UK Oil and Gas PLC
Annual Report 30 September 2022

UKOG
ENERGY FOR BRITAIN

Welcome to UK Oil & Gas PLC
Energy for Britain

UKOG aims to build a sustainable oil and gas production base that can act as a springboard to further worldwide opportunities and to build its UK gas storage and hydrogen energy business in the transition to net zero.

Operational Highlights.

UK-Loxley (100% interest): One of the UK's largest onshore gas discoveries, possesses material estimated present value of up to £123.7 million net to UKOG from an estimated 31.0 billion cubic feet 2C Contingent Resource within UKOG's 100%- owned PEDL234 licence. (Pages 6, 15)

Turkey-Pinarova (50% interest): Located beneath an active light oil seep, Pinarova's potential success case volumes and modest drilling costs make it a highly attractive short-fuse project. (Pages 6, 16)

UK-Horse Hill (85.635% operated interest): The oil field has continued to produce steadily over the year. Our focus has been on reducing operating costs to further improve the field's profitability. (Pages 8, 15)

UK-Portland Port (100% interest): In May 2022 UK Energy Storage ("UKEn") signed a 60-year lease agreement to build an integrated hydrogen energy hub centred around the UK onshore's largest planned salt-cavern hydrogen storage site. (Pages 7, 17)

Our Business

UKOG previously focussed primarily on oil and gas assets located in the Weald Basin in southern England. However, in 2021 UKOG entered into an agreement with operator Aladdin Middle East Ltd to acquire a 50% interest in the 305 km^2 Resan Licence in the Republic of Turkey.

In May 2022, the Company's wholly-owned subsidiary, UK Energy Storage Ltd (UKEn), signed an Agreement to Lease with Portland Port Limited covering two sites at the former Royal Navy port in Dorset, with the intent to develop, subject to new planning consent and securing necessary development finance, a planned integrated Energy-Hub, centred around hydrogen-ready gas storage and a future green hydrogen generation capability.

Our current assets:

Loxley (PEDL234)
Loxley/Godley Bridge gas discovery, plus Broadford Bridge-1/1z oil discovery.

Horse Hill (PEDL137/PEDL246)
Field in stable production.
UKOG holds a direct 35% interest in the Horse Hill licences, and an indirect interest via its 77.9% ownership interest in HHDL, which holds the remaining 65% interest.

Avington (PEDL070)
Field currently shut in but planned for production reinstatement in 2023.
UKOG holds a 5% interest.

Horndean (PL211)
Field is in stable production.
UKOG has a 10% interest.

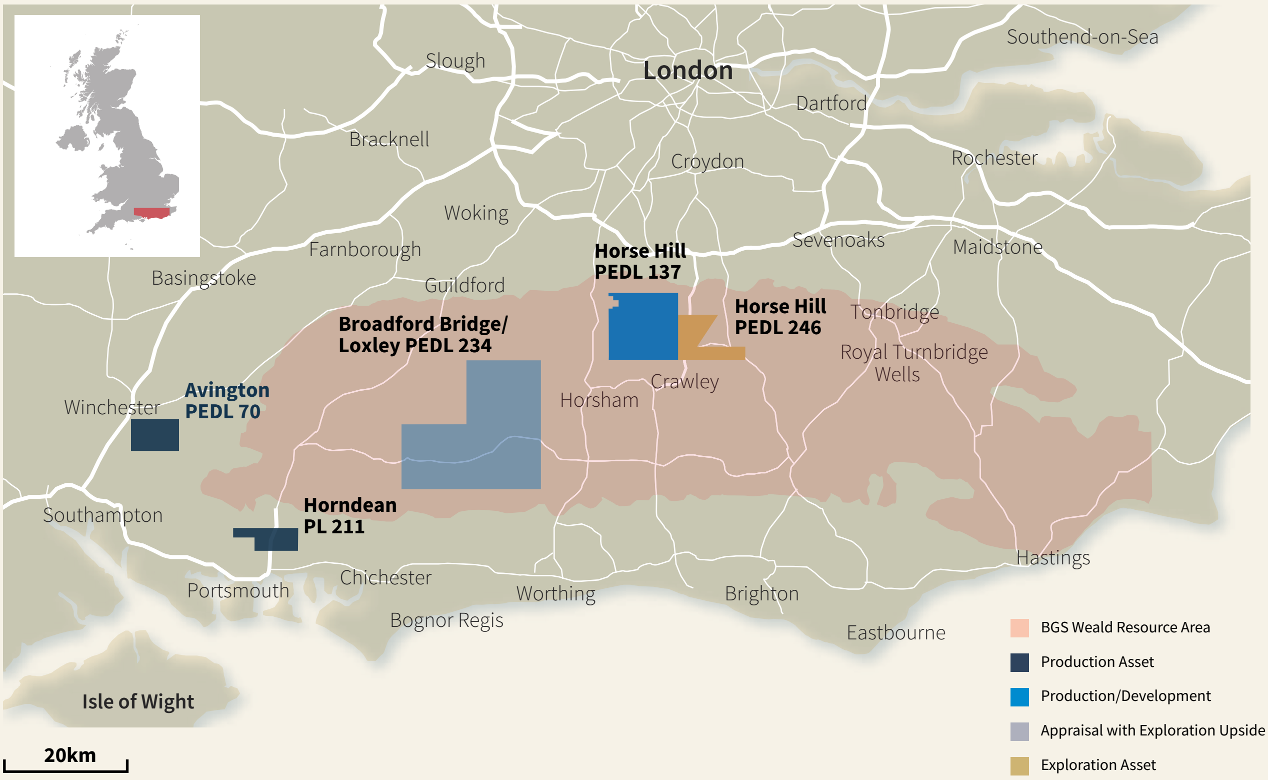
Resan Turkey (M-47-b1, b2)
Appraisal of Basur-Resan oil discovery, plus further exploration prospects.
UKOG has 50% interest, with operator Aladdin Middle East Ltd.

Portland
UKOG through its subsidiary UK Energy Storage "UKEn" has entered into an agreement to lease with Portland Port Ltd to develop an energy hub centred around a 1 billion cubic metre hydrogen ready salt cavern gas storage facility.

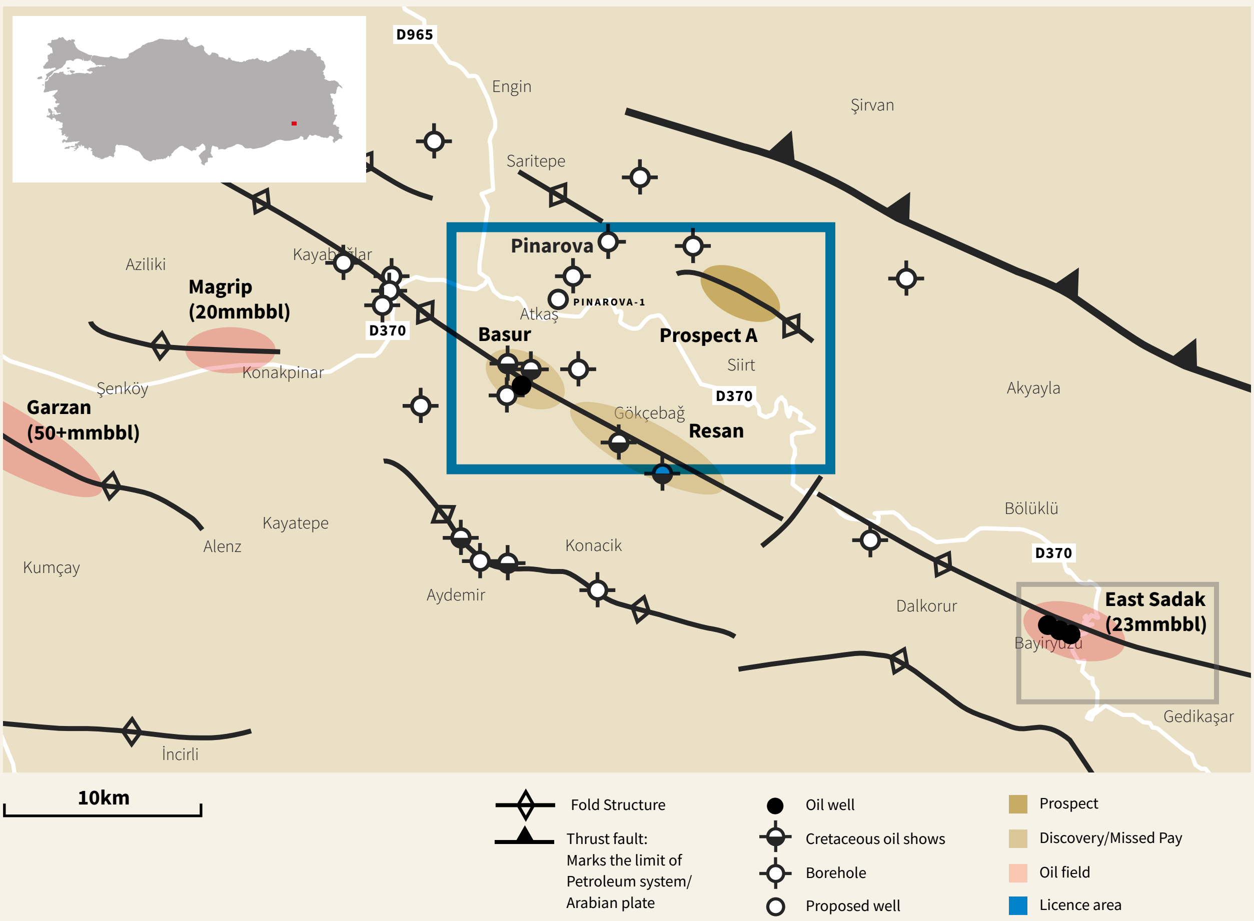
The Company has interests in the following licences and agreements

Asset	Licence	UKOG % Interest	Licence Holder	Operator	Area (km^2)	Status
Loxley Gas	PEDL234	100	UKOG (234) Ltd	UKOG (234) Ltd	300	BB-1/1z oil idiscovery, Loxley-1 gas appraisal well planning application approved on appeal
Horse-Hill Portland	PEDL137	85.64	Horse Hill Developments Ltd	Horse Hill Developments Ltd	99.3	Full 25-year production approval given by all regulatory authorities
Horse-Hill Kimmeridge	PEDL137	85.64	Horse Hill Developments Ltd	Horse Hill Developments Ltd	43.6	Full 25-year production approval given by all regulatory authorities
Avington	PEDL070	5	UKOG (GB) Ltd	IGas Energy PLC	18.3	Field currently shut in
Horndean	PL211	10	UKOG (GB) Ltd	IGas Energy PLC	27.5	Field in stable production
Turkey, Basur-Resan	M47 b1, b2	50	Aladdin Middle East Ltd	Aladdin Middle East Ltd	305	Plan to drill Pinarova 1, in Q1 2023

UK- Weald Basin of Southern England



Turkey - Basur Resan licence in Southeast Turkey



Strategic Objectives

Oil and Gas

Find and Develop Low-Cost and Long-life Assets
Continuing to invest in new and existing near-term production assets in the international sector is a key priority. New assets added to the Company's portfolio must demonstrate potential self-funding capacity in the near term. Once in production, revenues from these assets will provide free cash flow to re-invest and deliver shareholder returns.

Resource and Reserve Growth
Building our recoverable resources, reserves and future production through targeted and disciplined high-impact exploration, appraisal projects and acquisitions, both in UK and increasingly in the international sector.

Balance Risk and Reward
Maximising value by ground floor or early entry where possible.
Judicious use of farmouts to provide operational funding.
Maximising return on investment by actively considering divestment after an asset has been de-risked, where appropriate.

Renewables and Hydrogen:

Hydrogen
- Investigate potential sites for hydrogen generation, storage and hydrogen battery concept.
- Focus initially on the UK, with international expansion if successful or if commercially viable opportunities arise.
- Ground floor operated entry through planning permission stages, with possible subsequent strategic partnerships/JV arrangements with a large infrastructure player.
- Strategic partnerships with sector technology specialists.

Reduce Carbon Footprint of Company's Existing Petroleum Producing Sites
- Where viable, implement geothermal and/or solar energy cogeneration plus battery storage from existing wells/sites.
- Where viable, add new standalone geothermal and battery storage for grid/heat export.
- Investigate replacement of diesel powered off grid mobile generation with hydrogen equivalent.

Find and Develop New Stand-alone Geothermal and Energy-hub Projects
- Ground floor entry, either operated or as joint venture partner.
- UK initial focus, international expansion if successful or commercially viable opportunities arise.
- Strategic partnerships with sector technology specialists.

Targeted Portfolio Management:

Continuously review and high-grade our portfolio to either acquire or divest further stakes in existing assets. We also look to acquire assets at any stage in the life cycle and are not limited by geography, where we can create significant value for shareholders.

UKOG shares this vision and strategy through internal dialogue with employees and externally with shareholders and stakeholders via public announcements and dissemination of information through our website and the Annual Report and Accounts.

Performance indicators

Indicator	Reason for choice	How we measure
Production (bopd)		
Year: **2022** / 2021; (bopd): **53** / 140. HH-1 entered into production during March 2020. These rates are reported on a gross basis and as such represent all production and relevant costs irrespective of amounts attributable to non-controlling interest shareholders of operating subsidiaries.	Group production will provide operating cashflow to fund our investments and deliver shareholder value. At this point in time we receive production from our ownership in the Horndean oil field which is not under our control and the Horse Hill oil field of which we own 85.635%.	Daily and weekly production is monitored for all producing assets and reported to senior management. Production forecasts are prepared during the year to measure progress against the production target.
Operating costs (£/bbl)		
Year: **2022** / 2021; (£/bbl): **32** / 29. HH-1 entered into production during March 2020. Operating costs have remained largely consistent.	Operating costs per bbl are a key focus at our operations and the focus for the Company is to keep these costs low, so as to improve cash generation from our producing assets. Currently, operating costs are in relation to our ownership of the Horndean oil field (10% ownership), which is not under our control, and the Horse Hill oil field of which we own 85.635%.	Operating costs are monitored closely, to ensure that budget targets are being met.
Operating Cash flow £M		
Year: **2022** / 2021; £m: **(2.0)** / (1.4). Operating cash outflows increased during the reporting period as a result of higher revenues and working capital movements.	Cashflow is key to providing funding for investing in the business and pursuing our strategy. This has to date been funded predominantly via equity and debt.	Cashflow forecasts are reported to the Board on a regular basis, to ensure our progress is within our budget. Long-term forecasts are also provided to ensure that the strategy of the business can be adequately funded.
Lost time injuries (LTI Frequency)		
Year: **2022** / 2021; LTI: **0** / 0	Health & safety is our highest priority and we look to provide the highest level of protection to all our stakeholders	We track HSE lagging indicators during the year, which are reported to the Board. We aim to have zero LTI’s.

Chief Executive's Statement

This has been an unprecedented year of change, a period of transition for our industry and our country. We have all had to learn a new language and a new way of thinking to keep ahead of the transition from petroleum to renewable energy, while also keeping a keen focus on traditional ways of generating cashflow.

Stephen Sanderson
Chief Executive

Loxley

Post period, UKOG received outstanding news about our 100%-owned gas appraisal project at Loxley in Surrey. In February we received a Competent Person's Report (CPR) by RPS Energy (RPS) illustrating the potential material economic value of the Loxley Gas discovery, located 9 miles south of Guildford in Surrey.

The CPR assigned a post-tax present value at a 10% annual discount rate of Loxley's 2C recoverable gas ranges of £123.7 million net to UKOG, assuming a gas price of £1.86/therm, the UK gas price on 31st December 2022, the effective date of the CPR, and £86.5 million net to UKOG utilising RPS' proprietary gas price forecast.

UKOG's net share of Loxley's 2C Contingent Resources is now estimated at 31 billion cubic feet (approximately 1 billion cubic metres) within UKOG's PEDL234 licence, very much in keeping with the prior published estimates arrived at by Xodus in 2020. Planning and environmental consents are in place for the proposed Loxley-1 appraisal programme.

The CPR confirms that Loxley, one of the UK's largest onshore gas discoveries, possesses material present value in today's prevailing higher gas price world. Its potential future revenue streams have the capacity to deliver material shareholder value in the foreseeable future and its recoverable resources to contribute towards the UK's future energy security.

Delivery of a successful Loxley-1 appraisal programme, currently planned for 2024, could further help cement this value in the foreseeable future .

In October last year, the High Court rejected legal challenges against the Secretary of State's decision to grant planning permission for Loxley, so planning consent remains in full force and the Company's plans to implement the project remain unchanged.

Mrs Justice Lang considered both challenges as "unarguable" and ordered Waverley and Protect Dunsfold to pay costs of £8,835 and £3,000 respectively.

This follows the decision in June last year by the Right Hon Stuart Andrew MP, Minister for Housing acting for the Secretary of State for Levelling Up, Housing and Communities, to overturn Surrey County Council's refusal of planning consent.

