

U.S. Oil and Gas Plc

Annual Report and Financial Statements

for the year ended 31 July 2016

U.S. Oil and Gas Plc

Contents

	<i>Page</i>
Directors and other information	1
Chairman's Statement	3
Directors' Report	5
Independent Auditors' Report	11
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	16
Company Statement of Financial Position	17
Consolidated Statement of Cash Flows	18
Company Statement of Cash Flows	19
Consolidated Statement of Changes in Equity	14
Company Statement of Changes in Equity	15
Notes to the Financial Statements	20

U.S. Oil and Gas Plc

Directors and other information

Directors	Brian McDonnell Peter Whelan Karim Akrawi Brian McBeth	(Chief Executive Officer: Chairman) (Non Executive Officer) (Non Executive Officer) (Non Executive Officer: Appointed 20th October 2015)
Registered Office & Business Address	Alexandria House The Sweepstakes Ballsbridge Dublin 4	
Secretary	Brian McDonnell	
Secretarial Services	LHM Casey McGrath Limited Chartered Certified Accountants 6 Northbrook Road Dublin 6	
Auditors	LHM Casey McGrath Limited Chartered Certified Accountants Statutory Audit Firm 6 Northbrook Road Dublin 6	
Bankers	Bank of Ireland Phibsborough Dublin 7 Bank of America 401 Virginia St. Reno NV 89501	
Solicitors	Byrne Wallace 87-88 Harcourt Street Dublin 2 Whitney Moore Solicitors Wilton Park House Wilton Place Dublin 2	
Corporate Financial Advisors	Alexander David Securities Limited 49 Queen Victoria Street London EC4N 4SA	

U.S. Oil and Gas Plc

Registrars	Computershare Investor Services (Ireland) Limited Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18
Registered Number	471932 Republic of Ireland
Date of Incorporation	15 June 2009
Website:	www.usoil.us

U.S. Oil and Gas Plc

Chairman's Statement

for the year ended 31 July 2016

The Company is pleased to report its final results for the year ended 31 July, 2016.

Corporate Highlights

- Funds raised \$1.545k

Operational Highlights

- Additional data acquired
- VSP WAW study completed
- 3D Structural Modeling underway

Financial Highlights

- Administration expenses \$808,748 (2015: \$502,377). The increase in expenditure was primarily due to increased exploration activity over the period and loss on currency movements.
- Total comprehensive loss \$808,279 (2015: \$501,958); and cash and cash equivalents \$1,204,719 (2015: \$379,867). As a result of VAT refunds the cash and cash equivalents on hand as at 31 July 2016 amount to circa \$1.1m. The Company is debt-free.

Review of the year ended 31 July 2016

Closure of GXG Markets

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

Industry environment

Throughout the period, turbulence in the oil industry caused by a precipitous drop in the oil price led to extreme risk aversion. Progress towards the industry partnership the Company seeks for a large-scale exploration programme slowed markedly. The Company took the view that the best way forward was to make independent operational progress until such time as the oil price and industry confidence recovered. Meanwhile, potential partners would be kept fully apprised of developments.

The Board decided it should press on with a data collection and drilling programme based on re-entering the Eblana #1 well. The objectives are to raise Contingent Resources to Proven Reserves and, if possible, achieve a commercial rate of flow from one or more zones of interest. In addition, the wider potential of the prospect could be further evaluated in the light of the additional data acquired by survey and drill.

Operational progress

Throughout the period, the Company intensified its exploration efforts, carrying out additional geochemical and geophysical surveys and analyses, as well as updip studies. Eblana #1 well tubing was removed and a Cement Bond Log run. Permits for re-entering Eblana #1 were applied for and awarded. Halliburton, a major oil services company, were engaged to carry out an advanced modeling exercise and a Vertical Seismic Profile (VSP) study. VSP data collection was completed in June 2015 and processing begun. In addition, Baker Hughes was contracted to integrate all data collected, including VSP data, and create a structural model as well as updating volumetrics for the prospect. The intention is to enable fine-tuning of the drill plan to de-risk the planned drill insofar as that is possible.

Due to the depressed state of the oil industry during the period and the resulting dramatic fall in service prices, the Company was able to achieve significantly enhanced value for its exploration expenditure during the period.

Appointment of Independent Director

U.S. Oil and Gas Plc

On 21 October, 2015 Dr. Brian McBeth was appointed as an Independent Non-executive Director. Dr. McBeth trained as an economist and worked in the financial sector in the City of London between 1979 and 2008 specialising in oil companies. The Board welcomed Dr. McBeth's appointment and look forward to benefiting enormously from the breadth of industry knowledge and experience he is bringing to the Company.

