep '14	Company 31 Jul '15	Company 30 Sep '14
	\$	\$	\$	\$
<i>Amounts falling due within one year:</i>				
Amounts owed by group undertakings	-	-	6,684,527	6,581,420
Other debtors	82,968	70,003	64,112	51,147
Prepayments	4,858	4,858	-	-
	<u>87,826</u>	<u>74,861</u>	<u>6,748,639</u>	<u>6,632,567</u>

## 12. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	Group 31 Jul '15	Group 30 Sep '14	Company 31 Jul '15	Company 30 Sep '14
	\$	\$	\$	\$
Cash at bank	379,512	518,796	359,558	445,603
Petty cash	355	444	154	146
	<u>379,867</u>	<u>519,240</u>	<u>359,712</u>	<u>445,749</u>

## U.S. Oil and Gas Plc

### Notes to the Financial Statements for the period ended 31 July 2015

13. Trade and other payables	Group 31 Jul '15 \$	Group 30 Sep '14 \$	Company 31 Jul '15 \$	Company 30 Sep '14 \$
Trade payables	62,667	154,064	59,864	117,763
Other taxes and social welfare costs	41,137	20,402	41,137	20,402
Directors Accounts	2,720	3,122	2,720	3,121
Other creditors	1,383	4,610	1,373	105
Accruals	48,823	104,017	48,823	34,830
	<u>156,730</u>	<u>286,215</u>	<u>153,917</u>	<u>176,221</u>

Some trade creditors had reserved title to goods supplied to the Company. Since the extent to which such creditors are effectively secured depends on a number of factors and conditions, some of which are not readily determinable, it is not possible to indicate how much of the above amount is secured under reservation of title.

<i>Other taxes and social welfare costs:</i>	Group 31 Jul '15 \$	Group 30 Sep '14 \$	Company 31 Jul '15 \$	Company 30 Sep '14
P.A.Y.E./P.R.S.I.	41,137	20,402	41,137	20,402
	<u>41,137</u>	<u>20,402</u>	<u>41,137</u>	<u>20,402</u>

## U.S. Oil and Gas Plc

### Notes to the Financial Statements for the period ended 31 July 2015

<b>14. Share capital presented as equity</b>	<b>31 Jul '15</b> \$	<b>30 Sep '14</b> \$		
<b>Authorised</b>				
20,000,000,000 Ordinary shares of €0.0001 each	<b>2,854,400</b>	2,854,400		
	<hr/>	<hr/>		
	<b>2,854,400</b>	2,854,400		
	<hr/> <hr/>	<hr/> <hr/>		
 <b>Issued, called up and fully paid:</b>				
	<b>No. of issued Shares</b>	<b>Share Capital \$</b>	<b>Treasury Shares \$</b>	<b>Share Premium \$</b>
<b>At 30 September 2013</b>	41,682,356	5,568	102	9,742,553
Shares issued	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2014</b>	41,682,356	5,568	102	9,742,553
Shares issued	1,296,297	147	-	504,888
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2015</b>	<b>42,978,653</b>	<b>5,715</b>	<b>102</b>	<b>10,247,441</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The issued share capital of the company at 31 July 2015 comprised of 42,978,653 Ordinary Shares of €0.0001 (\$0.00014272) each issued and fully paid of which 717,612 are held as treasury shares (30 September 2014 : 41,682,356 issued and fully paid of which 717,612 were treasury shares)

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time.

The shareholders have all voting powers and full voting rights as permitted under the applicable company laws.

On 15 June 2015 the Company completed a placing of 1,111,112 new Ordinary Shares of €0.373237 each at a price of £0.27 per Ordinary Share raising gross proceeds of €414,708 (\$465,219).

On 15 June 2015 the Company allotted 185,185 shares at £0.27 per share in satisfaction of amounts payable of £50,000 to a supplier Alexander David Securities Limited.

# U.S. Oil and Gas Plc

## Notes to the Financial Statements

for the period ended 31 July 2015

### 15. Share-based payments

#### *Share option plan*

The Group has an ownership based compensation scheme for Directors and senior employees of the Group. In accordance with the provisions of the plan, as approved by shareholders at a previous general meeting, Directors and senior employees may be granted options to purchase ordinary shares.

Shares which are issued under this Plan will rank equally in all respects with the Shares then in issue, except that they shall not rank for any right attaching to Shares by reference to a record date preceding the exercise of the Award. The Participant will be entitled to receive any dividends and to exercise voting rights at general meetings of the Company in respect of Shares.

There were no Options exercised at the end of the financial period 31 July 2015.

At 31 July 2015, no options lapsed without being exercised.

The remaining average contractual life of the options is 2.31 years.

On 22 November 2012, the Board agreed to award 2,095,000 shares at prices of £0.65 and £0.68. The meeting of the Group's Remuneration Committee confirming the awards was held on 23 January 2013. The options were awarded to service providers, consultants and Directors.