UKOG has consistently stated that Loxley can play its part in the government's Hydrogen and British Energy Security Strategies via the supply of its gas as feedstock for reformation into clean burning hydrogen. Once the field has been depleted of natural gas, Loxley can also be readily repurposed to store over 31 billion cubic feet of hydrogen (approximately 1 billion cubic metres), or around a tenth of National Grid's Future Energy Scenarios forecast of required hydrogen storage by 2035. Combined with our planned Portland salt cavern storage project of up to 2 billion cubic metres, the Company could be a significant force in the UK's future hydroegen storage sector.

It is the Company's and its legal counsel's view that, whilst further challenges by either claimant are to be expected, the emphatic rulings of both the SoS and Justice Lang make the likelihood of their success doubtful. In any case, the Company will continue to rigorously defend its position in any subsequent action as and when it may occur.

It is worth noting that the Environment Agency, the body responsible for safeguarding the UK's environment, granted UKOG a full environmental permit covering all aspects of the Loxley operation back in June 2020.

Turkey Pinarova

The tragic loss of so many lives in southern Turkey clearly had a profound impact on our partners and licence operator, Aladdin Middle East, but we were relieved to learn that the earthquakes did not claim the lives of any of the AME staff or their immediate relatives.

The earthquakes were a considerable distance away from our 300 km^2 Resan licence area at Basur-Resan containing the Basur-1 oil discovery and the new Pinarova shallow oil prospect, in which UKOG's wholly-owned subsidiary, UKOG Turkey Ltd, holds a 50% non-operated interest.

On a positive note, we are very excited by the discovery of the active live light oil seep in one of last year's seismic programme's shot holes and the realisation that it likely resulted from a direct connection with an underlying shallow oil accumulation, which we've named Pinarova after the nearby village located some 6 km north of our Basur-1 oil discovery. We plan to drill Pinarova-1 to a total depth of around 550 metres in early Spring 2023.

Upon closer examination of seismic and well data, UKOG and its partner Aladdin Middle East (AME) saw that the culmination of the Pinarova structure, which extends over an area of around 9 km^2 within Eocene Hoya group limestones, 300-645m below surface, had been penetrated by the 2018 Kezer-1 geothermal borehole. This well, whilst being considered to unsuitable for geothermal energy, had strong oil shows within the Hoya and is reported to have flowed heavily oil-cut fluids to surface on a short open-hole geothermal test.

Further encouragement for Pinarova is also provided by the presence of seismic amplitude anomalies at multiple levels withing Pinarova's Hoya target section. These anomalies could be indicative of the presence of hydrocarbons and/or the development of higher porosity within the Hoya.

Meanwhile, the new Phase 2 seismic data also helped confirm our view of Basur- Resan and we continue to believe that the next Basur-4 appraisal well presents a commercially viable opportunity to be actioned post Pinarova-1.

The Company and AME both consider Pinarova to offer similar potential success case outcomes to a Basur-4 appraisal well, but at much lower drilling and development costs and with a shorter time to execution and delivery. The Company has ample funds to cover its share of the $0.4 million dry hole to $0.63 million drilled, tested and completed as a pumped oil producer drilling campaign costs.

Portland Port

Much attention has been focused on our former Royal Navy facility at Portland Port in Dorset where our wholly-owned subsidiary UK Energy Storage ("UKEn") signed a legal agreement in May 2022 to develop a planned integrated energy hub, centred around hydrogen-ready gas storage using underground salt caverns and a future green hydrogen generation capability.

Subject to gaining planning consent and the necessary development finance, this promises to be the biggest project the Company has been involved with, in terms of scope, investment and future revenue potential. Indeed, if the Phase 1 and 2 storage volumes are delivered as we foresee, the project would be the UK onshore's largest underground storage facility, being roughly equivalent to the peak capacity of the offshore Rough gas storage facility, which prior to its closure in 2017, supplied around 70% of the UK's gas storage capacity.

Our dealings with government regarding Portland have been highly encouraging and fruitful, including meetings with the current Energy Minister, the Rt. Hon. Graham Stuart MP, Mr Richard Drax, MP for South Dorset, and Mr Matt Prosser, CEO of Dorset Council. All expressed support for our project.

In spring 2022, the then Secretary of State for Business, Energy and Industrial Strategy, Kwasi Kwarteng, wrote in a letter to me: "We know that hydrogen network and storage infrastructure will be essential to the development of the hydrogen economy, providing the link between production and demand. In particular, hydrogen's ability to store energy for long periods of time and in large quantities is central to its strategic value to a fully decarbonised energy system and we envisage hydrogen storage being a key part of future network infrastructure … we warmly welcome UKOG's project proposal."

To move things forwards we have also been in regular discussions with the appropriate experts from the Minister's teams in both the hydrogen and natural gas storage sectors and submitted an extensive response to the government's consultation on Hydrogen Transport and Storage. We are also actively contributing to the design of the UK's future hydrogen storage business model and the UK's future requirements for both natural gas and hydrogen storage volumes.

Given the material size and strategic location of Portland, we have requested that the government considers adding our project to its list of critical UK infrastructure as a Tier 2 hydrogen storage facility.

Recently we have also become a member of the new Solent Cluster, acting as the future provider of underground hydrogen storage for this large-scale hydrogen cluster centred on decarbonising Exxon-Mobil's Fawley refinery, the Southampton area and the South's current gas transportation network.

Portland Port is ideally situated for the construction of large salt caverns as it overlies a thick, high quality halite section of Triassic age. Halite deposits with sufficient thickness to accommodate significant caverns are confined to only three areas of the UK and are found in Cheshire, the northeast Yorkshire coast, as well as Dorset.

Underground salt caverns are by far the best receptor for both natural gas and hydrogen as they are modular, can be sized to suit, have a low surface visual impact, and involve lower development capital per unit of stored energy than repurposed gas fields. The envisaged scheme for Portland will be constructed to deliver back 100% of any gas/hydrogen stored, giving it a big advantage over repurposed fields and other porous rock storage media by removing the necessity for up to 30% of unrecoverable "cushion gas".

The Company has been advised by its planning consultants, Zetland Ltd, that the scale and nature of the energy hub development means that planning consent must be sought under Nationally Significant Infrastructure Project rules. This would require planning consent to be sought via an application for a Development Consent Order (DCO) directly to the Planning Inspectorate. Ultimate authority over the decision on whether to issue a DCO would rest with the SoS for Levelling Up, Housing and Communities. We are currently working towards an application submission in the second half of 2024.

"We envisage hydrogen storage being a key part of future network infrastructure. As such, I warmly welcome UKOG's project proposal."

Department for Business, Energy & Industrial Strategy

Stephen Sanderson (right) with Energy Minister the Rt. Hon. Graham Stuart MP (middle) and the MP for South Dorset, Mr Richard Drax

We are, however, concerned that the current planning system could hinder any swift transition into hydrogen. The uncertainties and length of time required to obtain necessary permissions must ideally be shortened. Business and industry need greater certainty as to when projects can obtain permissions in order to make the sector attractive to investment. We urge the government to bring planning into the 21st Century to enable future infrastructure to be built in a timely and cost-effective manner.

Fortunately, the Port has some positive planning 'history' which may help our application. In 2008 Dorset County Council granted planning consent to a previous company to create underground salt cavern storage, but the project fell victim to the worldwide credit crunch and the failure of the old gas storage merchant gas storage business model. Today, we live in equally challenging times, but the need for global energy security, with storage at its heart, has never been greater.

This need for energy security and a resilient UK energy system has been a major talking point but it requires urgent action by the government, to maintain the momentum featured in its British Energy Security and Hydrogen Strategies and to help deliver a reality that matches the National Grid's 2021 Future Energy Scenarios. Both of these frameworks highlight the need for both increased gas and future hydrogen storage and this is why Portland has the potential to be a significant and strategic element of the energy transition and the future green hydrogen economy.

If the government wishes the UK to become a world leader in the hydrogen sector, an aspiration we share, then, in addition to swiftly establishing viable business models, it must also swiftly introduce economic incentives for companies to invest in the sector ahead of the establishment of a mature hydrogen market.

This could be simply via breaks in corporation tax and more direct initial support that helps remove the demand uncertainty for highly capital intensive and longer lead time strategic level projects. The government could also actively encourage oil and gas companies to transition into hydrogen and help kick start the hydrogen sector, by permitting oil and gas profits that were directly invested in the hydrogen sector to be set off against the Energy Profit Levy.

Indeed, hydrogen is a fuel similar to natural gas that aligns very well with oil and gas expertise. We would argue that, in the medium to long term, it would be more beneficial to the UK to channel investment into hydrogen than back into oil and gas in the North Sea.

We also encourage the government to consider establishing a sovereign hydrogen fund that emulates the EU's €3 billion fund. The government could consider allocating monies from the Energy Profit Levy on upstream oil and gas into this fund as is muted in the Energy White Paper. That way the sector generating the root of CO2 emissions could help directly fund the new energy sector.

Any future hydrogen energy system must also integrate seamlessly between production, storage and a pipeline/transportation network. In our view this will need a well-defined and more detailed strategic level plan than currently exists and likely an entity responsible for implementing and developing the system in conjunction with industry.

Portland Port represents a significant source of possible future value for the Company.

Horse Hill PEDL137

Horse Hill (85.635% operated interest) has continued to produce steadily, albeit with some unexpected down time to replace the old pump. Our focus has been on reducing operating costs to improve the field's profitability and to work up plans for a potential small 3D seismic survey to be followed by a new infill well, Horse Hill-3.

Active consideration is also being given to adopting an incremental production farmout, whereby an incoming entity would cover all or part of the cost of the new programme for a share of future production from HH-3. We envisage that the Company and its partners would retain the rights to all of HH-1 production.

We were delighted that the North Sea Transition Authority ("NSTA") granted its formal consent for the conversion of Horse Hill-2z into a water reinjection well. With both the Environment Agency and NSTA permissions in hand, UKOG can now further expedite its plans for produced saline formation water reinjection at Horse Hill, removing the need for costly transportation and disposal of produced water at third-party sites. We estimate that the removal of these costs would add around £250,000 net earnings to the Company per year and reduce the field's carbon footprint.

The precursor stage to water reinjection was carried out successfully post period, when three shallow water monitoring boreholes were installed at the site. Initial sampling of the boreholes, which terminate within the underlying impermeable Weald Clay formation, found no moveable groundwater immediately beneath the site. A three month baseline monitoring period prior to the reinjection workover is now underway and scheduled to be completed around the end of April 2023.

'Pinarova's prospectivity, potential success case volumes and modest drilling costs make it an attractive short-fuse project worth pursuing. We are actively supporting our operator AME to get Pinarova-1 drilled as soon as practicable in 2023 and, if successful, either Pinarova-2 and/or a Basur-4 appraisal well drilled from a new site 1 km west of the Basur-1 discovery'.

Turkey Pinarova

Portland Port

Portland Port represents a significant source of possible future value for the Company and its loyal shareholders.

Further to the Court of Appeal's February 2022 dismissal of the challenge by the Weald Action Group (Finch et al) to Surrey County Council's grant of Horse Hill production consent, the Company now understands that, disappointingly, but perhaps not unsurprisingly, the claimant has been given a final legal avenue to appeal to the Supreme Court, the last permissible bite at this long-running legal cherry.

At the last count, five judges and the Court of Appeal have dismissed this case. Consequently, the Company and its legal counsel remain convinced that planning consent was granted entirely lawfully, and will, therefore, strongly contest any further action against its interests.

Planning consent currently remains in full force and lawful oil production at Horse Hill continues.

Horndean

Although UKOG has a modest 10% interest in the Horndean field, the new DeGolyer and McNaughton CPR ably demonstrates that it continues to provide valuable reserves and earnings for the Company. The CPR ascribes aggregate mid case 2P reserves and 2C Contingent Resource of 179,000 barrels net to UKOG. The field has been in production for over 30 years and shows little recent annual production decline.

During 2022, and with considerable downtime due to pump outages from three of the four pumps, the field earnt UKOG a welcome net share of production revenues of £287,000, with net earnings after operating costs of £136,000.

The current replacement of old and failing pumps with new lower opex pumps should improve production rates, lower operating costs and, if oil prices remain around their current levels, potentially make UKOG's Horndean interest more profitable than in 2022.

Board & Management changes

With effect from 1 January 2022 the Board was restructured. Kiran Morzaria stepped down as Finance Director to become a Non-Executive Director. Allen Howard moved from Non-Executive Chairman to become an Executive Director of the Company on a part-time basis. Nicholas Mardon Taylor took over as Non-Executive Chairman.

The departure of Matt Gormley as Chief Financial Officer led to the appointment of Guzyal Mukhametzhanova in the same role. She started her career within KPMG's Energy and Natural Resources practice before joining JKX Oil and Gas Limited. Guzyal has 20 years of experience in the natural resources and energy space and is a member of the Association of Chartered Certified Accountants (ACCA). She graduated from the London Business School and holds an MSc in Finance. Guzyal's role of CFO at UKOG is currently a non-board position.

Fundraising

The Company successfully raised gross proceeds of £4.25 million (£1.25m and £3m) by means of two separate placings during the reporting period to help fund our operational work programmes, including drilling in Turkey.

Chairman's Statement

With unprecedented turmoil both here and abroad, there have been few dull moments over the reporting period for our highly energised team. Rising energy prices, largely resulting from the war in Ukraine, have put a much needed, if painful, focus on increased energy security. It has also highlighted the UK's pressing need for materially greater energy storage resources and a switch to sustainable home grown green energy.

Many of our projects have taken great strides forward over the past year and are designed to help play a part in the UK's quest for increased energy independence. To this end we have also embarked firmly upon our own transition away from traditional oil and gas towards hydrogen as a new future green sustainable energy source.

I am delighted that UKOG has fully embraced the opportunity to become a potentially significant player in the future hydrogen world with its Portland Port project in Dorset. The ambition is large and aims to establish the UK's largest onshore underground salt cavern energy storage project, constructing it to handle both pure hydrogen and natural gas at inception with the ability to switch seamlessly into full hydrogen usage as that new market develops.

We also envisage Portland to be the centre of an integrated energy hub which exploits hydrogen's ability to store excess energy from offshore over the horizon wind. We envisage that green hydrogen could be generated from wind power in the English Channel that would otherwise be curtailed and then stored in our caverns. In effect this would be a large-scale hydrogen battery, storing wind energy to be rapidly converted to electricity when the demand arose. We are in preliminary discussions with both the wind and power generation sectors to try and make this a reality. Given the UK's abundant wind resources and extensive rock salt deposits this could be a sector that the UK should exploit to establish itself as a world leader.

With high level conversations taking place with government, infrastructure operators and possible strategic investors, our wholly owned subsidiary UK Energy Storage (UKEn) is gearing up for a busy 2023 in the full knowledge that Portland has the support of both central and local authorities. We have also become a member of the new Solent Cluster where we envisage supplying the necessary underground hydrogen storage for the cluster's blue hydrogen producer and customers alike.

I feel confident that the well-polished and extensive subsurface, engineering and commercial skills of UKOG's team are readily transferable to this new sector and that the project can be delivered as envisaged. There is a long way to go but we are firmly on the road to delivery.

I was also delighted to see that the Loxley project's materiality and significance has been finally established via RPS' Competent Persons Report. This should have made an outstanding read for any investor, highlighting both the present value and the substantive envisaged future net revenues it can potentially provide. The asset is also fully aligned with the Government's energy transition, energy security and hydrogen strategies and has planning and environmental consents for the forthcoming appraisal programme. Utilising Loxley's gas could save the UK some one million tonnes of CO_2e over its lifetime compared with importing the same gas volume.