Fund raising

During the period, the company raised funds in an Open Offer and a two Placings. The Company raised approximately \$1,545K (before/after currency adjustments) issuing 4,305,862 new Ordinary Shares at £0.27. These fundraisings placed the Company in a strong financial position to move forward on both operational and corporate fronts.

Outlook and post balance sheet events

Currently, Baker Hughes are completing their data analysis and modelling exercise. Preliminary results confirm the viability of the Eblana #1 re-entry plan, and the Board is tremendously encouraged by the emerging picture. In addition, with the recent partial recovery in the oil price and perceived stabilisation in the market, sentiment towards exploration has improved markedly. This development has potentially positive implications for investment and industry partnership. The low potential cost of conventional production from Hot Creek Valley compared to shale plays, should prove an attractive proposition. The Company also expects that prices for industry services, including drilling, will continue to be competitive for some time. US Oil is well placed to take significant advantage of low costs for drilling

In spite of the demanding industry environment, the Company has shown itself capable of developing an appropriate forward-looking strategy, raising funds, making significant operational progress and reducing exploration risk. This progress leaves the Company well positioned to carry forward its plan to re-entering its Eblana #1 well in the next and most exciting stage of its exploration in Hot Creek Valley, Nevada.

From a financial perspective, the company will continue to reduce its risk exposure to currency fluctuations.

Brian McDonnell
Chairman

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2016

The Directors present their Annual Report and the audited consolidated financial statements for the year ended 31 July 2016 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 20 to these financial statements

Share Price

The company's shares were traded on the GXG Markets Multilateral Trading Facility ("MTF") in London until 18th August 2015, the date that market closed as GXG market relinquished its Danish market operator licenses and ceased operations. The share price was £0.25 at 18th August 2015. The company intends seeking a listing on an alternative recognised exchange.

Results and Dividends

The loss for the year after providing for depreciation and taxation amounted to US\$808,279 (2015 : US\$501,958). 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 year ended 31 July 2016

Directors

In accordance with the Articles of Association, at the next Annual General Meeting to be held Peter Whelan will retire and being eligible offers 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 2016 in the share capital of the Company were:

	Ordinary shares		
		31 Jul '16	1 Aug '15
Directors			
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
Brian McBeth	-	-	-
Secretary			
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 August '15 No.</i>	<i>Movement during the year No.</i>	<i>Vested at 31 Jul '16 No.</i>
Brian McDonnell	895,000	-	895,000
Peter Whelan	565,000	-	565,000
Karim Akrawi	535,000	-	535,000
Brian McBeth	-	-	-

Transactions Involving Directors

There have been no contracts or arrangements of significance during the period in which the Directors of the Company were interested other than as disclosed in Notes 17 and 19 to the financial statements.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2016

Significant Shareholders

The Company has been informed that, in addition to the interests of the Directors, as at 31 July 2016 and the date of this report, the following shareholders own 3% or more of the issued share capital of the Company:

	Percentage of Issued share capital	
	31 Jul '16	31 Jul '15
Jim Nominees Limited	21.27%	20.20%
Davycrest Nominees	12.75%	12.24%
Aurum Nominees Limited	4.43%	4.13%
Redmayne (Nominees) Ltd	3.95%	3.53%
Lawshare Nominees	3.79%	3.54%
Goodbody Stock Brokers	3.15%	3.33%

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 2016 the Company held 717,612 (2015 : 717,612) ordinary shares "in Treasury".

Subsidiary Undertakings

Details of the Company's subsidiary are set out in Note 12 to the financial statements.

Political Donations

The Company did not make any political donations during the period. (2015: \$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. 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.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2016

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.

Going Concern

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 ten occasions during the year ended 31 July 2016. 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 Liam Kilkenny and Peter Whelan. It may examine any matters relating to the financial affairs of the Group and the Group's audits. This includes reviews of the annual financial statements and announcements, internal control procedures, accounting procedures, accounting policies, the appointment, independence, objectivity, terms of reference and fees of external auditors and such other related functions as the Board may require.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2016

Remuneration Committee

The Remuneration Committee comprises Karim Akrawi 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.

Directors' Remuneration during the year ended 31 July 2016 was as follows:

	2016	2015
	\$	\$
Remuneration and other emoluments - Executive Director	87,210	86,957
Remuneration and other emoluments - Non- Executive Directors	16,498	10,525
Share based payments	-	-
	<u>103,708</u>	<u>97,482</u>

Nominations Committee

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

Communications

The Group maintains regular contact with shareholders through publications such as the annual and interim report via press releases and the group's website, www.usoil.us. The Directors are responsive to shareholder telephone and email enquiries throughout the year. The Board regards the Annual General Meeting as a particularly important opportunity for shareholders, Directors and management to meet and exchange views.