#### **Costs associated with options issued during the period**

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

	<b>2015</b>	<b>2014</b>
	\$	\$
Share based payments	<u><b>168,305</b></u>	<u>168,305</u>

Options issued during the year have been valued using the following inputs to the Black-Scholes model:

	<b>2015</b>	<b>2014</b>
Share price when options issued	£0.31	£0.31
Expected volatility	7%	(17%)
Expected life	5 Years	5 Years
Risk free rate	1.23%	1%
Expected dividends	Zero	Zero

## U.S. Oil and Gas Plc

### Notes to the Financial Statements

for the period ended 31 July 2015

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

	2015	2014
Number of options	Weighted average exercise price	Weighted average exercise price
Balance at beginning of financial period	2,455,000	Stg£0.654
Granted during the period	-	-
Exercised during the period	-	-
<b>Balance at Period End</b>	<b>2,455,000</b>	<b>Stg£0.654</b>

### 16. Retained Losses

	Group 31 Jul '15	Group 30 Sep '14	Company 31 Jul '15	Company 30 Sep '14
	\$	\$	\$	\$
<b>Loss at beginning of period</b>	<b>(4,434,913)</b>	(3,943,322)	<b>(3,014,419)</b>	(2,726,713)
Loss for the period	(501,958)	(491,591)	(452,695)	(287,706)
<b>Loss at end of period</b>	<b>(4,936,871)</b>	(4,434,913)	<b>(3,467,114)</b>	(3,014,419)

In accordance with the provisions of the Companies Act 2014, the Company has not presented an Income Statement. A loss of \$452,695 (2014: \$287,706) for the year has been dealt with in the Statement of Comprehensive Income of the Company.

### 17. Related party transactions

Details of subsidiary undertakings are shown in Note 10. In accordance with International Accounting Standard 24 - Related Party Disclosures, transactions between group entities that have been eliminated on consolidation are not disclosed.

#### PetroHit Corporation

Karim Akrawi is a director of U.S. Oil and Gas Plc and is also a director of PetroHit Corporation. Major Oil International LLC a 100% subsidiary of U.S. Oil and Gas Plc. At 1 October 2014 Major Oil International LLC owed an amount of \$48,000 to PetroHit Corporation. During the period U.S. Oil and Gas Plc paid an amount of \$21,000 to PetroHit and an amount of \$27,000 was written off. At the 31 July 2015 there was no amounts outstanding between the two companies.

# U.S. Oil and Gas Plc

## Notes to the Financial Statements

for the period ended 31 July 2015

### 18. Financial Instruments and Financial Risk Management

The Group and Company's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to provide finance for the Group and Company's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations.

It is, and has been throughout 2015 and prior years, the Group and Company's policy that no trading in derivatives be undertaken.

The main risks arising from the Group and Company's financial instruments are foreign currency risk, credit risk, liquidity risk, interest rate risk and capital risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

#### Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. Exchange rate exposure is managed within approved policy parameters utilising forward exchange contracts where appropriate. The exposure to exchange rate fluctuations is limited to exchange rate variances between the Euro, US Dollar and Sterling.

At the period ended 31 July 2015, the Group had no outstanding forward exchange contracts.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As the Group does not, as yet, have any sales to third parties, this risk is limited.

The Group and Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Group and Company's exposure to credit risk arises from default of a counterparty, with a maximum exposure equal to the carrying amount of cash and cash equivalents in its consolidated Statement of Financial Position.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities.

#### Liquidity risk management

Liquidity risk is the risk that the Group will not have sufficient funds to meet liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group and Company's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Cash forecasts are regularly produced to identify the liquidity requirements of the Group. To date, the Group has relied on shareholder funding to finance its operations. The Group had no borrowing facilities at 31 July 2015.

The Group and Company's financial liabilities as at 31 July 2015 were all payable on demand.

The expected maturity of the Group and Company's financial assets (excluding prepayments) as at 31 July 2015 was less than one month.

# **U.S. Oil and Gas Plc**

## **Notes to the Financial Statements**

*for the period ended 31 July 2015*

The Group expects to meet its' other obligations from operating cash flows with an appropriate mix of funds and equity instruments.

The Group had no derivative financial instruments as at 31 July 2015.

### **Interest rate risk**

The Group and Company's exposure to the risk of changes in market interest rates relates primarily to the Group and Company's holdings of cash and short term deposits.

It is the Group and Company's policy as part of its disciplined management of the budgetary process to place surplus funds on short term deposit in order to maximise interest earned.

### **Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. No changes were made in the objectives, policies or processes during the period ended 31 July 2015. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in the consolidated statement of changes

### **Fair values**

The carrying amount of the Group and Company's financial assets and financial liabilities is a reasonable approximation of the fair value.

### **Hedging**

At the periods ended 31 July 2015 and 30 September 2014, the Group had no outstanding contracts designated as hedges.

## **19. Approval of financial statements**

The financial statements were approved by the board on 22 January 2016.