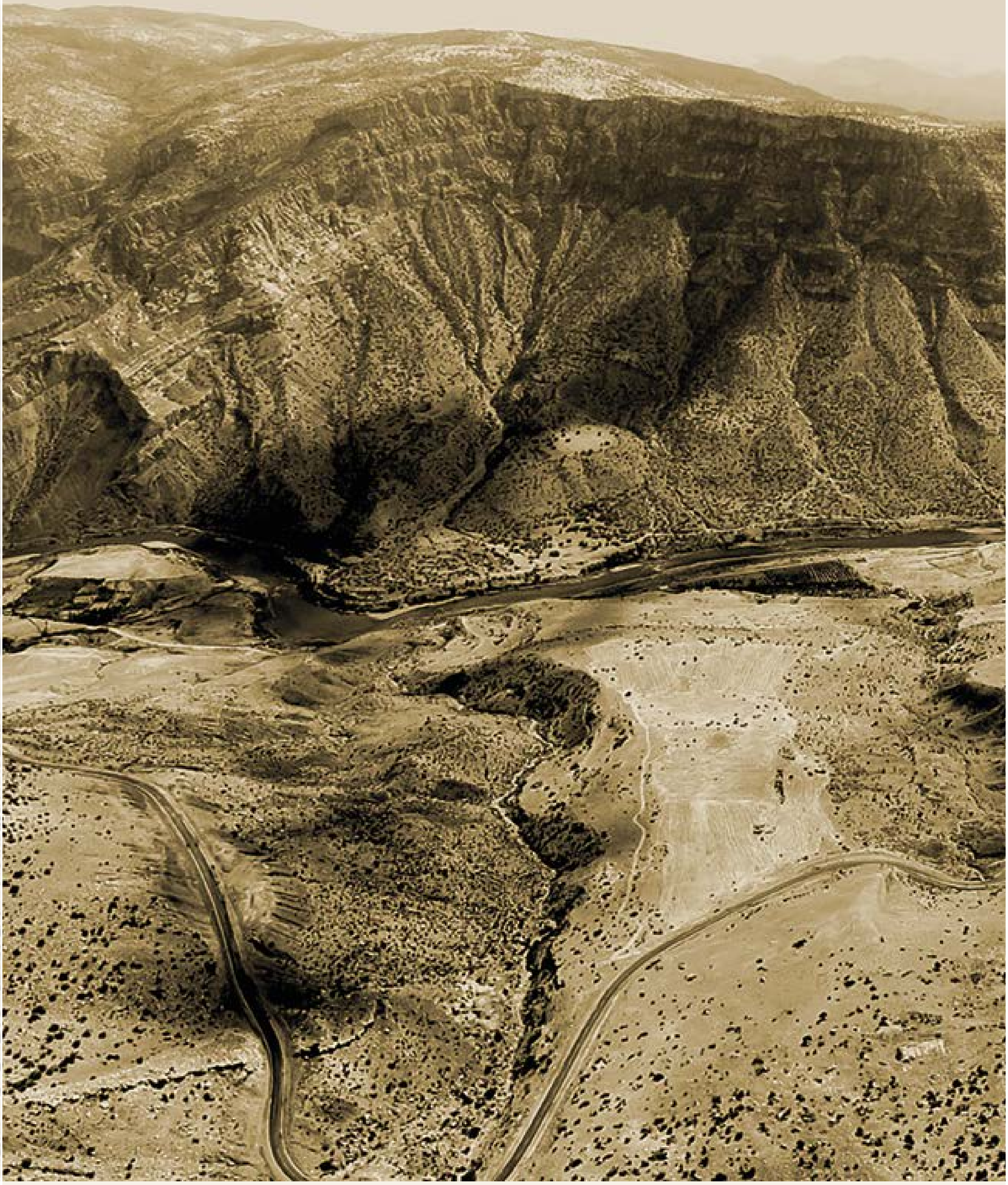
Whilst Loxley is, of course, a conventional gas accumulation, it aligns very well with the Company's transition into hydrogen. The project's planned direct link into the UK's national transmission gas grid will help make the Company's plans to supply the gas for reforming into hydrogen a reality. As a member of the Solent Cluster it would seem a natural fit to deliver our gas to the planned blue hydrogen plant at its centre.

The highlighted value of the Loxley accumulation also provides the Company with more options for funding future development, including regular oil and gas debt funding or a farmout where UKOG's costs are carried by a new partner. Either way, I feel sure we can deliver the planned Loxley appraisal programme during 2024.

I am mindful that the Company must still provide itself with near term cash flow so, consequently, was heartened by the discovery of the light oil seep and the underlying Pinarova shallow oil prospect in our Resan licence in Turkey. Many of the world's original oil fields were found by drilling beneath oil seeps so it's interesting to see that such opportunities still exist if capable people scratch away hard and long enough. Confirmation that Pinarova contains a commercially viable high quality oil accumulation would be an excellent result so early in 2023. I look forward to the forthcoming results and a successful year ahead.

Nicholas Mardon Taylor
Non-Executive Chairman

Turkey Pinarova



'Pinarova's prospectivity, potential success case volumes and modest drilling costs make it an attractive short-fuse project worth pursuing'.

Health Safety and the Environment

UKOG is committed to providing, so far as is reasonably practicable, a quality working environment that is safe and one that poses no risks to the health and safety of our employees, contractors, the local community and stakeholders.

The health & safety of employees and the public, and the protection of the environment are core business objectives of UKOG. They rank equally with the company's other business objectives.

Health, safety and environmental (HSE) risks associated with the business practices of UKOG are addressed through the effective implementation of our HSE Policy, which is designed to ensure that every person who works for UKOG is responsible for ensuring that health and safety is managed in all aspects of our business.

The Company's HSE aspirations are: "get it right, first time, every time with no accidents, no harm to people, the ecology and the environment".

To achieve the identified objectives, we will ensure that all necessary and reasonable resources are made available. We will confirm that objectives are being met by reviewing and reporting on performance and auditing the implementation and operation of UKOG's HSE Management System.

Our full HSE framework is available on our website: http://www.ukogplc.com/page.php?pID=101

Health & safety review

UKOG, under our operating subsidiary Horse Hill Developments Ltd (HHDL), has continued production activities at Horse Hill, including safe replacement of the Unico linear rod pump system during August 2022. The new more efficient enclosed gas flare with lower carbon emissions installed on the site in November 2021 continued to operate efficiently in accordance with design and environmental permit.

HHDL continued the process of obtaining the full environmental production permit, including water injection and additional development drilling, from the Environment Agency (EA). The permitting process took longer than anticipated with the regulator but the permit was duly awarded in May 2022. Subsequently planning conditions were then discharged to allow the installation of groundwater water monitoring boreholes at Horse Hill. The groundwater monitoring boreholes will be routinely monitored during field life to demonstrate full environmental permit compliance.

Phase 1(46.5km) and phase 2 (42.3) seismic acquisition was completed across our Basur-Resan JV with operator AME reporting 187 lost time injury free days and zero safety or environmental incidents or accidents.

There were no lost time injuries or environmental incidents on any of UKOG's sites during the reporting period or post period. The lost time injury frequency was also zero.

The EA and Health and Safety Executive made a number of site visits, linked to Horse Hill well operations and production equipment.

Progress continued on the workscope for Horse Hill site modifications and upgrades agreed with the Competent Authority (CA) under Regulation 6 of the Control of Major Accident Hazards Regulations (2015) (COMAH).

UKOG continues to keep good housekeeping standards on its sites. The Company continuously monitors all its live operations for noise, ensuring noise from its sites is kept to a minimum and is compliant with the levels set by the relevant site planning approval. UKOG only utilises service companies that can demonstrate commitment to our HSE standards.

Community engagement

Any complaints received are reviewed and responded to. Communication links are in place with the residents close to our sites, who can call UKOG at any time.

UKOG continues to operate a Covid-19 policy, in line with latest government guidance, to ensure the safety of our staff and visitors.

The Company meets and communicates regularly with local police to give operational updates where necessary.

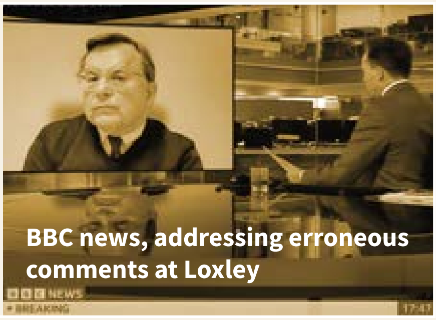
Route to development

UKOG operates within a highly regulated industry, led by the North Sea Transition Authority, a Government agency reporting to the Department for Business, Energy & Industrial Strategy, who among other things are responsible for checking a company's financial and operational competency before issuing a Petroleum Exploration and Development Licence (PEDL) and other regulatory approvals.

Once a potential site has been identified, UKOG must secure landowner consent and a land lease to operate on the land, before the EA assess any risk to groundwater and air quality, as well as the arrangements for waste management.

In parallel with seeking EA permits, discussions with local planning authorities begin. They in turn seek the views of the local community and statutory consultees. The Health and Safety Executive also regulates and monitors all onshore oil & gas exploration and production activities.

'There has to be the right relationship struck between natural resources development, economic development, employment opportunities and the natural and reasonable concerns of UKOG's neighbours. Unsightly impacts on the natural beauty of Britain's countryside and the environment are matters that I take very personally and seriously, as do the rest of my team'.



BBC news, addressing erroneous comments at Loxley

Turkey Resan

There were no lost time injuries or environmental incidents on any of UKOG's sites during the reporting period or post period. The lost time injury frequency was also zero.

Reserves and Resources

Total aggregate net discovered 2C (mid case) contingent resources and 2P (mid case) reserves now stand at 23.4 mmboe.

HH-1 production remains in contingent resource category, as the company requires more data to establish the long-term decline trend of the well. The company now holds the Environment Agency Production Permit. Once the company gets sufficient data it intends to review the HH-1 production decline and attribute reserves to HH-1, thus transferring them from contingent resources to reserves category.

Prospective resources have reduced compared to last year due to the relinquishment of PEDL331.

Table 1: Recoverable Reserves mmbbl: Producing Fields, Gross and Net (as of 31 December 2022)

		Gross mmbbl			Net Attributable mmbbl			
Asset	UKOG % Interest	1P	2P	3P	1P	2P	3P	Operator
Horndean [1]	10	0.86	1.00	1.17	0.090	0.100	0.120	IGas
Avington [1]	5	0.05	0.06	0.07	0.002	0.003	0.004	IGas
Total (mmbbl)[2]					**0.090**	**0.100**	**0.120**	

Notes:
[1] DeGolyer and MacNaughton (D&M) for IGas Feb 2023, [2]. Horse Hill reserve volumes await external CP verification following 12 months of stable production history, see text above.

Table 2: Contingent Resources mmbbl/mmboe (i.e., discovered and drill ready recoverable volumes)

			Gross mmbbl/mmboe				Net Attributable mmbbl/mmboe				
Asset	Licence	UKOG % Interest	1C	2C	3C	Mean	1C	2C	3C	Mean	Operator
Turkey, Basur-Resan [3]	M47 b1, b2	50	14.90	30.50	67.00	37.20	7.50	15.30	33.50	18.60	AME
Horse-Hill Portland [1]	PEDL137	85.64	0.50	1.40	3.50	1.80	0.40	1.20	3.00	1.50	HHDL
Horse-Hill Kimmeridge [4]	PEDL137	85.64	0.40	1.60	6.10	2.70	0.30	1.40	5.20	2.30	HHDL
Avington [2]	PEDL070	5	0.50	0.70	1.00	0.70	0.03	0.04	0.05	0.04	IGas
Horndean [2]	PL211	10	0.30	0.80	1.30	0.80	0.03	0.08	0.13	0.08	IGas
Total mmboe							**8.30**	**18.00**	**41.90**	**22.50**	

Notes:
[1] Xodus June 2018 less Portland production to end Feb 2023, estimates for Horse Hill are deterministic based upon per well recoveries, [2] D&M for IGas Feb 2023, estimates for Horndean and Avington are deterministic, not probabilistic, [3] Xodus June 2020, probabilistic based upon range of recovery factors, [4] RPS Jun 2019

Table 3: Gas Contingent Resources bcf (i.e., discovered and drill ready recoverable volumes)

			Gross bcf				Net Attributable bcf				
Asset	Licence	UKOG % Interest	1C	2C	3C	Mean	1C	2C	3C	Mean	Operator
Loxley[1]	PEDL234	100	16.2	31.0	52.9	33.4	16.2	31.0	52.9	33.4	UKOG
Total bcf							**16.2**	**31.0**	**52.9**	**33.5**	

Notes:
[1] RPS CPR February 2023, probabilistic based upon range of recovery factors.

Table 4: Prospective Resources (i.e., exploration, drill ready but as yet undiscovered recoverable volumes)

			Gross mmbbl				Net Attributable mmbbl			
Asset	Licence	UKOG % Interest	Low	Best	High	Mean	Low	Best	High	Mean
Turkey, Pinarova [1]	M47 b1,b2	50	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Turkey, Prospect A [2]	M47 b1,b2	50	4.0	8.7	17.0	9.9	2.0	4.4	8.5	5.0
Total							**2.0**	**4.4**	**8.5**	**5.0**

Notes:
[1] To be confirmed by external technical audit, [2] Xodus June 2020.

Operational Review

Kris Bone
Operations Director

Matt Cartwright
Commercial Director

Oil & Gas Assets

UKOG's operational activities were concentrated on the Loxley gas discovery, Horse Hill oil field and on the Basur-Resan licence in south-east Turkey. UKOG's second producing oil field is Horndean. The Avington oil field is being targeted for early production re-start.

Loxley, Broadford Bridge, PEDL234 (UKOG (234) 100%)

Following UKOG's planning appeal the Planning Inspectorate's report recommending the appeal be granted was submitted in March 2022 to the Secretary of State (SoS), and in June 2022 the appeal determination by the SoS granted UKOG's appeal, subject to conditions. Planning and environmental consents for the Loxley gas project are now both in place. Waverley Borough Council and a group of local residents have further challenged the appeal decision. Despite this the Company's legal team remain robustly confident that following the extensive public inquiry, the Secretary of State's decision to grant planning consent was thoroughly considered and entirely lawful. Consequently, we will continue to move our project ahead.

Kappa Engineering supported a review of the previous 1983 Godley Bridge-1 well test which confirmed that the tested 1.3 MMscfd of gas was constrained by a high mechanical skin value (+165) on the well. This skin was likely caused by drilling damage due to Portland sandstone being exposed for 26 days to high mud weights and use of lost circulation material whilst drilling deeper sections. In addition, insufficiently sized perforating guns failed to overcome this damage. Analysis indicates that a zero skin well, achieved by improved drilling and completion practices, would provide gas rates of 15-18 MMscfd under the same test conditions.

An initial grid export study has been completed with network operator SGN for Loxley gas entry into the 38 bar Local Transmission System confirming a route for Loxley gas sales for a range between 10-30 MMscfd. A detailed pipeline routing study to the identified grid entry point will now be undertaken. Gas processing and facility cost studies have been completed with consultant IMB Net Zero to provide up to date project development CAPEX estimates.

Port period RPS Energy issued a Competent Person's Report (CPR) illustrating the potential economic value of the Loxley gas discovery. 31 billion cubic feet of 2C Contingent Resources were estimated to be in the PEDL234 licence. The CPR demonstrates that the NPV10 of Loxley's 2C recoverable gas ranges from £123.7 million net to UKOG, assuming a gas price of £1.86/therm, the UK gas price on 31st December 2022, the effective date of the CPR, and £86.5 million net to UKOG utilising RPS' proprietary gas price forecast.

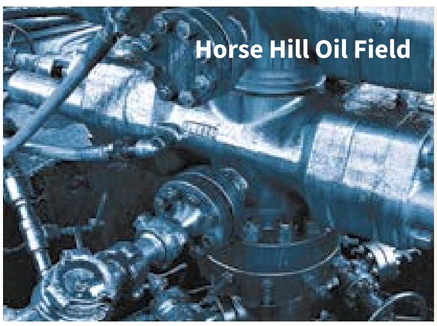
Work has commenced to discharge planning conditions for Loxley after which site construction plans can proceed. It is anticipated that site construction will commence in the second half of 2023, with the drilling of Loxley-1 to follow in 2024.

The Company's application for a two-year planning permission extension to West Sussex County Council's Planning Committee for its Broadford Bridge-1/1z Kimmeridge oil discovery was approved. Commercial discussions continue with CeraPhi Energy regarding potential for a geothermal project incorporating the Broadford Bridge asset.

Horse Hill Oil Field, PEDL137 and PEDL246 (UKOG 85.635%)

The field and surrounding licences are operated by UKOG's subsidiary company Horse Hill Developments Ltd (HHDL) in which UKOG has 77.9% ownership. The Licensees are HHDL (65% interest) and UKOG (137/246) Ltd (35% interest).

The North Sea Transition Authority (NSTA) granted consent for the conversion of the Horse Hill-2z into a saline water reinjection well. NSTA also approved the related Horse Hill Field Development Plan Addendum. Post period Surrey County Council (SCC) approved the ground water boreholes required for water reinjection.



As of end February 2023 184,000 bbl of Brent quality crude had been produced and exported from the Kimmeridge and Portland pools.

With the Environment Agency (EA), NSTA and SCC permissions in hand, UKOG has expedited its plans for produced saline formation water reinjection at Horse Hill, removing the need for costly transportation and disposal of produced water at distant third-party sites. Groundwater monitoring boreholes, a condition of the new production permit, have been installed to demonstrate continued environmental performance.

Thereafter the HH-2z well will be recompleted from a producer to an injector. Produced water reinjection back into the Portland reservoir is then anticipated to commence during Q2 2023 following confirmation that all EA permit pre-operational conditions have been satisfied.

The Unico surface linear rod pump was replaced during August 2022, and the previous pump refurbished as an operating spare. Routine site optimisation and maintenance continued in line with regulatory requirements.

As of end-February 2023, 184,000 bbl of Brent quality crude had been produced and exported from the Kimmeridge and Portland pools.