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:

U.S. Oil and Gas Plc

Directors' Report

for the year ended 31 July 2016

- 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.

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 relation to operations, there are no post balance sheet events of material significance. However, the company will continue to reduce its risk to currency fluctuations.

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 of U.S. Oil and Gas Plc for the year ended 31 July 2016 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 2016 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 financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 July 2016 and of the profit and cash flows for the year then ended; and
- the company financial statements give a true and fair view of the state of the Company's affairs as at 31 July 2016; and
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the Company statement of financial position has been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014; and
- The Group and Company's financial statements have been properly prepared in accordance 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 11 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 \$808,279 for the year ended 31 July 2016.

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 parent company were sufficient to permit the parent company financial statements to be readily and properly audited.
- The parent company Statement of Financial Position is in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception:

We have nothing to report in respect of the provisions of the Companies Act 2014 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by section 305 to 312 of the Companies Act 2014 are not made.

Brendan Murtagh
Statutory auditor
For and on behalf of

LHM Casey McGrath Limited

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

Date: 21 December 2016

U.S. Oil and Gas Plc

Consolidated Statement of Comprehensive Income for the year ended 31 July 2016

	<i>Notes</i>	1 Aug '15 to 31 Jul '16 US\$	1 Oct '14 to 31 Jul '15 US\$
Continuing Operations			
Administrative expenses		<u>(808,748)</u>	<u>(502,377)</u>
Operating loss		(808,748)	(502,377)
Finance Income	5	582	419
Interest payable and similar charges	6	<u>(113)</u>	<u>-</u>
Loss for the year/period before taxation	4	(808,279)	(501,958)
Income tax expense	9	<u>-</u>	<u>-</u>
Loss for the year/period from continuing operations		(808,279)	(501,958)
Other Comprehensive Income - foreign exchange movement		<u>36,717</u>	<u>-</u>
Total Comprehensive Loss for the year/period		(771,562)	(501,958)
Loss attributable to:			
Equity holders of the Company		<u>(808,279)</u>	<u>(501,958)</u>
Total Comprehensive Loss attributable to:			
Equity holders of the Company		<u>(771,562)</u>	<u>(501,958)</u>
Earnings per share from continuing operations			
Basic and diluted loss per share (cent)	10	<u>(1.86)</u>	<u>(1.20)</u>

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

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

The accompanying notes on pages 20 to 41 form an integral part of these financial statements.

On behalf of the board

Brian McDonnell
Director

Peter Whelan
Director

Date 21 December 2016

U.S. Oil and Gas Plc

Consolidated Statement of Changes in Equity for the period ended 31 July 2016

	Share Capital	Share Premium	Treasury Shares	Share Based payment Reserve	Retained Losses	Total
	US\$	US\$	\$	\$	US\$	US\$
Balance at 1 October 2014	5,568	9,742,553	102	168,305	(4,434,913)	5,481,615
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(501,958)	(501,958)
Total comprehensive income for the period	-	-	-	-	(501,958)	(501,958)
Transactions with owners, recorded directly in equity						
Shares issued	147	504,888	-	-	-	505,035
Total transactions with owners	147	504,888	-	-	-	505,035
Balance at 31 July 2015	5,715	10,247,441	102	168,305	(4,936,871)	5,484,692
Balance at 1 August 2015	5,715	10,247,441	102	168,305	(4,936,871)	5,484,692
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(808,279)	(808,279)
Foreign exchange difference on consolidation	-	-	-	-	36,717	36,717
Total comprehensive income for the year	-	-	-	-	(771,562)	(771,562)
Transactions with owners, recorded directly in equity						
Shares issued	479	1,598,449	-	-	-	1,598,928
Total transactions with owners	479	1,598,449	-	-	-	1,598,928
Balance at 31 July 2016	6,194	11,845,890	102	168,305	(5,708,433)	6,312,058

The accompanying notes on pages 20 to 41 form an integral part of these financial statements.

On behalf of the board

Brian McDonnell
Director

Peter Whelan
Director

Date 21 December 2016

U.S. Oil and Gas Plc

Company Statement of Changes in Equity for the year ended 31 July 2016

	Share Capital	Share Premium	Treasury Shares	Share Based Payment Reserve	Retained Losses	Total
	US\$	US\$	\$	US\$	US\$	US\$
Balance at 1 October 2014	5,568	9,742,553	102	168,305	(3,014,419)	6,902,109
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(452,695)	(452,695)
Total comprehensive income for the period	-	-	-	-	(452,695)	(452,695)
Transactions with owners, recorded directly in equity						
Shares issued	147	504,888	-	-	-	505,035
Total transactions with owners	147	504,888	-	-	-	505,035
Balance at 31 July 2015	5,715	10,247,441	102	168,305	(3,467,114)	6,954,449
Balance at 1 August 2015	5,715	10,247,441	102	168,305	(3,467,114)	6,954,449
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(447,754)	(447,754)
Foreign exchange difference	-	-	-	-	133,173	133,173
Total comprehensive income for the year	-	-	-	-	(314,581)	(314,581)
Transactions with owners, recorded directly in equity						
Shares issued	479	1,598,449	-	-	-	1,598,928
Total transactions with owners	479	1,598,449	-	-	-	1,598,928
Balance at 31 July 2016	6,194	11,845,890	102	168,305	(3,781,695)	8,238,796

The accompanying notes on pages 20 to 41 form an integral part of these financial statements.

On behalf of the board

Brian McDonnell
Director

Peter Whelan
Director

Date 21 December 2016

U.S. Oil and Gas Plc

Consolidated Statement of Financial Position

as at 31 July 2016

	<i>Notes</i>	31 Jul '16 US\$	31 Jul '15 US\$
Assets			
Non-Current Assets			
Intangible Assets	11	5,173,729	5,173,729
Total Non-Current Assets		<u>5,173,729</u>	<u>5,173,729</u>
Current Assets			
Trade and other receivables	13	90,143	87,826
Cash and cash equivalents	14	1,204,719	379,867
Total Current Assets		<u>1,294,862</u>	<u>467,693</u>
Total Assets		<u><u>6,468,591</u></u>	<u><u>5,641,422</u></u>
Equity			
Capital and Reserves			
Share capital presented as equity	16	6,194	5,715
Share premium	16	11,845,890	10,247,441
Treasury shares	16	102	102
Share based payments reserve	17	168,305	168,305
Retained Loss	18	(5,708,433)	(4,936,871)
Attributable to owners of the Company		<u>6,312,058</u>	<u>5,484,692</u>
Total Equity		<u><u>6,312,058</u></u>	<u><u>5,484,692</u></u>
Liabilities			
Current Liabilities			
Trade and other payables	15	156,533	156,730
Total Current Liabilities		<u>156,533</u>	<u>156,730</u>
Total Liabilities		<u><u>156,533</u></u>	<u><u>156,730</u></u>
Total Equity and Liabilities		<u><u>6,468,591</u></u>	<u><u>5,641,422</u></u>

The accompanying notes on pages 20 to 41 form an integral part of these financial statements.

On behalf of the board

Brian McDonnell
Director

Peter Whelan
Director

Date 21 December 2016

U.S. Oil and Gas Plc

Company Statement of Financial Position as at 31 July 2016

	<i>Notes</i>	31 Jul '16 US\$	31 Jul '15 US\$
Assets			
Non-Current Assets			
Investments in Subsidiaries	12	11	14
Total Non-Current Assets		<u>11</u>	<u>14</u>
Current Assets			
Trade and other receivables	13	7,244,030	6,748,639
Cash and cash equivalents	14	1,116,504	359,712
Total Current Assets		<u>8,360,534</u>	<u>7,108,351</u>
Total Assets		<u><u>8,360,545</u></u>	<u><u>7,108,365</u></u>
Equity			
Capital and Reserves			
Share capital presented as equity	16	6,194	5,715
Share premium	16	11,845,890	10,247,441
Treasury shares	16	102	102
Share based payments reserve	17	168,305	168,305
Retained Loss	18	(3,781,695)	(3,467,114)
Attributable to owners of the Company		<u>8,238,796</u>	<u>6,954,449</u>
Total Equity		<u><u>8,238,796</u></u>	<u><u>6,954,449</u></u>
Liabilities			
Current Liabilities			
Trade and other payables	15	121,749	153,916
Total Current Liabilities		<u>121,749</u>	<u>153,916</u>
Total Liabilities		<u>121,749</u>	<u>153,916</u>
Total Equity and Liabilities		<u><u>8,360,545</u></u>	<u><u>7,108,365</u></u>

The accompanying notes on pages 20 to 41 form an integral part of these financial statements.