Further infill development of both Portland (HH-3 well) and Kimmeridge (HH-4 well) offer significant upside for the Horse Hill field. A third party technical and cost estimate study has been completed for a 3D seismic survey over Horse Hill to optimise future development drilling activity. Technical and resource planning for future development of Horse Hill is underway.

The Company announced the signing of a Heads of Terms with geothermal technology specialists CeraPhi Energy to enter into a joint venture agreement to develop part of the Horse Hill site into a geothermal energy hub (GeoHub). The GeoHub, currently at a conceptual stage, is targeted to generate and supply more than 200,000 MWh per year of continuous baseload, primarily as heat energy. The project's first phase would aim to supply significant industrial end-users in the locality with 100% green heating, cooling and green electricity.

Turkey, Basur-Resan Licence (UKOG 50%)

The Basur-Resan anticline containing the Basur-1 oil discovery is located within the surrounding 305 km^2 Resan M47-b1, b2 licence, in which UKOG's wholly owned subsidiary, UKOG Turkey Ltd, holds a 50% non-operated interest.

A Basur-Resan Licence Operating Committee meeting was held by Aladdin Middle East (AME) in Ankara in late 2021, the first face to face meeting permitted since the Covid pandemic. The 2022 work programme and budget were approved.

During our Ankara visit, it was confirmed that AME's and the Company's bid for new licences in last year's Turkish mini-licence round was unsuccessful. The mini licence round attracted several other bidders including the Turkish national oil company, TPAO. Although disappointing given the work programme offered, the bid was ancillary to the Company's focus of appraising Basur-Resan.

AME successfully completed the acquisition of phase 1 (46.5km) and phase 2 (42.3km) of the 2D seismic programme over challenging terrain. The acquisition was conducted by Viking Geological Services. In total 7 new 2D lines were acquired to enhance imaging and understanding of the Basur-Resan discovery. Post-period, Abu Dhabi based BGP completed the seismic processing. Interpretation and geological mapping of the processed data have also been completed.

UKOG's technical team spent a week in the field with AME, scouting potential drilling locations.

1300m of surplus UKOG-owned 9-5/8" casing was transferred to operator AME for utilisation during future drilling.

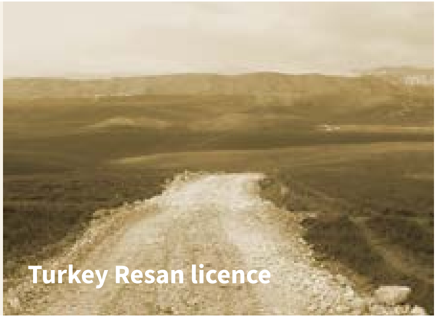
UKOG was advised by AME that their field crew discovered a significant live, light, 41.7˚API oil seep, within a seismic shot hole approximately 4 km north of the recent Basur-3 location. The seep's API gravity is close to the 43˚ API gravity of AME's nearby producing East Sadak oil field and provides evidence of an active light oil petroleum system in the central area of the licence. Oil was recovered from a sandstone layer at approximately 10-15m from surface. Two new drill holes located 8m to the east and west were completed several days later and also recovered light oil to surface from the same depth.

Review confirmed the nearby Kezer-1 geothermal borehole, drilled in 2018, reported strong oil shows throughout the shallow Hoya formation and flowed heavily oil-cut fluids to surface on a short open-hole geothermal test. Kezer-1 was deemed unsuitable for geothermal purposes and abandoned.

Integration of this live oil seep, Kezer-1 borehole data and phase 2 seismic results has presented a new exciting potential shallow oil accumulation, Pinarova, of some 9 km^2 areal extent, located 6 km north of the Basur-1 oil discovery.

A new shallow Pinarova-1 exploration well is to be designed and drilled to test a working hypothesis that the light oil seep, located above the Pinarova structure, is directly fed by and connected to an underlying light oil accumulation within Eocene Hoya group limestones, 300-645m below surface. Both new and legacy seismic data also show a series of

UKOG and partner AME are now progressing plans to further investigate the commerciality of this shallow oil accumulation with Pinarova-1 to be drilled in early 2023.



> 1 billion cubic metres of salt cavern methane storage, will be hydrogen ready and also incorporate green hydrogen production via electrolysis using offshore wind power.

Portland Energy Hub

vertically stacked seismic amplitude anomalies within the core of Pinarova's Hoya structure, possibly directly indicating hydrocarbons and/or the development of good reservoir within the Hoya.

UKOG and AME are now progressing preparations for the drilling of Pinarova-1. Construction of the well pad and access road will commence shortly, and drilling is expected in April 2023.

Horndean Oil Field (UKOG 10%)

UKOG's second producing field is Horndean located in Hampshire. IGas Energy PLC (IGas), the Horndean oil field operator, advised that the surface beam pumps in the field are being replaced with new surface pumps. This is forecast to result in 2023 in higher Horndean oil production, higher well availability and lower operating costs through lower electrical power usage.

Horndean production in 2022 was impacted by well servicing work on three of the four production wells. Following completion of the work, production levels were once again in line with their historical stable performance. UKOG's net share of Horndean production revenues in 2022 was £287,000, with a net profit after operating costs of £136,000.

Avington Oil Field (UKOG 5%)

IGas, the Avington oil field operator, advised that the field is being prepared to restart production. Avington ceased production in late 2017 due to high operating costs. However, with higher oil prices and all regulatory approvals in place, the joint venturers have agreed to restart production from the field. A workover of the Avington-3z well will take place, followed by surface facilities modifications. The target date for the restart of production via Avington-3z is Q2 2023..

Arreton, Isle of Wight, PEDL331 (UKOG 95%)

UKOG's planning application to the Isle of Wight Council for the appraisal drilling and flow testing of the Arreton oil discovery was refused. The Company decided not to appeal this decision and has relinquished the PEDL331 licence.

Gas and Hydrogen Storage Asset

Portland Energy Hub (UKEn 100%)

IIn May 2022 UKOG (through its wholly owned subsidiary UKEn) made a highly strategic entry into the UK gas storage business via our legal agreement for a very large gas storage facility on the Isle of Portland. We intend to create an energy hub at the former Royal Navy port in Dorset.

Planning approval was granted in 2008 for a methane gas storage project utilising salt caverns, but, in line with the move to a hydrogen economy, UKEn's development, while still designed for 1 billion cubic metres of salt cavern methane storage, will be hydrogen ready and is also intended to incorporate in due course green hydrogen production via electrolysis using offshore wind power.

The commercial and legal terms of an Agreement to Lease were negotiated and executed with the landowner, Portland Port Ltd.

Since execution of the agreement, UKEn has:

- Carried out site activities to confirm ground conditions.
- Pursued the lease of the required subsurface mining and mineral rights with the Crown Estate.
- Initiated planning and other regulatory activities, with a detailed review of planning requirements, the DCO process and related activities such as approvals required for the pipelines and other ancillaries.
- Prepared an overall work programme and budget to achieve the Development Consent Order (DCO).

Technical reviews and studies are being completed, including an update of the original salt cavern design, plus overall development cost estimation and sensitivity/optimisations.

Financial Review

Guzyal Mukhametzhanova
Chief Financial Officer

In the reporting period we managed to successfully raise capital to provide the Group with a source of general working capital and to help deliver the Group's strategy.

Income Statement

Revenues for the year from sales of oil amounted to £1.8 million (2021: £1.6 million). This increase was largely driven by an increase in average sale price from £43/bbl to £98/bbl which was offset by oil production decrease at Horse Hill, via HH-1. For more detail please refer to the Operational update. Depletion, Depreciation and Amortisation costs amounted to £0.8 million (2021: £0.7 million), reflecting the production from Horse Hill during the year and updated reserves used for calculation of depletion. Other Cost of Sales reduced to £0.7 million (2021: £1.1 million). The Group recorded a gross profit for the year of £0.3 million (2021: loss £0.2 million). Following an impairment review carried out as at 30 September 2022, the net present value of the Horse Hill-1 well was determined to be lower than its recorded book value, and it was therefore determined that the value of associated oil and gas properties should be impaired by £2.9m.

The Directors have also assessed the fair value of the exploration & evaluation assets as at 30 September 2022. The Directors have determined the net present value of the Horse Hill development to be £11.4 million, which takes into account drilling of additional wells in the field, and supports the value of intangible assets of Horse Hill.

Administration expenses during the year amounted to £2.7 million (2021: £2.1 million). An Operating loss for the year of £5.4 million was recorded (2021: £3.8 million). Finance costs amounted to £0.2 million (2021: £0.1 million), relating primarily to unwinding of discounts on decommissioning provisions.

Balance Sheet

During the financial year to 30 September 2022, non-current assets decreased to £35.9 million (2021: £37.7 million). This included mainly the effects of an impairment of oil & gas assets at Horse Hill offset by £2.0 million of capital expenditure on oil exploration and evaluation assets, primarily at the Basur-Resan oil discovery in Turkey. Cash and cash equivalents totalled £4.6 million at the year-end (2021: £4.7 million) which allowed liquidity to be successfully maintained.

Cash Flow and Financing

The net cash outflow from operating activities during the reporting period was £2.0 million (2021: cash outflow of £1.4 million). The reduced outflow is primarily attributable to working capital movements and twelve months of operating cash flows from Horse Hill in the year to 30 September 2022. UKOG raised £3.9 million during the reporting period via the issue of equity (net of share issue costs), which was used primarily to fund investing activities (£2.0 million).

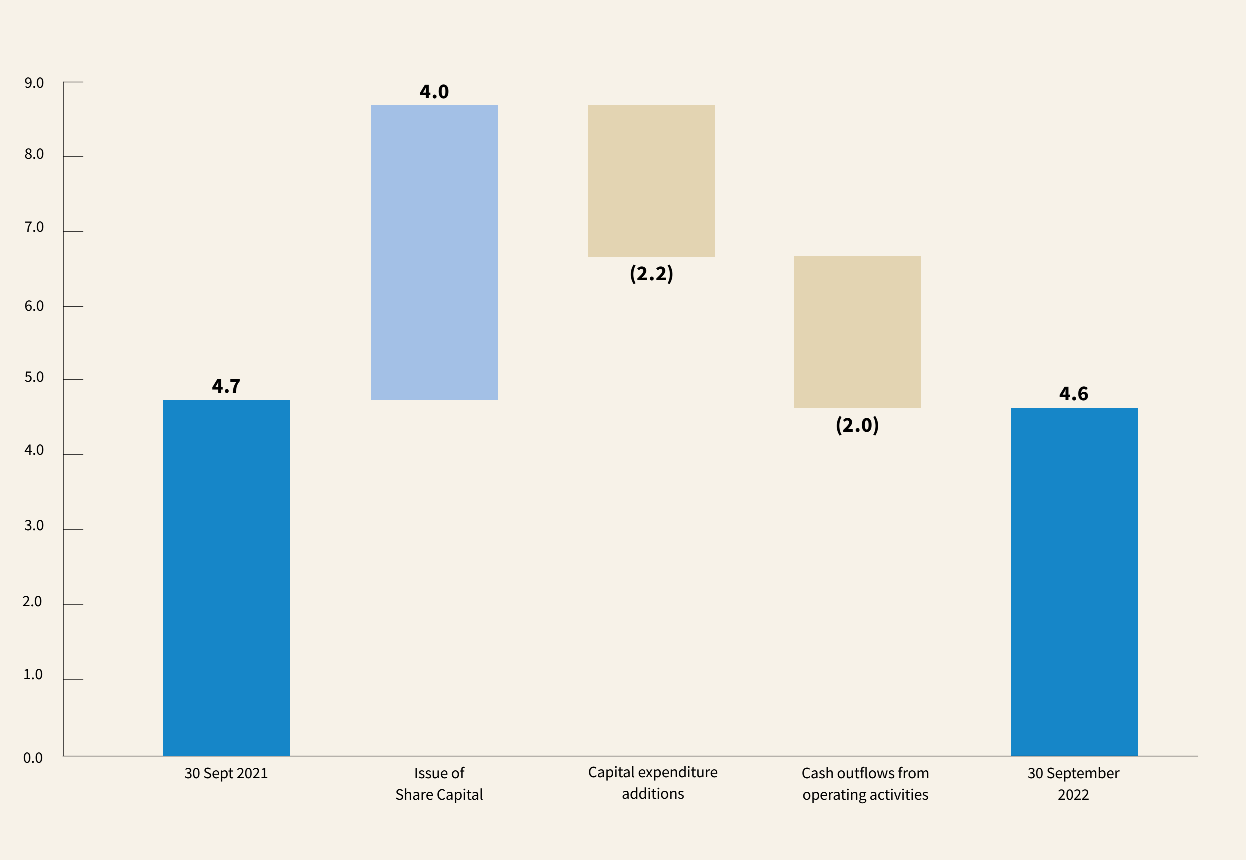
Going concern

The Directors have prepared cash flow forecasts for the period to 31 March 2024, which take into account anticipated production and costs, the forward curve of Brent crude oil, expected revenue streams from new well in Turkey and possible external funding, if required.

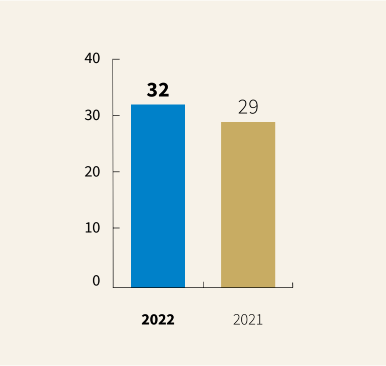
The Group's base case going concern model was run with average oil prices of $81/bbl to March 2024. There is a high degree of uncertainty around these forward rates. Taking into account anticipated production from current portfolio of assets and Pinarova-1 well in Turkey, costs and the forward curve of Brent crude oil, forecasts prepared demonstrate that the Group will have sufficient cash funds available to allow it to continue in business for a period of at least 12 months from the date of approval of these financial statements. Notwithstanding the Company's current cash balance and contractual expenditure commitments, the Board are cognisant of any possible unforeseen events outside of its control on the Group. Whilst some of these events are contingent (successful production in Turkey or farm-in to the Horse Hill Oil Field), the Company, if required, will take actions to address any cash constraints by seeking to raise capital through equity or debt. Whilst there can be no certainty that sufficient funding can be obtained in the timescales required, the Directors are confident of their ability to raise capital, which is supported by successful capital placements in the past.

The Board considers that the current cash reserves and expectations of future revenue and/or fund raises either through share placings, debt or farm out processes will be sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

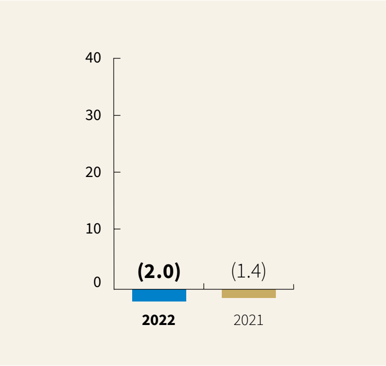
Cash flows £m



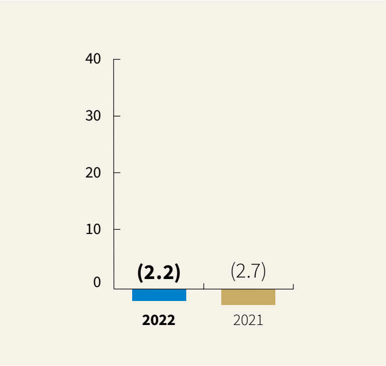
Operating costs (£/bbl)*



Operating cash flow £m



Investing cash flow £m



Principal Risks and Uncertainties

UKOG continuously monitors its risk exposures and reports its review to the board of directors ("The Board"). The Board reviews these risks and focuses on ensuring effective systems of internal financial and non-financial controls are in place and maintained.

Key Risk Areas

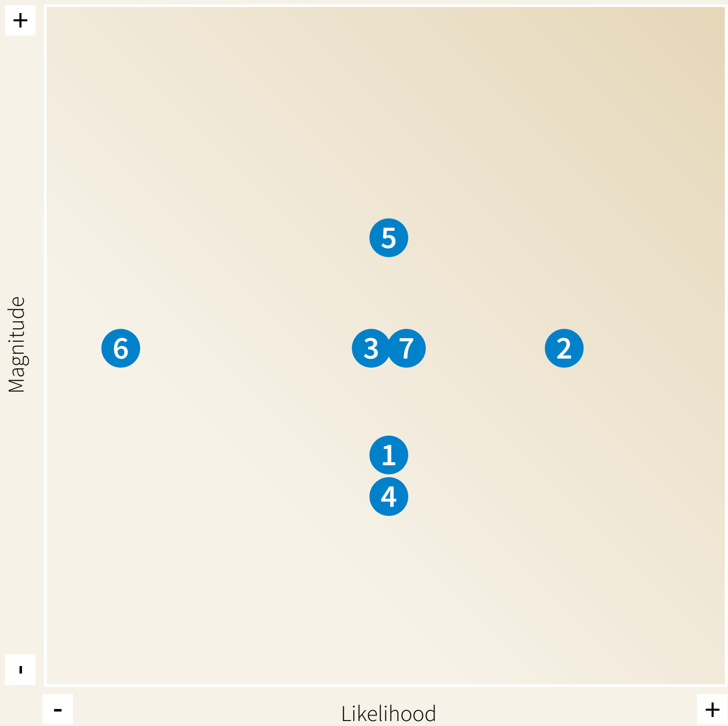
Key risk areas surrounding our existing business are tabulated below; categorised as being Strategic, Operational and Financial.