On behalf of the board

Brian McDonnell
Director

Peter Whelan
Director

Date 21 December 2016

U.S. Oil and Gas Plc

Consolidated Statement of Cash Flows for the period ended 31 July 2016

	Note	1 Aug '15 to 31 Jul '16 US\$	1 Oct '14 to 31 Jul '15 US\$
Cash flows from operating activities			
Loss for the year/period before taxation		(808,748)	(502,377)
Movement in working capital			
Foreign exchange differences on transalction to US\$		36,717	-
Movement in trade and other receivables		(2,317)	(12,965)
Movement in trade and other payables		(197)	(129,485)
Cash used in operations		<u>(774,545)</u>	<u>(644,827)</u>
Cash flows from financing activities			
Proceeds of issue of share capital	16	1,598,928	505,035
Net cash generated from financing activities		<u>1,598,928</u>	<u>505,035</u>
Cash flows from investing activities			
Interest received		469	419
Expenditure on intangible assets	11	-	-
Net cash used in investing activities		<u>469</u>	<u>419</u>
Movement in cash and cash equivalents		824,852	(139,373)
Cash and Cash Equivalents at the beginning of year	14	<u>379,867</u>	<u>519,240</u>
Cash and Cash Equivalents at end of year	14	<u><u>1,204,719</u></u>	<u><u>379,867</u></u>

The accompanying notes on pages 20 to 41 form an integral part of these financial statements.

On behalf of the board

Brian McDonnell
Director

Peter Whelan
Director

Date 21 December 2016

U.S. Oil and Gas Plc

Company Statement of Cash Flows for the period ended 31 July 2016

	<i>Notes</i>	1 Aug '15 to 31 Jul '16 US\$	1 Oct '14 to 31 Jul '15 US\$
Cash flows from operating activities			
Loss for the year/period before taxation	18	(447,754)	(452,695)
Bank interest received		(582)	-
Movement in working capital			
Movement in trade and other receivables		(513,857)	(116,072)
Movement in trade and other payables		(13,698)	(22,305)
Foreign exchange difference on translation		133,173	-
Cash used in operations		<u>(842,718)</u>	<u>(591,072)</u>
Cash flows from financing activities			
Proceeds from issue of share capital	16	1,598,928	505,035
Net cash generated from financing activities		<u>1,598,928</u>	<u>505,035</u>
Cash flows from investing activities			
Interest received		582	-
Net cash used in investing activities		<u>582</u>	<u>-</u>
Movement in Cash and Cash Equivalents			
Cash and Cash equivalents at beginning of the period	14	<u>756,792</u> <u>359,712</u>	(86,037) <u>445,749</u>
Cash and Cash equivalents at end of period	14	<u>1,116,504</u>	<u>359,712</u>

The accompanying notes on pages 20 to 41 form an integral part of these financial statements.

On behalf of the board

Brian McDonnell
Director

Peter Whelan
Director

Date 21 December 2016

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2016

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

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 2016.

Standards and amendments to existing standards effective 1 August 2015

There were no standards, amendments and interpretations which became effective during the year that were of relevance to the Group:

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

Standard/ Interpretation	Content	Effective Date
IFRS 2	Share-based Payment	1 January 2018
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
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
IFRS 12	Disclosures of Interests in Other Entities	1 January 2016
IFRS 16	Leases	1 January 2019

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2016

IAS 1	Presentation of Financial Statements	1 January 2016
IAS 7	Statement of Cash Flows	1 January 2017
IAS 12	Income Taxes	1 January 2017
IAS 16	Property, Plant and Equipment	1 January 2016
IAS 19	Employee Benefits	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 year ended 31 July 2016, 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.

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 11 - Intangible asset; measurement of impairment

Note 9 - Deferred Tax; utilisation of tax losses

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2016

Revenue Recognition - Interest revenue

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of U.S. Oil and Gas Plc and its subsidiary undertaking for the year ended 31 July 2016.

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 respect of exploration for and evaluation of mineral resources, the Group uses the cost method of recognition. Exploration costs include licence costs, survey, geophysical and geological analysis and evaluation costs, costs of drilling and project-related overheads.

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

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

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 year ended 31 July 2016

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 year ended 31 July 2016

Share capital

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

Earnings per share

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

Financial Instruments

Cash and Cash Equivalents

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

Trade and Other Receivables / Payables

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

Finance Income

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

Segmental Information

The Group has one principle reportable segment which is the Group's strategic business unit, which represents the exploration for oil and gas in the United States.

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

Financial Assets - Investment in Subsidiaries

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

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.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2016

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. 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 year ended 31 July 2016

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 Aug '15 to 31 Jul '16 US\$	1 Oct '14 to 31 Jul '15 US\$	1 Aug '15 to 31 Jul '16 US\$	1 Oct '13 to 31 Jul '15 US\$
Exploration - United States	-	-	(808,748)	(502,377)
Total for continuing operations	-	-	(808,748)	(502,377)
Investment income			582	419
Finance costs			113	-
Loss before tax (continuing operations)			(808,279)	(501,958)
Income tax expense			-	-
Loss after tax			(808,279)	(501,958)

Segment assets and liabilities

Segment Assets	31 Jul '16 US\$	31 Jul '15 US\$
Exploration - United States	6,468,591	5,641,422
Consolidated assets	6,468,591	5,641,422
Segment Liabilities		
Exploration - United States	156,533	156,730
Consolidated liabilities	156,533	156,730

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 31 July 2016

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	31 Jul '16 US\$	31 Jul '15 US\$	31 Jul '16 US\$	31 Jul '15 US\$
Exploration - United States	-	-	-	-

Revenue from major products and services

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

Geographical information

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

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 '16 US\$	31 Jul '15 US\$
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 year ended 31 July 2016

4. Statutory Information

	1 Aug '15 to 31 Jul '16 US\$	1 Oct '14 to 31 Jul '15 US\$
Group		
<i>The loss for the financial year/ period is stated after charging:</i>		
Loss for financial year/period in the Group	<u>808,279</u>	<u>501,958</u>
Loss/(Gain) on foreign currencies	231	10,309
Auditors' remuneration	25,664	21,359
Auditors' remuneration from non-audit work	<u>25,359</u>	<u>5,195</u>
Company		
<i>The loss for the financial year/period is stated after charging:</i>		
Loss for financial year/period in the Company	<u>447,993</u>	<u>391,044</u>
(Gain)/Loss on foreign currencies	231	(4,323)
Auditors' remuneration	25,664	21,359
Auditors' remuneration from non-audit work	<u>25,359</u>	<u>5,195</u>

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 Aug '15 to 31 Jul '16 US\$	1 Oct '14 to 31 Jul '15 US\$
Interest Revenue:		
Bank deposits	<u>582</u>	<u>419</u>
	<u>582</u>	<u>419</u>

6. Interest payable and similar charges

	1 Aug '15 31 Jul '16 US\$	1 Oct '14 31 Jul '15 US\$
On bank loans and overdrafts	<u>113</u>	<u>-</u>
	<u>113</u>	<u>-</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 31 July 2016

7. Employees

Number of employees

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

	1 Aug '15 to 31 Jul '16 Number	1 Oct '14 to 31 Jul '15 Number
Directors	2	2
	<u>2</u>	<u>2</u>

Employment costs (Including directors)

	1 Aug '15 to 31 Jul '16	1 Oct '14 to 31 Jul '15
Wages and salaries	93,308	88,284
Social welfare costs	10,400	9,198
	<u>103,708</u>	<u>97,482</u>

7.1. Directors' emoluments

	1 Aug '15 to 31 Jul '16 US\$	1 Oct '14 to 31 Jul '15 US\$
Remuneration and other emoluments	103,708	97,482
	<u>103,708</u>	<u>97,482</u>

8. Key management compensation

Key management includes the directors of the Company, all members of the company management, and the company secretary. The compensation paid or payable to key management for employee service is shown as below:

	1 Aug '15 to 31 Jul '16 US\$	1 Oct '14 to 31 Jul '15 US\$
Salaries and other short-term employee benefits	103,708	97,482
	<u>103,708</u>	<u>97,482</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 31 July 2016

9. Income Tax Expense

	1 Aug '15 to 31 Jul '16 US\$	1 Oct '14 to 31 Jul '15 US\$
Current tax		
Current tax expense in respect of the current period	-	-
Total tax expense	-	-

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

	1 Aug '15 to 31 Jul '16 US\$	1 Oct '14 to 31 Jul '15 US\$
Loss from continuing operations	(808,279)	(501,958)
Income Tax expense calculated at Irish corporation tax rate of 12.5% (2015 : 12.5%)	(101,035)	(62,745)
<i>Effects of:</i>		
Investment Income taxable at a different rate	73	52
Losses available to carry forward	100,962	62,693
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 US\$ \$5,508,376 (2015 : US\$ \$4,700,679) available for offset against future profit which equates to a deferred tax asset of US\$ 688,547 (2015 : US\$ 587,585). No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Losses may be carried forward indefinitely.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2016