Risk	Mitigation	Magnitude and likelihood
Strategic risks		
1. Exposure to political risk		
We operate in and may seek new opportunities in countries, regions and cities where political, economic and social transition may take place. Political instability, changes to the regulatory or taxation environment, international trade disputes and barriers to free trade, international sanctions, expropriation or nationalisation of property, civil strife, strikes, insurrections, acts of terrorism, acts of war and public health situations (including any future epidemic or pandemic) may disrupt or curtail our operations or development activities and could affect the ability of UKOG to deliver to its Strategy.	Through industry associations and direct contact, the Company engages with Government and other appropriate organisations to ensure the Company is kept abreast of expected potential changes and takes an active role in making appropriate representations.	Magnitude - Low to Moderate Likelihood - Low to Moderate
Operational risks		
2. Permitting risk		
Planning, environmental, licensing and other permitting risks associated with our operations particularly with exploration drilling operations.	During the period the Company continued to face several challenges in obtaining all the permits that it requires to deliver on its strategy. This is despite UKOG's compliance with regulations, proactive engagement with regulators and communities, and the expertise and experience of its management team. We believe this is because of changing priorities within the United Kingdom and the Company has sought to further diversify this risk by seeking investments outside the United Kingdom.	Magnitude - Moderate Likelihood - Moderate to High
3. Exploration risk		
The Company fails to locate and explore hydrocarbon-bearing prospects that have the potential to deliver commercially, e.g. key wells are dry or less successful than anticipated	Analysis of available technical information to determine the work programme. Risk-sharing arrangements entered to reduce downside risk	Magnitude - Moderate Likelihood - Moderate
4. Oil production		
Oil is not produced in the anticipated quantities from the Group's assets, or it cannot be produced economically.	Analysis of available technical information to improve our understanding of the reservoir and continue to review cost structure to target low production costs.	Magnitude - Low Likelihood - Low to Moderate

Risk	Mitigation	Magnitude and likelihood
Operational risks continued		
5. Price and markets		
Our financial performance is impacted by fluctuating prices of oil, gas and refined products. Oil, gas and product prices are subject to international supply and demand and margins can be volatile. Political developments, increased supply from new oil and gas or alternative low carbon energy sources, technological change, global economic conditions, public health situations.	During the previous reporting period the Group entered into production at Horse Hill. The Group determined that given its stage of development the costs of hedging would be prohibitive. The Group continues to will continue to keep this under review. At this point the Group also continues to review costs where appropriate.	Magnitude - Moderate to High Likelihood - Moderate
6. Loss of key staff		
	Provide and maintain competitive remuneration packages to attract the right calibre of staff. Build a strong and unified team.	Magnitude - Moderate Likelihood – Low
Financial risks		
7. Liquidity risk		
Exposure through its operations to liquidity risks.	The Board regularly reviews UKOG's cash flow forecasts and the availability or adequacy of its current facilities to meet UKOG's cash flow requirements.	Magnitude - Moderate Likelihood - Moderate

Risk profile

The diagram below indicates our current assessment of magnitude and likelihood of our principle risks



1. Exposure to political risk
2. Permitting risk
3. Exploration risk
4. Oil production
5. Price and markets
6. Loss of key staff
7. Liquidity risk

Directors' Section 172 Statement

The following disclosure describes how the Directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the Directors' statement required under section 414CZA of The Companies Act 2006.

The matters set out in section 172(1) (a) to (f) are that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers/customers and others;
- the impact of the company's operations on the community and environment;
- the company's reputation for high standards of business conduct; and
- the need to act fairly between members of the company.

As set out above in the Strategic Report the Board remains focused on providing value for shareholders through the long term success of the Company. The means by which this is achieved is set out further below.

Likely consequences of any decisions in the long term

The statement from the Chairman, the Chief Executive's Statement and the Strategic Review set out the Company's strategy. In applying this strategy, particularly in seeking new projects and developing current ones to deliver reserves and resource growth, the Board assesses the long term future of our projects and investments with a view to shareholder return. The approach to general strategy and risk management strategy of the group is set out in the Statement of Compliance with the QCA Code of Practice (Principles 1 and 4) on pages 23 to 24.

Interest of employees

The Group has a very limited number of employees and all have direct access to the Executive Directors on a daily basis and to the Chairman, if necessary. The Group has a formal Employees' Policy manual which includes processes for confidential report and whistleblowing.

Need to foster the Company's business relationships with suppliers/customers and others

The Group continuously interacts with a variety of suppliers and customers important to its success. The Group strives to strike the right balance between engagement and communication. Furthermore, the Company works within the limitations of what can be disclosed to the various stakeholders with regards to maintaining confidentiality of market and/or commercially sensitive information. Our suppliers are fundamental to ensuring that the Group can execute its development and production strategy on time and on budget. Using quality suppliers ensures that as a business we meet the high standards of performance that we expect of ourselves and vendor partners. Our management team work closely with our suppliers, via one on one meetings and where possible supplier site visits and facility reviews to ensure our suppliers are able to meet our requirements.

Impact of the Company's operations on the community and environment

The Group takes its responsibility within the community and wider environment seriously. Its approach to its social responsibilities is set out in the Statement of Compliance with the QCA Code of Practice (Principle 3) on page 23.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Directors are committed to high standards of business conduct and governance and have adopted the QCA Code of Practice which is set out on pages 23 to 24. Where there is a need to seek advice on particular issues, the Board will consult with its lawyers and nominated advisers to ensure that its reputation for good business conduct is maintained.

The need to act fairly between members of the Company

The Board's approach to shareholder communication is set out in the Statement of Compliance with the QCA Code of Practice (Principle 2) on page 23. The Company aims to keep shareholders fully informed of significant developments in the Group's progress. Information is disseminated through Stock Exchange announcements, website updates and, where appropriate, video-casts.

During 2022 the Company issued numerous stock exchange announcements on operational issues. All information is made available to all shareholders at the same time and no individual shareholder, or group of shareholders, is given preferential treatment.

Corporate Governance

Introduction to governance

The Directors recognise that good corporate governance is a key foundation for the long-term success of the Company. As the Company is listed on the AIM market of the London Stock Exchange it also is subject to the continuing requirements of the AIM Rules. The Board has therefore adopted the principles set out in the Corporate Governance Code for small and midsized companies published by the Quoted Companies Alliance ("QCA Code"). The principles are listed below with an explanation of how the Company applies each principle, and the reasons for any aspect of non-compliance.

1. Establish a strategy and business model which promote long- term value for shareholders

UK Oil & Gas Plc ("UKOG") provides shareholders with a full discussion of corporate strategy within our Annual Report. A dedicated section explains how we will establish long term shareholder value, as set out on pages 4 to 5.

The Group is focused around 3 key strategic goals: Maximise production and recovery from its existing asset portfolio, grow the asset portfolio through select onshore development and appraisal projects, actively manage costs and risks through operational and management control of the entire process of exploring, appraising and developing its assets.

The Management team actively evaluates projects that simultaneously de-risk the current portfolio and create long-term shareholder value. Projects are evaluated based on many characteristics to mitigate risk to our current activities, including but not limited to, alignment with the Company's core competencies, geography, time horizon and value creation. Further, a core component of the Company's activities includes an active dialogue with our legal and legislative advisors to ensure the Company remains up to date on current legislation, policy and compliance issues.

Key business challenges and how they may be mitigated are detailed on pages 20 to 21.

2. Seek to understand and meet shareholder needs and expectations

UKOG encourages two-way communication with institutional and private investors. The Chief Executive talks regularly with the Company's major shareholders and ensures that their views are communicated fully to the Board. Where voting decisions are not in line with the company's expectations the Board will engage with those shareholders to understand and address any issues. The Company Secretary is the main point of contact for such matters.

The Company seeks out appropriate platforms to communicate to a broad audience its current activities, strategic goals and broad view of the sector and other related issues. This includes but is not limited to media interviews, website videos, in-person investor presentations and written content.

Communication to all stakeholders is the direct responsibility of the Senior Management team. Managers work directly with professionals to ensure all inquiries (through established channels for this specific purpose such as email or phone) are addressed in a timely matter and that the Company communicates with clarity on its proprietary internet platforms. Senior management routinely provides interviews to local media and business reporters in support of the company's activities. The Board routinely reviews the Company communication policy and programmes to ensure quality communication with all stakeholders.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

In all endeavours, the Company gives due consideration to the impact on its neighbours. The Company seeks out methodologies, processes and expertise in order to address the concerns of the non-investment community. As such, it actively identifies the bespoke needs of local communities and their respective planners. For example, the company provides for local hotlines and establishes community liaison groups to address local questions and concerns.

UKOG seeks to maintain positive relationships within the communities in which it operates. As such, UKOG is dedicated to ensuring:

- Open and honest dialogue;
- Engagement with stakeholders at all stages of development;
- Proactive addressing of local concerns;
- Active minimisation of impact on our neighbours; and
- Adherence to a strict health and safety code of conduct.

As a responsible OGA approved and EA permitted UK operator, UKOG is committed to utilising industry best practices and achieving the highest standards of environmental management and safety.

Our operations:

- Continuously assess and monitor environmental impact;
- Promote internally and across our industry best practices for environmental management and safety; and
- Constant attention to maintaining our exemplary track record of safe oil & gas production.

For more information please refer to page 19 of the Annual Report as well as the Community section within the Company's corporate website.

4. Embed effective risk management, considering both opportunities and threats, throughout the organization

Risk Management on pages 20 to 21 of the Annual Report details risks to the business, how these are mitigated and the change in the identified risk over the last reporting period.

The Board considers risks to the business at every Board meeting (at least 4 meetings are held each year) and the risk register is updated at each meeting. The Company formally reviews and documents the principal risks to the business at least annually.

Both the Board and senior managers are responsible for reviewing and evaluating risk and the Executive Directors meet at least monthly to review ongoing trading performance, discuss budgets and forecasts and new risks associated with ongoing trading.

5. Maintain the Board as a well-functioning, balanced team led by the chair

Oversight of UK Oil & Gas Plc is performed by the Company's Board of Directors. Nicholas Mardon Taylor, the Non-Executive Chairman, is responsible for the running of the Board and Stephen Sanderson, the Chief Executive, has executive responsibility for running the Company's business and implementing Company strategy. All Directors receive regular and timely information regarding the Company's operational and financial performance.

Relevant information is circulated to the Directors in advance of meetings. In addition, minutes of the meetings of the Directors of the UK subsidiaries are circulated to the Board. All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of their duties, if necessary, at the company's expense.

The Board comprises two Executive Directors and two Non-Executive Directors with a mix of significant industry and business experience within public companies. The Board considers that all Non-Executive Directors bring an independent judgement to bear. All Directors must commit the required time and attention to thoroughly fulfil their duties.

The Board has a formal schedule of matters reserved to it and is supported by the Audit, Remuneration, Nomination and AIM Rules compliance committee. The Schedule of Matters Reserved and Committee Terms of Reference are available on the Company's website and can be accessed on the Corporate Governance page of the website.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Nomination Committee will determine the composition of the Board of the Company and appointment of senior employees. It will develop succession plans as necessary and report to the Directors. Where new Board appointments are considered the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender.

The Company Secretary supports the Chairman in addressing the training and development needs of Directors.

As a small company, all members of the Board share responsibility for all Board functions. As such the Board will from time to time engage outside consultants to provide an independent assessment.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board intends to carry out an internal evaluation on individual Directors on an ad-hoc basis in the form of peer reviews and appraisals. The individual reviews and appraisals are used to identify group and individual targets which are reviewed and assessed at the end of the financial year.

8. Promote a corporate culture that is based on ethical values and behaviours

The Company is committed to maintaining and promoting high standards of business integrity. Company values, which incorporate the principles of corporate social responsibilities (CSR) and sustainability, guide the Company's relationships with clients, employees and the communities and environment in which we operate. The Company's approach to sustainability addresses both our environmental and social impacts, supporting the Company's vision to remain an employer of choice, while meeting client demands for socially responsible partners.

Company policy strictly adheres to local laws and customs while complying with international laws and regulations. These policies have been integral in the way group companies have done business in the past and will continue to play a central role in influencing the Group's practice in the future.

The ethical values of UKOG including health, safety, environmental, social and community and relationships, are set out on page 19 of the Annual Report.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Company has adopted a model code for directors' dealings and persons discharging managerial responsibilities appropriate for an AIM company, considering the requirements of the Market Abuse Regulations "MAR"), and takes reasonable steps to ensure compliance is also observed by the Company's employees (AIM Rule 21 in relation to directors' dealings).

The Corporate Governance Statement details the company's governance structures, the role and responsibilities of each director. Details and members of the Audit Committee and Remuneration Committee can be found on page 26.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company encourages two- way communication with both its institutional and private investors and responds quickly to all queries received. The Chief Executive talks regularly with the Company's major shareholders and ensures that their views are communicated fully to the Board.

The Board recognises the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.

To the extent that voting decisions are not in line with expectations, the Board will engage with shareholders to understand and address any issues.

In addition to the investor relations activities carried out by the Company as set out above, and other relevant disclosures included within the Investor Relations section of the Company's website, reports on the activities of each of the Committees during the year are set out in the Annual Report.

While building a strong governance framework the Company also tries to ensure that it takes a proportionate approach and that its processes remain fit for purpose as well as embedded within the culture of the organisation. We continue to evolve our approach and make ongoing improvements as part of building a successful and sustainable company.

Board of Directors

The Board consists of a team of experienced multidisciplinary members who are committed to delivering shareholder value.

Nicholas Mardon Taylor, Non-Executive Chairman
Nicholas Mardon Taylor served as the Chief Financial Officer of Hurricane Energy PLC from May 2012 until January 2016. He has worked in the oil industry for over 35 years, his first involvement in the North Sea being in the early licensing rounds. He was with Hurricane from 2005 to January 2016 when he was the Company's first CFO and was subsequently responsible for the Company's Environmental Management System.

Stephen Sanderson, Chief Executive
Stephen Sanderson joined UK Oil & Gas Plc in September 2014. He was appointed Executive Chairman and Chief Executive in July 2015 and in August 2018 ceded his role as Executive Chairman as part of improvements in corporate governance. A highly experienced petroleum geologist, oil industry veteran and upstream energy business leader, with over 30 years operating experience, Stephen is a proven oil finder and has been instrumental in the discovery of more than 12 commercial conventional fields, including the Norwegian Smorbuk-Midgaard field complex.

Stephen held a variety of senior management roles for ARCO (which was acquired by BP in 2000), Wintershall AG (a subsidiary of German chemical giant BASF) and three junior start-ups. He created and ran successful new exploration businesses in Africa, Europe and South America. He has significant technical and commercial expertise in the petroleum systems of Africa, the North Sea, Norway, onshore UK & Europe, South America, the South Atlantic, Middle East, Asia, India, Australia and the USA. He is a graduate and Associate of the Royal School of Mines, Imperial College, London, a Fellow of the Geological Society of London and a member of the American Association of Petroleum Geologists.

Allen D Howard, Executive Director
Allen Howard was Senior Vice President of Houston-based Premier Oilfield Laboratories, having been Chief Operating Officer of well analysis experts Nutech. Allen also held senior positions with Schlumberger. He holds a degree in Chemical Engineering from Texas Tech University and an MBA from Mays Business School in Texas. Allen was appointed as Non-Executive Chairman for UKOG in August 2018, before taking up his current Executive role at the beginning of 2022.

Kiran Morzaria, Non-Executive Director
Kiran Morzaria holds a Bachelor of Engineering (Industrial Geology) from the Camborne School of Mines and an MBA (Finance) from CASS Business School. He has extensive experience in the mineral resource industry working in both operational and management roles. Mr Morzaria spent the first four years of his career in exploration, mining and civil engineering. He then obtained his MBA and became the Finance Director of Vatukoula Gold Mines Plc for seven years. He has served as a director of a number of public companies in both an executive and non-executive capacity; he is a non-executive director of European Metals Holdings Ltd and the Chief Executive Officer for Cadence Minerals Plc. Mr Morzaria previously served in an Executive capacity as the Finance Director of UKOG, transitioning to his current Non-Executive position at the beginning of 2022.

Board and Committee membership

Member	Board Title	Audit Committee Title	Remuneration Committee Title
Stephen Sanderson	Chief Executive		
Allen D Howard	Executive Director		
Nicholas Mardon Taylor	Non-Executive Chairman	Member	Member
Kiran Morzaria	Non-Executive Director	Chairman	Chairman

The Board and its Committees

The Board of the Company consists of two Executive Directors and two Non-Executive Directors. The Non-Executive Directors are not considered independent under the QCA Code as they hold options and/or shares in the Company. However, the Board considers that the Non-Executive Directors are independent of management under all other measures and are able to exercise independence of judgement.

With effect from 1 January 2022 the board was restructured. Kiran Morzaria stepped down as Finance Director and became a Non-Executive Director. Allen Howard moved from Non-Executive Chairman to become an Executive Director of the Company on a part-time basis. Nicholas Mardon Taylor became the Non-Executive Chairman.

The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day-to-day management is devolved to the executive directors, who are charged with consulting the Board on all significant financial and operational matters. The Board retains ultimate accountability for governance and is responsible for monitoring the activities of the executive team.

The roles of Chairman and Chief Executive are split in accordance with best practice. The Chairman has the responsibility of ensuring that the Board discharges its responsibilities. The Chairman is also responsible for the leadership and effective working of the Board, for setting the Board agenda, and ensuring that Directors receive accurate, timely and clear information. No one individual has unfettered powers of decision.

The Chief Executive has the overall responsibility for creating, planning, implementing, and integrating the strategic direction of the Company. This includes responsibility for all components and departments of the business. The Chief Executive ensures that the organisation's leadership maintains constant awareness of both the external and internal competitive landscape, opportunities for expansion, customer base, markets, new industry developments and standards.

The Board met regularly during the year. Tabulated below is the attendance of Board Members during the reporting period.

Board Member	Meetings attended (out of a total possible)
Nicholas Mardon Taylor	8/8
Stephen Sanderson	8/8
Allen D Howard	8/8
Kiran Morzaria	8/8

Audit Committee

The audit committee consists of Kiran Morzaria (Chairman) and Nicholas Mardon Taylor. Prior to 1 January 2022 the audit committee consisted of Nicholas Mardon Taylor (Chairman) and Allen D Howard. The Audit Committee met once during the year.

Board member	Meetings attended (out of a total possible)
Nicholas Mardon Taylor	1/1
Allen D Howard	1/1

The principal duties and responsibilities of the Audit Committee include:

- Overseeing the Company's financial reporting disclosure process; this includes the choice of appropriate accounting policies
- Monitoring the Company's internal financial controls and assess their adequacy
- Reviewing key estimates, judgements and assumptions applied by management in preparing published financial statements
- Annually assessing the auditor's independence and objectivity
- Making recommendations in relation to the appointment, re-appointment and removal of the company's external auditor

Remuneration Committee

The Remuneration Committee consists of Kiran Morzaria (Chairman) and Nicholas Mardon Taylor. Prior to 1 January 2022 the Remuneration Committee consisted of Nicholas Mardon Taylor (Chairman) and Allen D Howard. The Remuneration Committee met once during the year.

Board member	Meetings attended (out of a total possible)
Nicholas Mardon Taylor	1/1
Allen D Howard	1/1

The principal duties and responsibilities of the Remuneration Committee include:

- Setting the remuneration policy for all Executive Directors
- Recommending and monitoring the level and structure of remuneration for senior management
- Approving the design of, and determining targets for, performance related pay schemes operated by the company and approve the total annual payments made under such schemes
- Reviewing the design of all share incentive plans for approval by the board and shareholders

None of the Committee members have any personal financial interest (other than as shareholders and option holders), conflicts of interest arising from cross-directorships or day-to-day involvement in the running of the business. No director plays a part in any financial decision about his or her own remuneration.

Internal controls

The Board is responsible for establishing and maintaining the Company's system of internal controls and reviewing its effectiveness. The procedures that include financial, operational, health and safety, compliance matters and risk management are reviewed on an ongoing basis.

The Company's internal control procedures include the following:

- Board approval for all significant projects, including corporate transactions and major capital projects;
- The Board receives and reviews regular reports covering both the technical progress of projects and the Company's financial affairs to facilitate its control;
- There is a comprehensive budgeting and planning system for all items of expenditure with an annual budget approved by the Board;
- The Company has in place internal control and risk management systems in relation to the Company's financial reporting process and the Company's process for preparing consolidated accounts. These systems include policies and procedures to ensure that adequate accounting records are maintained, and transactions are recorded accurately and fairly to permit the preparation of consolidated financial statements in accordance with UK-Adopted IAS; and
- The Audit Committee reviews draft annual and interim reports before recommending their publication to the Board. The Audit Committee discusses with the Chief Financial Officer and external auditors the significant accounting policies, estimates and judgements applied in preparing these reports.

The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has considered the need for a separate internal audit function but, bearing in mind the present size and composition of the Company, does not consider it necessary at the current time.

UK Bribery Act

UK Oil & Gas Plc has reviewed the appropriate policies and procedures to ensure compliance with the UK Bribery Act. The Company continues actively to promote good practice throughout the Company and has initiated a rolling programme of anti-bribery and corruption training for all relevant employees.

Relations with shareholders

Communications with shareholders are considered important by the Directors. The primary contact with shareholders, investors and analysts is the Chief Executive. Other senior management, however, regularly speak to investors and analysts during the year.

Company circulars and press releases have also been issued throughout the year for the purpose of keeping investors informed about the Company's progress and in accordance with AIM regulations.

The Company also maintains a website (www.ukogplc.com) which is regularly updated and contains a wide range of information about the Company.

Directors' Remuneration Report

This report explains our remuneration policy for Directors and sets out how decisions regarding Directors' pay for the period under review have been taken.

Directors' remuneration policy

The Company's policy is to maintain levels of remuneration sufficient to attract, motivate and retain senior executives.

Executive Director's remuneration currently consists of basic salary, pensions, annual bonus (based on annually set targets) and long-term incentives (to reward long term performance).

The Company seeks to strike an appropriate balance between fixed and performance-related reward so that the total remuneration package is structured to align a significant proportion to the achievement of performance targets, reinforcing a clear link between pay and performance. The performance targets for staff, senior executives and the Executive Directors are each aligned to the key drivers of the business strategy, thereby creating a strong alignment of interest between staff, Executive Directors and shareholders.

The Remuneration Committee will continue to review the Company's remuneration policy and make amendments, as and when necessary, to ensure it remains fit for purpose and continues to drive high levels of executive performance and remains both affordable and competitive in the market.

Remit of the Remuneration Committee

The remit of the Remuneration Committee is provided in the Corporate Governance section.

Share price movements during the year

The share price range during the year was £0.00077 to £0.0017 (2021: £0.0035 to £0.0012).

Current arrangement in financial year (audited)

Executive Directors are employed under rolling contracts with notice periods of 12 months or less from the Company. Non-Executive Directors are employed under rolling contracts with notice period of three months, under which they are not entitled to any pension, benefits or bonuses.

During the years ended 30 September 2022 and 2021 the Directors occupied the following Board positions: Allen D Howard (Non-Executive Chairman), Stephen Sanderson (Chief Executive Officer), Kiran Morzaria (Finance Director), Nicholas Mardon Taylor (Non-Executive Director). The Directors' emoluments for the year were as follows:

Year ended 30 September 2022

Director	Board Position*	Salary £'000	Bonus £'000	Pension £'000	Share Based Payments £'000	Benefits in Kind £'000	Total £'000
Nicholas Mardon Taylor	Non-Executive Chairman	56	-	-	-	-	56
Stephen Sanderson	Chief Executive	311	-	1	-	-	312
Allen D Howard	Executive Director	72	-	-	-	-	72
Kiran Morzaria**	Non-Executive Director	55	-	1	-	-	56
Total Directors		**494**	**-**	**2**	**-**	**-**	**496**

Year ended 30 September 2021

Director	Board Position*	Salary £'000	Bonus £'000	Pension £'000	Share Based Payments £'000	Benefits in Kind £'000	Total £'000
Nicholas Mardon Taylor	Non-Executive Director	44	-	-	-	-	44
Stephen Sanderson	Chief Executive	284	-	1	-	1	287
Allen D Howard	Non-Executive Chairman	48	-		-	-	48
Kiran Morzaria	Finance Director	92	-	1	-	-	93
Total Directors		**468**	**-**	**2**	**-**	**1**	**471**

* Board positions listed are the positions which were occupied at the end of the financial year being reported. The Board was restructured with effect from 1 January 2022, as detailed within the Corporate Governance section.

** includes remuneration of Kiran Morzaria as Finance Director for the year ended 30 September 2022

As at 30 September 2022, the outstanding long-term incentives, in the form of options, held by the Directors who served during the period are set out in the table below.

Share options	At 1 October 2021 No. million	Issued during the year No. million	lapsed / exercised during the year No. million	At 30 September 2022 No. million	Exercise price	Date from which exercisable	Expiry date
Stephen Sanderson	25	-	(25)	-	0.0115	25/05/2017	24/05/2022
Stephen Sanderson	25	-	-	25	0.0130	27/09/2020	25/09/2024
Total	**50**	**-**	**(25)**	**25**			

Share options	At 1 October 2021 No. million	Issued during the year No. million	lapsed / exercised during the year No. million	At 30 September 2022 No. million	Exercise price	Date from which exercisable	Expiry date
Kiran Morzaria	20.0	-	(20)	-	0.0115	25/05/2017	24/05/2022
Kiran Morzaria	6.5	-	-	6.5	0.0130	27/09/2020	25/09/2024
Total	**26.5**	**-**	**(20)**	**6.5**			

Share options	At 1 October 2021 No. million	Issued during the year No. million	lapsed / exercised during the year No. million	At 30 September 2022 No. million	Exercise price	Date from which exercisable	Expiry date
Allen Howard	10	-	(10)	-	0.0115	25/05/2017	24/05/2022
Allen Howard	5	-	-	5	0.0130	27/09/2020	25/09/2024
Total	**15**	**-**	**(10)**	**5**			

Share options	At 1 October 2021 No. million	Issued during the year No. million	lapsed / exercised during the year No. million	At 30 September 2022 No. million	Exercise price	Date from which exercisable	Expiry date
Nicholas Mardon Taylor	4	-	-	4	0.0130	27/09/2020	25/09/2024
Total	**4**	**-**	**-**	**4**			

Report of the Directors

The Directors present their annual report together with the audited consolidated financial statements of the Group for the year ended 30 September 2022.

Business review and future developments

A review of business activities in the year and future developments is outlined in the Chief Executive's Statement (page 6), the Statement from the Chairman (page 10), and the Operational Review (page 15).

Principal activity and business review

The principal activity of the Group is exploring for, appraising and developing oil & gas assets.

Results and dividends

Loss on ordinary activities of the Group after taxation amounted to £5,624,000 (2021: loss of £4,833,000). The Directors do not recommend the payment of a dividend (2021: £nil). The Company has no plans to adopt a dividend policy in the immediate future.

Principal risks and uncertainties

Information of the principal risks and uncertainties facing the Group is included in the Principal Risks and Uncertainties section of the Strategic Report.

Financial risk management objectives and policies

The Group's principal financial instruments are trade receivables, trade payables, cash at bank, and borrowings. The main purpose of these financial instruments is to fund the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Group's financial instruments is liquidity risk. The Board reviews and agrees policies for managing this risk and this is summarised below.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of equity and its cash resources. Further details of this are provided in the principal accounting policies, headed 'going concern'.

Key Performance Indicators ("KPIs")

KPIs adopted by the Group are detailed in the KPIs section of the Strategic Report.

Going concern

The Directors note the losses and cash outflows that the Group has made for the year ended 30 September 2022. The Directors have prepared cash flow forecasts for the period to 31 March 2024, which take into account anticipated production and costs, the forward curve of Brent crude oil, expected revenue streams from new well in Turkey and possible external funding, if required.

The Group closely monitors and manages its liquidity risks. Cash flow forecasts for the Group are regularly produced based on, inter alia, management's best estimate of the Group's production and expenditure forecasts and future oil prices. The cost structure of the Group comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Group to operate within its available funding.

Taking into account anticipated production from current portfolio of assets and Pinarova-1 well in Turkey, costs and the forward curve of Brent crude oil, forecasts prepared demonstrate that the Group will have sufficient cash funds available to allow it to continue in business for a period of at least 12 months from the date of approval of these financial statements. Notwithstanding the Company's current cash balance and contractual expenditure commitments, the Board are cognisant of any possible unforeseen events outside of its control on the Group. Whilst some of these events are contingent (successful production in Turkey or farm-in to the Horse Hill Oil Field), the Company, if required, will take actions to address any cash constraints by seeking to raise capital through equity or debt. Whilst there can be no certainty that sufficient funding can be obtained in the timescales required, the Directors are confident of their ability to raise capital, which is supported by successful capital placements in the past.

The Board considers that the current cash reserves and expectations of future revenue and/or fund raises either through share placings, debt or farm out processes will be sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

Events after the reporting period

Events after the Reporting Period are outlined in Note 24 to the Financial Statements.

Corporate governance

Information in relation to the Corporate Governance of the Group is contained within the Corporate Governance Section of the Strategic Report.

Suppliers' payment policy

The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Suppliers are typically paid within 30 days of issue of invoice.

Charitable contributions

During the year the Group made charitable donations amounting to £Nil (2021 - £Nil).

Substantial shareholdings

As at 22 November 2022, the Company had been notified of the following substantial shareholdings in its ordinary share capital:

Shareholder	Number of Ordinary Shares	Holding %
Hargreaves Lansdown (Nominees) Limited	5,965,008,886	28.28%
Interactive Investor Services Nominees Limited	3,950,235,223	18.72%
HSDL Nominees Limited	2,514,020,075	11.92%
Barclays Direct Investing Nominees Limited	1,511,498,081	7.16%
HSBC Client Holdings Nominee (UK) Limited	683,815,391	3.24%

Current Board and directors' interests

Nicholas Mardon Taylor	Non-Executive Chairman
Stephen Sanderson	Chief Executive
Allen D Howard	Executive Director
Kiran Morzaria	Non-Executive Director

The directors hold options to purchase new ordinary shares in the Company, details of which are specified in the Renumeration Report on pages 28 to 29. In addition, Stephen Sanderson holds 9,347,939 ordinary shares in the Company and Kiran Morzaria holds 4,508,178 ordinary shares in the Company.

Auditor

PKF Littlejohn LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint PKF Littlejohn LLP as auditor will be proposed at the forthcoming Annual General Meeting ("AGM").

Annual General Meeting

Notice of the forthcoming Annual General Meeting has been enclosed separately.

Statement of directors' responsibilities

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. These financial statements have been prepared in accordance with:

- UK-adopted international accounting standards and
- the requirements of the Companies Act 2006.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the 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 United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions. The Company's website is maintained in accordance with AIM Rule 26.

Statement as to disclosure of information to the auditor

As at the date of this report the serving directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor are aware of that information.

On behalf of the board

Stephen Sanderson
Director
31 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK OIL & GAS PLC

Opinion

We have audited the financial statements of UK Oil & Gas Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the Parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent company's affairs as at 30 September 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2b in the financial statements, which indicates that the Group will require additional funding in the coming twelve months to meet their ongoing cash requirements. Whilst the Directors anticipate that such funding may be obtained from a number of sources, including production revenue from their joint venture in Turkey and existing producing assets, the completion of a share placing or farm out, there can be no certainty that such sources of funding are obtained in the timeframes necessary. As stated in note 2b, these events or conditions, along with the other matters as set forth in note 2b, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of budgets and cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements, including challenge of management on the basis of preparation, together with ascertaining the most recent cash position of the group and company, and identifying subsequent events impacting the going concern position.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as a magnitude of misstatement that makes it probable that the economic decisions of a reasonable knowledgeable person, relying on the financial statements, would be charged or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceed materiality for the financial statements as a whole.

Materiality for the Group financial statements was set at £783,000 (2021: £600,000). This was calculated based on 2% of net assets adjusted for exceptional impairment charges (2021: 1.5%). Net assets was used as the benchmark for the basis of materiality being the key area of relevance to stakeholders in assessing the financial performance of the Group in its early years of production. The same basis for the calculation of materiality for the Parent company financial statements was used, however restricted to £782,999 (2021: £599,999), to ensure a level below that of Group materiality as required by ISA (UK) 600.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the Group and Parent company was set at £508,950 (2021: £390,000) and £508,949 (2021: £389,999) respectively, being 65% of materiality for the financial statements as a whole.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £39,150 for both the Group and Parent company. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

As part of our planning, we assessed all components of the Group for their significance under ISA (UK) 600 in order to determine the scope of the work to be performed. Those entities of the Group which were considered to be significant components, being UK Oil & Gas plc and Horse Hill Developments Limited, were subject to full scope audit procedures, and those considered to be material, being UKOG (137/246) Holdings Limited was subject to audit procedures on significant and identified risk areas only, in accordance with ISA (UK) 600 for Group reporting purposes. Procedures were then performed to address the risks identified and for the most significant assessed risks of material misstatement, the procedures are outlined below in the key audit matters section of this report. The remaining components were subject to analytical review procedures.