10. Loss per share

Basic earnings per share

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

	1 Aug '15 to 31 Jul '16 US\$	1 Oct '14 to 31 Jul '15 US\$
Loss for the year/period attributable to equity holders of the parent	(808,279)	(501,958)
Number of ordinary shares in issue - start of year/period	42,978,653	41,682,356
Effects of share issued during the year/period	423,685	194,445
Weighted average number of ordinary shares for the purposes of basic earnings per share:	43,402,338	41,876,801
Basic loss per ordinary share (cent)	(1.86)	(1.20)

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 year ended 31 July 2016

11. Intangible assets - Group

	31 Jul '16	31 Jul '15
	US\$	US\$
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 '16	31 Jul '15
	US\$	US\$
Cost		
At 1 August 2015	5,173,729	5,173,729
Additions	-	-
At 31 July 2016	<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 2016. 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 year ended 31 July 2016

12. Financial assets - Company

	31 Jul '16	31 Jul '15
Group undertakings - unlisted:	US\$	US\$
Shares at cost	11	14
	<u> </u>	<u> </u>
	Subsidiary	
	Undertakings	
	Shares	Total
	US\$	US\$
Cost		
At 1 August 2015	14	14
Additions	-	-
Exchange difference on translation	3	3
	<u> </u>	<u> </u>
At 31 July 2016	11	11
	<u> </u>	<u> </u>
Net book values		
At 31 July 2016	11	11
	<u> </u>	<u> </u>
At 31 July 2015	14	14
	<u> </u>	<u> </u>
In respect of prior year:		
	Subsidiary	
	Undertakings	
	Shares	Total
	\$	\$
Cost		
At 1 Oct 2014	14	14
Additions	-	-
	<u> </u>	<u> </u>
At 31 July 2015	14	14
	<u> </u>	<u> </u>
Net book values		
At 31 July 2015	14	14
	<u> </u>	<u> </u>
At 30 September 2014	14	14
	<u> </u>	<u> </u>

The value of the investments is dependent on future realisation or disposal. Should the future realisation or disposal prove unsuccessful, the carrying value in the Statement of Financial Position will be written off. In the opinion of the Directors' the carrying value of the investments at 31 July 2016 is appropriate. No impairment was recognised in 2016 or 2015 in respect of the above investments.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2016

At 31 July 2016 the company had the following subsidiary undertaking:

Name	Incorporated in	Main Activity	Proportion of ownership	
			31 Jul '16	31 Jul '15
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 2016 was as follows:

	Capital and reserves	Loss for the year
	\$	\$
Major Oil International LLC	(1,840,829)	(360,525)

13. Trade and other receivables	Group	Group	Company	Company
	31 Jul '16	31 Jul '15	31 Jul '16	31 Jul '15
	US\$	US\$	US\$	US\$
<i>Amounts falling due within one year:</i>				
Amounts owed by group undertakings	-	-	7,174,486	6,684,527
Other debtors	87,289	82,968	69,544	64,112
Prepayments	2,854	4,858	-	-
	<u>90,143</u>	<u>87,826</u>	<u>7,244,030</u>	<u>6,748,639</u>

14. Cash and Cash Equivalents

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

	Group	Group	Company	Company
	31 Jul '16	31 Jul '15	31 Jul '16	31 Jul '15
	US\$	US\$	US\$	US\$
Cash at bank	1,204,482	379,512	1,116,497	359,558
Petty cash	237	355	7	154
	<u>1,204,719</u>	<u>379,867</u>	<u>1,116,504</u>	<u>359,712</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 31 July 2016

15. Trade and other payables	Group 31 Jul '16 US\$	Group 31 Jul '15 US\$	Company 31 Jul '16 US\$	Company 31 Jul '15 US\$
Trade payables	90,836	62,667	56,053	59,863
Other taxes and social welfare costs	39,506	41,137	39,506	41,137
Directors Accounts	-	2,720	-	2,720
Other creditors	2,854	1,383	2,854	1,373
Accruals	23,337	48,823	23,336	48,823
	<u>156,533</u>	<u>156,730</u>	<u>121,749</u>	<u>153,916</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 '16 US\$	31 Jul '15 US\$	Company 31 Jul '16 US\$	31 Jul '15
P.A.Y.E./P.R.S.I.	39,506	41,137	39,506	41,137
	<u>39,506</u>	<u>41,137</u>	<u>39,506</u>	<u>41,137</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 31 July 2016

16. Share capital presented as equity	31 Jul '16	31 Jul '15
	US\$	US\$
Authorised		
20,000,000,000 Ordinary shares of €0.0001 each	2,854,400	2,854,400
	<hr/>	<hr/>
	2,854,400	2,854,400
	<hr/> <hr/>	<hr/> <hr/>

Issued, called up and fully paid:

	No. of issued Shares	Share Capital US\$	Treasury Shares US\$	Share Premium US\$
At 30 September 2014	41,682,356	5,568	102	9,742,553
Shares issued	1,296,297	147		504,888
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	42,978,653	5,715	102	10,247,441
Shares issued	4,305,862	479	-	1,598,449
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2016	47,284,515	6,194	102	11,845,890
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The issued share capital of the company at 31 July 2016 comprised of 47,284,515 Ordinary Shares of €0.0001 (\$0.00014272) each issued and fully paid of which 717,612 are held as treasury shares (31 July 2015 : 42,978,653 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 19 April 2016 the Company completed a placing of 1,691,751 new Ordinary Shares of €0.0001 each at a price of £0.27 per Ordinary Share raising gross proceeds of €578,376.

On 7 June 2016 the Company completed a placing of 1,427,783 new ordinary shares of €0.0001 each at a price of £0.27 per Ordinary Share raising gross proceeds of €494,994.

On 27 July 2016 the Company completed a placing of 1,186,328 new ordinary shares of €0.0001 each at a price of £0.27 per Ordinary Share raising gross proceeds of €379,513.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2016

17. 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 2016.

At 31 July 2016, no options lapsed without being exercised.

The remaining average contractual life of the options is 1.31 years.

On 22 November 2012, the Board agreed to award 2,455,000 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:

	2016	2015
	\$	\$
Share based payments	-	168,305

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

	2016	2015
Share price when options issued	£0.31	£0.31
Expected volatility	1%	7%
Expected life	5 Years	5 Years
Risk free rate	0%	1.23%
Expected dividends	Zero	Zero

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2016

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

	2016	2015
Number of options	Weighted average exercise price	Number of options Weighted average exercise price
Balance at beginning of financial period	2,455,000 Stg£0.654	2,455,000 Stg£0.654
Granted during the period	-	-
Exercised during the period	-	-
Balance at Period End	2,455,000 Stg£0.654	2,455,000 Stg£0.654

18. Retained Losses

	Group 31 Jul '16 US\$	Group 31 Jul '15 US\$	Company 31 Jul '16 US\$	Company 31 Jul '15 US\$
Loss at beginning of year/period	(4,936,871)	(4,434,913)	(3,467,114)	(3,014,419)
Foreign currency differences on translation	36,717		133,173	
Loss for the year	(808,279)	(501,958)	(447,754)	(452,695)
Loss at end of period	(5,708,433)	(4,936,871)	(3,781,695)	(3,467,114)

In accordance with the provisions of the Companies Act 2014, the Company has not presented an Income Statement. A loss of \$447,754 (2015: \$452,695) for the year has been dealt with in the Statement of Comprehensive Income of the Group.

U.S. Oil and Gas Plc

Notes to the Financial Statements *for the year ended 31 July 2016*

19. Related party transactions

In accordance with International Accounting Standard 24 - Related Party Disclosures, transactions between group entities that have been eliminated on consolidation are not disclosed.

Proventus Renewables Plc (Formerly Captive Audience Display Solutions Plc)

Brian McDonnell is a director of U.S. Oil and Gas Plc and was a director of Proventus Renewables Plc. At 1 August 2015 Proventus Renewables Plc were owed \$17,322 by U.S. Oil and Gas Plc. This amount was written off in full during the year. The loan balance owed at 31 July 2016 to Proventus Renewables Plc by U.S. Oil and Gas Plc is \$Nil.

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 is a 100% subsidiary of U.S. Oil and Gas Plc. At 1 August 2015 Major Oil International LLC owed an amount of \$nil to PetroHit Corporation. During the year U.S. Oil and Gas Plc paid an amount of \$26,433 to PetroHit and an amount of \$26,690 in invoices were received. At the 31 July 2016 there was \$257 owed to PetroHit Corporation.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2016

20. 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 2016 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 2016, 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 2016.

The Group and Company's financial liabilities as at 31 July 2016 were all payable on demand.

The expected maturity of the Group and Company's financial assets (excluding prepayments) as at 31 July 2016 was less than one month.

U.S. Oil and Gas Plc

Notes to the Financial Statements

for the year ended 31 July 2016

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 2016.

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 2016. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in the consolidated statement of changes

Fair values

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

Hedging

At the period ended 31 July 2016 and 31 July 2015, the Group had no outstanding contracts designated as hedges.

21. Approval of financial statements

The financial statements were approved by the board on 21 December 2016.