We did not rely on the work of any component auditors.

Key audit matters

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

Key Audit Matter	How our scope addressed this matter
Carrying value and correct classification of exploration and evaluation assets (Note 11)	
The Group accounts for exploration and evaluation (E&E) costs in accordance with the requirements of IFRS 6 – Exploration for and evaluation of mineral resources. Costs such as exploration licences, leasehold land and property acquisition costs and costs directly associated with an exploration well (until the drilling of the well is complete) are capitalised as exploration and evaluation intangible assets. There is a risk that the exploration and evaluation assets are incorrectly valued or need to be impaired. If no future activity is planned, the licence has been relinquished or has expired, or where development is likely to proceed but there are indications that the E&E asset costs are unlikely to be recovered in full, the carrying value of the asset is written off to the income statement. This risk is classed as a KAM given that management's review for indicators of impairment may be subject to significant judgements and estimates and is one of the most significant balances on the statement of financial position.	Our work in this area included: • assessing whether the exploration licences remained in good standing at the yearend; • a review of the clients review for indicators of impairment and completing our own assessment of these on a licence by licence basis; and • vouching a sample of additions in the period to supporting documentation and ensured they have been capitalised in line with the requirements of IFRS 6. Key observations: Indicators of impairment were identified in respect of projects the group has ceased to explore and impairment charges of £100k were made. No further material potential impairments were identified.

Carrying value of producing assets (Note 12)	
The Group carries a significant amount of producing assets on its statement of financial position. Management reviews the Group's producing assets annually to determine whether any indication of impairment exists. Where indicators exist, a formal estimate of the recoverable amount is made, which requires the use of key assumptions and judgements such as long-term oil prices, foreign exchange rates, discount rates, reserves, production profiles and capital expenditure all of which are subject to risk and uncertainty. There is therefore a risk of material misstatement around the carrying value of producing assets, as to whether any impairment is required. This is classed as a KAM given that management's valuation workings are subject to significant judgements and estimates.	Our work in this area included: • a review of management's net present value workings, and challenging key assumptions made including the discount rate, forecasted oil price and reserves estimates; • reviewing the unit of production method of depletion and performing a recalculation of the charge thereto; • verifying the mathematical accuracy of calculations prepared by management. Key Observations: The impairment assessment of the Horse Hill Developments Oil & Gas Properties indicated that that impairment was necessary as a result of the revised estimate of recoverable oil reserves. An impairment charge of £2.9m was agreed. No further material impairments were identified.

Carrying value of investments – Company only (Note 13)	
The investments held in UKOG Plc have a significant balance which increased slightly from the Joint venture investment in Turkey. At the end of each year the Directors carry out an impairment review of the Company's investment in subsidiaries applying the same assumptions used for the impairment review of oil and gas properties within Horse Hill Developments Ltd. There is a risk that these investments in subsidiaries are not fairly valued as there have been historic impairments of investments which amounted to £8 million. This risk is classed as a KAM given that management's valuation workings are subject to significant judgements and estimates.	Our work in this area included: • a review of any valuation and/or impairment workings, including testing the inputs to supporting documentation. • agreed investment holdings to supporting documentation; and • agreed capitalisation of intercompany loans to supporting documentation. Key Observations: We have obtained sufficient and appropriate audit evidence in respect of the carrying value of investments.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the Group and Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the Group and Parent Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Parent Company financial statements, the directors are responsible for assessing the Group and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and Parent Company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Group and Parent Company in this regard to be those arising from:
    - Companies Act 2006
    - FRS
    - Employment Law
    - Bribery Act
    - Tax legislation
    - Health and Safety legislation
    - Environmental law
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and Parent Company with those laws and regulations. These procedures included, but were not limited to:
    - enquiries of management
    - review of RNS announcements
    - review of board and other committee minutes

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, and the information disclosed in the Key Audit Matters section of this report, we did not identify any significant fraud risks.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Hutson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

31 March 2023

Financial Statements

Consolidated statement of comprehensive income
for year ended 30 September 2022

	Notes	30 Sep 2022 £'000	30 Sep 2021 £'000
REVENUE	6	**1,780**	**1,562**
Cost of sales			
Depletion, Depreciation and Amortisation		(769)	(684)
Other Cost of Sales		(701)	(1,067)
Gross profit/(loss)		**310**	**(189)**
Operating expenses			
Administrative expenses		(2,643)	(2,098)
Impairment expense	12	(2,890)	(1,456)
Foreign exchange losses		(65)	(62)
Operating loss	5	**(5,288)**	**(3,805)**
Finance Cost	8	(234)	(89)
Exploration Write-off	11	(100)	(946)
Loss before taxation		**(5,622)**	**(4,840)**
Taxation	9	**-**	**(43)**
Retained loss for the year		(5,622)	(4,883)
Retained loss attributable to;			
Equity holders of the Parent		(4,870)	(4,492)
Non-Controlling Interests		(752)	(391)
		(5,622)	(4,883)

There are no other comprehensive income or expenses during the two reported periods to disclose.

All operations are continuing.

	Note	Pence	Pence
Earnings per share			
Basic and diluted	10	(0.04)	(0.03)

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of financial position
as at 30 September 2022

	Notes	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Exploration & evaluation assets	11	32,161	30,420
Decommissioning Asset	11	-	95
Oil & Gas properties	12	2,199	5,472
Property, Plant & Equipment	12	1,563	1,690
Total non-current assets		**35,922**	**37,677**
Current assets			
Inventory	14	3	2
Trade and other receivables	15	748	627
Cash and cash equivalents	16	4,595	4,727
Total current assets		**5,346**	**5,356**
Total assets		**41,269**	**43,033**
LIABILITIES			
Current liabilities			
Trade and other payables	17	(801)	(1,067)
Borrowings	18	(3,114)	(3,087)
Total current liabilities		**(3,915)**	**(4,154)**
Non-current Liabilities			
Provisions	19	(1,442)	(1,376)
Total non-current liabilities		**(1,442)**	**(1,376)**
Total liabilities		**(5,355)**	**(5,530)**
Net Assets		**35,912**	**37,503**
Equity			
Share capital	20	13,693	13,208
Share premium account		110,480	107,097
Share based payment reserve	21	1,745	2,056
Accumulated losses		(88,976)	(84,580)
		36,942	**37,781**
Non-controlling interest		(1,030)	(278)
Total shareholders' equity		**35,912**	**37,503**

These financial statements were approved by the Board of Directors on 31 March 2023 and are signed on its behalf by:

Stephen Sanderson
Director

Allen Howard
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Company statement of financial position
as at 30 September 2022

	Notes	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Exploration & evaluation assets	11	841	823
Investment in subsidiary companies	13	26,242	26,242
Property, Plant and Equipment	12	1,505	1,632
Total non-current assets		**28,588**	**28,697**
Current assets			
Trade and other receivables	15	229	308
Intercompany balances	15	24,753	21,727
Cash and cash equivalents	16	3,634	4,146
Total current assets		**28,616**	**26,181**
TOTAL ASSETS		**57,204**	**54,878**
LIABILITIES			
Current liabilities			
Trade and other payables	17	(341	(330)
Total Current Liabilities		**(341**	**(330)**
TOTAL LIABILITIES		**(341**	**(330)**
Net Assets		**56,863**	**54,548**
Shareholders' Equity			
Share capital	20	13,693	13,208
Share premium account		110,480	107,097
Share based payment reserve		1,745	2,056
Accumulated losses		(69,055)	(67,813)
Total shareholders' equity		**56,863**	**54,548**

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The parent company loss for the year was £1,716,000 (2021: loss £5,766,000).

These financial statements were approved by the Board of Directors on 31 March 2023 and are signed on its behalf by:

Stephen Sanderson
Director

Allen Howard
Director

Registered number: 05299925

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 September 2022

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Accumulated losses £'000	Total £'000	Non-controlling Interests £'000	Total £'000
Balance at 1 October 2020	**12,694**	**99,528**	**1,811**	**(80,088)**	**33,945**	**113**	**34,058**
Loss for the year	-	-	-	(4,492)	(4,492)	(391)	(4,883)
Total comprehensive income	**-**	**-**	**-**	**(4,492)**	**(4,492)**	**(391)**	**(4,883)**
Issue of shares	507	8,231	-	-	8,738	-	8,738
Cost of share issue	-	(765)	245	-	(520)	-	(520)
Warrants exercised	7	103	-	-	110	-	110
Total transactions with owners	514	7,569	245	-	8,328	-	8,328
Balance at 30 September 2021	**13,208**	**107,097**	**2,056**	**(84,580)**	**37,780**	**(278)**	**37,503**
Loss for the year	-	-	-	(4,870)	(4,870)	(752)	(5,622)
Total comprehensive income	**-**	**-**	**-**	**(4,870)**	**(4,870)**	**(752)**	**(5,622)**
Issue of shares	485	3,764	-	-	4,249	-	4,249
Cost of share issue	-	(381)	163	-	(218)	-	(218)
Share options expired	-	-	(474)	474	-	-	-
Total transactions with owners	485	3,383	(311)	474	4,031	-	4,031
Balance at 30 September 2022	**13,693**	**110,480**	**1,745**	**(88,976)**	**36,942**	**(1,030)**	**35,912**

Company statement of changes in equity
for the year ended 30 September 2022

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Accumulated losses £'000	Total £'000
Balance at 1 October 2020	**12,694**	**99,528**	**1,811**	**(62,047)**	**51,986**
Loss for the year				(5,766)	(5,766)
Total comprehensive income				**(5,766)**	**(5,766)**
Issue of shares	507	8,231	-	-	8,738
Cost of share issue	-	(765)	245	-	(520)
Warrants exercised	7	103	-	-	110
Total transactions with owners	514	7,569	245	-	8,328
Balance at 30 September 2021	**13,208**	**107,097**	**2,056**	**(67,813)**	**54,548**
Loss for the year				(1,716)	(1,716)
Total comprehensive income				**(1,716)**	**(1,716)**
Issue of shares	485	3,764	-	-	4,249
Cost of share issue	-	(381)	163	-	(218)
Share options expired	-	-	(474)	474	-
Total transactions with owners	485	3,383	(311)	474	4,031
Balance at 30 September 2022	**13,693**	**110,480**	**1,745**	**(69,055)**	**56,863**

Consolidated statement of cash flow for the year ended 30 September 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Loss before tax	(5,622)	(4,840)
Depletion & impairment	3,659	2,140
Exploration write-off	100	946
Movement in provisions	146	-
Inventories	(1)	(1)
(Increase)/Decrease in Trade & other receivables	(205)	115
(Decrease) / increase in Trade & other payables	(268)	187
Finance cost	233	89
Taxation paid	-	(43)
Net cash outflow from operating activities	**(1,958)**	**(1,407)**
Cash flows from investing activities		
Expenditures on exploration & evaluation assets	(2,079)	(2,107)
Expenditures on oil & gas properties	(98)	(594)
Expenditures on plant, property & equipment	(39)	(17)
Net cash outflow from investing activities	**(2,216)**	**(2,718)**
Cash flows from financing activities		
Proceeds from issue of share capital	4,250	7,638
Share issue costs	(208)	(520)
Warrants exercised	-	110
Loan transaction fees	-	(10)
Net cash inflow from financing activities	**4,042**	**7,218**
Net change in cash and cash equivalents	**(132)**	**3,093**
Cash and cash equivalents at beginning of the period	4,727	1,634
Cash and cash equivalents at end of the period	**4,595**	**4,727**

Company statement of cash flow
for the year ended 30 September 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Loss before tax	(1,716)	(5,766)
Depletion & impairment	132	4,163
Decrease in trade & other receivables	79	239
Increase in trade & other payables	15	10
Interest income	(142)	(16)
Finance cost	10	10
Net cash (outflow) from operating activities	**(1,622)**	**(1,360)**
Cash flows from investing activities		
Expenditures on property, plant & equipment	(14)	(4)
Loan advanced to subsidiary	(2,918)	(3,054)
Net cash (outflow) from investing activities	**(2,932)**	**(3,058)**
Cash flows from financing activities		
Proceeds from issue of share capital	4,250	7,638
Share issue costs	(208)	(520)
Warrants exercised	-	110
Loan transaction fees	-	(10)
Net cash inflow from financing activities	**4,042**	**7,218**
Net change in cash and cash equivalents	**(512)**	**2,800**
Cash and cash equivalents at beginning of the period	4,146	1,346
Cash and cash equivalents at end of the period	**3,634**	**4,146**

Notes to the Financial Statements

1. Corporate information

The consolidated financial statements of UK Oil & Gas Plc (the Company) and its subsidiaries (collectively, the Group), for the year ended 30 September 2022 were authorised for issue by the directors on 30 March 2023. UK Oil & Gas Plc (the Company & parent) is a public limited company incorporated in England and Wales under the UK Companies Act and listed on the Alternative Investment Market (AIM). The registered office is located at The Broadgate Towers, 20 Primrose Street, London EC2A 2EW.

The Group is principally engaged in oil production and oil & gas exploration and evaluation (see Note 4). Information on the Group's structure is provided in Note 13 and information on other related parties is provided in Note 25.

2. Principal accounting policies

a) Basis of preparation

The consolidated financial statements of the UK Oil & Gas Plc (the Company) and subsidiaries (the Group) have been prepared in accordance with UK- Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 as they apply to the Group for the year ended 30 September 2022.

The accounting policies have been applied consistently throughout the preparation of these financial statements, the financial report is presented in Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated. The consolidated financial statements provide comparative information in respect of the previous period.

Subsidiary undertakings exempt from audit

UK Oil & Gas Plc has guaranteed the liabilities of the subsidiaries listed below under section 479A of the Companies Act 2006 in respect of the year ended 30 September 2022.

- UKOG (234) Ltd – 07055133
- UKOG (GB) Limited – 04050227
- UKOG Solent Limited – 0500092
- UKOG Weald Limited – 04881234
- UKOG (137/246) Holdings Ltd – 09010542
- UKOG (137/246) Ltd – 06807023
- UK Oil & Gas Investments Ltd – 11252712
- UKOG (Turkey) Ltd – 10212262
- UK Geothermal Ltd – 13386906
- UK Energy Storage Ltd – 14108327

New and amended standards and interpretations

There is no material impact on the financial statements following the adoption of these new standards and interpretations.

New standards and interpretations not yet adopted

New and amended standards, and interpretations issued and effective for the financial year beginning 1 October 2021

There were no new standards, amendments or interpretations effective for the first time for periods beginning on or after 1 October 2021 that had a material effect on the Group or Company financial statements.

New standards, amendments and interpretations in issue but not yet effective

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023*
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies - effective 1 January 2023*
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates - effective 1 January 2023*
- Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities arising from a Single Transaction - effective 1 January 2023*

**Not yet endorsed in the UK*

The Directors do not expect that the adoption of these standards will have a material impact on the financial information of the Group and Company in future periods.

b) Going concern

Going concern

The Directors note the losses and cash outflows that the Group has made for the year ended 30 September 2022. The Directors have prepared cash flow forecasts for the period to 31 March 2024, which take into account anticipated production and costs, the forward curve of Brent crude oil, expected revenue streams from new well in Turkey and possible external funding, if required.

The Group closely monitors and manages its liquidity risks. Cash flow forecasts for the Group are regularly produced based on, inter alia, management's best estimate of the Group's production and expenditure forecasts and future oil prices.

At 30 September 2022 the Company had cash and cash equivalents of £4,595,000 and borrowings of £3,114,000. These borrowings are due by the Company's subsidiary, Horse Hill Developments Ltd, to its shareholders. There is no repayment schedule associated with this loan and repayment is determined by the directors of Horse Hill Developments Ltd. The intent is to repay this loan from the free cash flow generated from the HH-1 well or any other further developments on the licence areas of Horse Hill Developments Ltd.

The Group's base case going concern model was run with average oil prices of $81/bbl to March 2024. There is a high degree of uncertainty around these forward rates. Taking into account anticipated production from current portfolio of assets and Pinarova-1 well in Turkey, costs and the forward curve of Brent crude oil, forecasts prepared demonstrate that the Group will have sufficient cash funds available to allow it to continue in business for a period of at least 12 months from the date of approval of these financial statements. Notwithstanding the Company's current cash balance and contractual expenditure commitments, the Board are cognisant of any possible unforeseen events outside of its control on the Group. Whilst some of these events are contingent (successful production in Turkey or farm-in to the Horse Hill Oil Field), the Company, if required, will take actions to address any cash constraints by seeking to raise capital through equity or debt. Whilst there can be no certainty that sufficient funding can be obtained in the timescales required, the Directors are confident of their ability to raise capital, which is supported by successful capital placements in the past.

The Board considers that the current cash reserves of £2.5m and expectations of future revenue and/or fund raises either through share placings, debt or farm out processes will be sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

c) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. All intercompany transactions and balances between Group companies, including unrealised profits arising from them, are eliminated in full.

At 30 September 2022, the Group comprised the Company and entities controlled by UK Oil & Gas Plc (its subsidiaries) (note 13).

d) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

e) Joint arrangements

Some of the Group's licence interests are held jointly with others under arrangements whereby unincorporated and jointly controlled ventures are used to explore, evaluate and ultimately develop and produce from its oil & gas interests. The Group's share of assets, liabilities, income and expenditure of these joint operations, have been classified in the appropriate balance sheet and income statement headings, except where its share of such amounts remain the responsibility of another party in accordance with the terms of carried interests.

When the Group, acting as an operator or manager of a joint arrangement, receives reimbursement of direct costs recharged to the joint arrangement, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint arrangement and therefore have no effect on profit or loss.

f) Revenue

Revenue comprises the invoiced value of goods and services supplied by the Group, excluding value added tax and trade discounts. Revenue is recognised when control passes to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. In the case of oil and petroleum products, this generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue from the production of oil, from fields in which the Group has an interest with other producers, is recognised based on the Group's working interest and the terms of the relevant production sharing contracts. Differences between oil lifted and sold and the Group's share of production are not significant. Non-current assets

Intangible exploration and evaluation assets
The Group accounts for exploration and evaluation costs in accordance with the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources as follows:

- Pre-licence costs (costs incurred prior to obtaining the legal rights to explore an area) are expensed immediately to the Income Statement.
- Exploration licence and leasehold land and property acquisition costs are capitalised in intangible assets.
- Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.
- Costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and consumables, drilling (including coring and sampling), evaluation of technical feasibility and commercial viability (including appraisal drilling and production testing).

Exploration and evaluation assets are assessed for impairment at each reporting date, before reclassification and whenever facts and circumstances suggest that they may be impaired. If no future activity is planned, the licence has been relinquished or has expired, or where development is likely to proceed but there are indications that the exploration and evaluation asset costs are unlikely to be recovered in full either by development or through sale, the carrying value of the asset is written off to the Income Statement.

Property, plant and equipment - oil & gas properties
Oil & gas properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of any associated finance lease is also included within property, plant and equipment.

Oil & gas properties are depreciated/amortised on a unit-of-production basis over the total proved developed and undeveloped reserves of the field concerned. The unit-of-production rate calculation for the depreciation/amortisation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

The Group's interests in oil & gas properties are assessed for indicators of impairment including events or changes in circumstances which indicate that the carrying value of an asset may not be recoverable. Any impairment in value is charged to the Income Statement.

Other property, plant and equipment
Other property, plant and equipment is stated at cost to the Group less accumulated depreciation. These assets are generally depreciated on a straight-line basis over their estimated useful lives, which is between 2 and 10 years depending on the type of asset.

Decommissioning assets
A decommissioning asset is recognised in the appropriate category of the Group's non-current assets (intangible exploration and evaluation assets and property, plant and equipment) depending on the underlying accounting treatment for the operations or asset leading to the associated decommissioning provision. The asset is assessed for impairment as necessary and otherwise depleted on a straight-line basis over the estimated period to future removal of production facilities or site restoration.

g) Decommissioning provisions

A provision for decommissioning is recognised where a liability for the removal of production facilities or site restoration exists. Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

h) Segmental information

An operating segment is a distinguishable component of the Group that is involved in oil production, oil exploration or related activities, within a particular economic environment, which is subject to risks and rewards that are different from those of other segments.

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

i) Financial instruments

Financial assets

Financial assets are divided into the following categories: loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired, and are recognised when the Group becomes party to contractual arrangements. Both loans and receivables and available for sale financial assets are initially recorded at fair value.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables, most other receivables and cash and cash equivalents fall into this category of financial assets. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Cash and cash equivalents comprise cash on hand and short term deposits. Any interest earned is classified as interest income within finance income.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred, and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

All financial liabilities initially recognised at fair value less transaction costs and thereafter carried at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Impairment of financial assets

At the end of each reporting period, a provision is made if there is sufficient evidence that a financial asset or group of financial assets has been impaired. Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on first-in, first-out basis. The cost of crude oil and refined products is the purchase cost, the cost of refining, including the appropriate proportion of depreciation, depletion and amortisation and overheads based on normal operating capacity, determined on a weighted average basis. The net realisable value of crude oil and refined products is based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

k) Taxation

The tax charge includes both current and deferred tax.

Current tax assets and liabilities are measured at the amount expected to be paid to or received from the tax authorities, calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable profits or losses differ from the reported profit or loss before taxation in the Income Statement as it excludes items that are taxable or deductible in different periods, as well as items that are never deductible or taxable.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

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

l) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period; and,
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances, employees may provide services in advance of the grant date, and therefore the grant-date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

m) Equity

Equity comprises the following:

- "Share capital" representing the nominal value of equity shares.
- "Share premium" representing the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- “Share based payment reserve” represents the value of equity benefits provided to employees and directors as part of their remuneration and provided to consultants and advisors hired by the Group from time to time as part of the consideration paid. a
- "Accumulated losses " represents retained and (losses).

n) Foreign currencies

The consolidated financial statements are presented in UK pound sterling, the functional currency of the Group. Transactions in other currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in other comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to other comprehensive income, otherwise such gains and losses are recognised in the income statement. The Group and Company's functional currency and presentational currency is Sterling.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses during the reporting period, and reported amounts of assets and liabilities, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required, and where if actual results were to differ, this could materially affect the financial position of financial results reported in a future period. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

Judgements

(i) Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(ii) Hydrocarbon reserve and resource estimates
The Group estimates and reports hydrocarbon reserves in line with the principles contained in the SPE Petroleum Resources Management Reporting System (PRMS) framework. As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change.

The volume of proved and probable oil & gas reserves is an estimate that affects the unit of production depreciation of producing oil & gas property, plant and equipment as well as being a significant estimate affecting decommissioning provisions, impairment calculations and the valuation of oil & gas properties in business combinations. Contingent resources affect the valuation of exploration and exploration assets acquired in business combinations and the estimation of the recoverable value of those assets in impairment tests. Proved and probable reserves and contingent resources are estimated using standard recognised evaluation techniques. Estimates are reviewed at least annually and are regularly estimated by independent consultants. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

The current long-term Brent oil price assumption used in the estimation of reserves is US$81/bbl. The carrying amount of oil & gas development and production assets at 30 September 2022 is shown in Note 12.

(iii) Recoverable value of intangible exploration and evaluation assets and goodwill
The Group has capitalised intangible exploration and evaluation assets in accordance with IFRS 6. Significant judgement is required to determine whether it continues to be appropriate to carry these costs on the balance sheet and whether the assets have been impaired.

The key areas in which management have applied judgement include the Group's intention to proceed with a future work programme for a prospect or licence, the likelihood of licence and planning permission renewal, plans for relinquishment, assessment of results from wells or geological or geophysical studies, and the assessment of whether the carrying value of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

Goodwill is assessed in each reporting period to determine whether there is any impairment.

In both the above areas, the assessments include estimates and assumptions such as long-term oil prices, foreign exchange rates, discount rates, reserves, production profiles and capital expenditure, all of which are subject to risk and uncertainty. It is possible therefore that changes in these estimates may impact the recoverable values of goodwill and exploration and evaluation assets.

Details of the Group's intangible exploration and evaluation assets and goodwill are disclosed in Note 11 to the financial statements.

(iv) Recoverable value of property, plant and equipment

Management reviews the Group's reported property, plant and equipment each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which requires the use of key assumptions and judgements such as long-term oil prices, foreign exchange rates, discount rates, reserves, production profiles and capital expenditure, all of which are subject to risk and uncertainty.

Details of the Group's property, plant and equipment are disclosed in Note 12 to the financial statements.

(v) Decommissioning costs
The estimated cost of decommissioning at the end of the producing lives of fields is periodically reviewed and is based on forecast prices and technology at the balance sheet date. Provision is made for the estimated cost using a discounted cash flow method and a risk free rate of return. Details of the Group's decommissioning provisions are disclosed in Note 19 to the financial statements.

4. Segmental reporting

All of the Group's assets and operations are located in the United Kingdom and Turkey. For management purposes, the Group is organised into business units based on the main types of activities and has three reportable segments, as follows:

- Oil exploration and production: includes producing business activities
- Oil exploration and evaluation: includes non-producing activities.
- Head Office, corporate and administrative, including parent company activities.

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Group's financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

The accounting policies used by the Group in reporting segments internally are the same as those used in the financial statements.

Subject to further acquisitions and/or disposals, the Group expects to further review its segmental information during the forthcoming financial year, as it begins to see the full impact of its acquisitions and/or disposals.

Revenues of £1,780,000 are derived from a single external customer. These revenues are attributed to the oil production segment.

Year ended 30 September 2022

Group	Oil production £'000	Oil exploration & evaluation £'000	Corporate & administrative £'000	Consolidated £'000
REVENUE				
External Customers	1,780	-	-	1,780
Total revenue	**1,780**	**-**	**-**	**1,780**
Results				
Depreciation, Depletion & Amortisation	(542)	(292)	(133)	(610)
Write offs & Impairment	(2,890)	(100)	-	(2,990)
Finance costs	(74)	(128)	(10)	(211)
Loss before taxation	(42)	(669)	(1,755)	(2,466)
Taxation	-	-	-	-
Loss after taxation	(42)	(669)	(1,755)	(2,466)
Segment assets	5,015	5,499	33,890	41,267
Segment liabilities	(3,004)	(2,007)	(344)	(5,355)
Other disclosures:				
Capital expenditure (1)	98	1,841	39	1,978

(1) Capital expenditure consists of capitalised exploration expenditure, development expenditure, additions to oil & gas properties and to other intangible assets including expenditure on assets from the acquisition of subsidiaries.

Year ended 30 September 2021

Group	Oil production £'000	Oil exploration & evaluation £'000	Corporate & administrative £'000	Consolidated £'000
REVENUE				
External Customers	1,562	-	-	1,562
Total revenue	1,562	-	-	1,562
Results				
Depreciation, Depletion & Amortisation	(348)	(190)	(146)	(684)
Exploration and Production Write offs & Impairment	(1,456)	(946)	-	(2,402)
Finance costs	2	(81)	(10)	(89)
Loss before taxation	(1,716)	(1,375)	(1,749)	(4,840)
Taxation	-	(43)	-	(43)
Loss after taxation	(1,716)	(1,418)	(1,749)	(4,883)
Segment assets	5,200	5,331	32,502	43,033
Segment liabilities	(3,340)	(1,955)	(235)	(5,530)
Other disclosures:				
Capital expenditure (1)	594	2,107	17	2,718

(1) Capital expenditure consists of capitalised exploration expenditure, development expenditure, additions to oil & gas properties and to other intangible assets including expenditure on assets from the acquisition of subsidiaries.

5. Operating loss

Group	2022 £'000	2021 £'000
Operating (loss) is stated after charging:		
Directors' remuneration – fees & salaries	496	471
Employee Benefit Trust charge	7	7
Auditors' remuneration		
Audit-related assurance services	71	62
Depletion of oil & gas properties	470	314

6. Revenue

The Group has recognised the following amounts relating to revenue in the statement of comprehensive income:

Group	2022 £'000	2021 £'000
Revenue from contracts with customers	1,780	1,562
Total	**1,780**	**1,562**

All revenue is derived from sales of oil from one geographic location and is recognised at a point in time.

7. Directors and employees

The Company employed the services of an average of 14 employees in the year (2021: 14). Remuneration in respect of these employees was:

Group	2022 £'000	2021 £'000
Employment costs, including Directors, during the year:		
Wages and salaries	1,628	1,369
Social security costs	216	174
Employee pension costs	13	13
Benefits in kind	10	9
Total	**1,867**	**1,565**

Employee pension costs payable at the end of the year amounted to £2,000 (2021: £2,000).

Average number of persons, including Executive Directors employed

	2022 No.	2021 No.
Administration	8	8
Operations	6	6
Total	**14**	**14**

Directors' remuneration

	2022 £'000	2021 £'000
Stephen Sanderson	312	287
Kiran Morzaria	56	93
Allen Howard	72	48
Nicholas Mardon Taylor	56	44
Total	**496**	**471**

2022	Fees and salaries £'000	Bonuses £'000	Pension £'000	Benefits in Kind £'000	Share based payments (*) £'000	Total £'000
Stephen Sanderson	311	-	1	-	-	312
Kiran Morzaria	55	-	1	-	-	56
Allen Howard	72	-	-	-	-	72
Nicholas Mardon Taylor	56	-	-	-	-	56
Total	**494**	**-**	**2**	**-**	**-**	**496**

2021	Fees and salaries £'000	Bonuses £'000	Pension £'000	Benefits in Kind £'000	Share based payments (*) £'000	Total £'000
Stephen Sanderson	284	-	1	1	-	287
Kiran Morzaria	92	-	1	-	-	93
Allen Howard	48	-	-	-	-	48
Nicholas Mardon Taylor	44	-	-	-	-	44
Total	**468**	**-**	**2**	**1**	**-**	**471**

* Share based payments are non-cash remuneration by way of the issue of share options in the company.

8. Finance costs

	2022 £'000	2021 £'000
Loan interest due to non-controlling interests	26	3
Unwind discount on decommissioning provision (note 19)	198	98
Change in estimate of decommissioning liability	-	(22)
Loan transaction fees	10	10
Total - Finance costs	**234**	**89**

9. Income tax

There is no tax credit on the loss for the current or prior year. The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

	2022 £'000	2021 £'000
Loss for the year before tax	(5,622)	(4,840)
Tax rate 40% (30% for ring-fenced activities plus 10% ring fence supplement)	40%	40%
Expected tax credit	(2,249)	(1,936)
Tax adjustment for non-deductible expenditure	192	207
Tax impact of capital allowances	(8)	(8)
Adjustment in respect of prior periods	-	43
Impact of losses taxed at different rates	454	636
Tax impact of losses carried forward	1,464	1,101
Other movements	147	-
Total - Actual tax expense	**-**	**43**

The Group estimated carried forward tax losses are £16,421,000 (2021: £10,799,000), none of which are recognised as a deferred tax asset.

Deferred tax assets have not been recognised in respect of the unprovided deferred taxation items because it is not probable that future taxable profit will be available to utilise these deductible temporary differences.

10. Earnings per share

The calculation of the basic loss per share is calculated by dividing the consolidated loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Group	2022 £'000	2021 £'000
Loss attributable to ordinary shareholders	(4,870)	(4,492)

Group	2022 No.	2021 No.
Weighted average number of ordinary shares for calculating basic loss per share	16,605,573,760	13,481,093,231

Group	2022 Pence	2021 Pence
Basic and diluted loss per share	(0.04)	(0.03)

As inclusion of the potential ordinary shares would result in a decrease in the earnings per share they are considered to be anti-dilutive, as such, a diluted earnings per share is not included. The potential amount of dilutive shares is 435,125,816, which represents outstanding options and warrants.

11. Intangible assets

Cost & Net Book Value	Group Exploration & evaluation costs £'000	Decommissioning asset £'000	Total £'000
As at 30 September 2020	**29,259**	**285**	**29,544**
Additions	2,107	-	2,107
Exploration Write offs & Amortisation	(946)	(190)	(1,136)
As at 30 September 2021	**30,420**	**95**	**30,515**
Additions	1,835	-	1,835
Exploration Write offs & Amortisation	(100)	(95)	(195)
As at 30 September 2022	**32,155**	**-**	**32,155**

Cost & Net Book Value	Company Exploration & evaluation costs £'000
As at 30 September 2020	**1,643**
Additions	119
Exploration Write offs & Amortisation	(939)
As at 30 September 2021	**823**
Additions	18
Exploration Write offs & Amortisation	-
As at 30 September 2022	**841**

The Directors have assessed the fair value of the exploration & evaluation assets as at 30 September 2022. The Directors have determined that the net present value of the Horse Hill development to be £11.4 million, which takes into account drilling of additional wells in the field, and supports the value of intangible assets of Horse Hill.

As part of the impairment review carried out, impairment triggers of exploration & evaluation assets were identified and the impairment charge of £0.1m was recognised in respect of assets where there are no plans to develop.

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Additions during the year reflect the associated exploration and evaluation activities.

At this point the Company is still assessing the potential of the remaining assets and will continue to develop and evaluate these assets in the coming year. Since their acquisition dates there has been no further material changes to the Licence areas. The directors therefore consider that no further impairment is required at 30 September 2022.

Joint operations

UKOG's wholly owned subsidiary UKOG Turkey Ltd signed a participation agreement and joint operating agreement with AME in 2021, to take a 50% non-operated working interest in the 305 km^2 Resan M47-b1, b2 licence in Turkey. Together with AME, the business is working towards finalising the design and delivery of a successful first appraisal well aimed at establishing the commerciality of the aerially extensive and as yet undeveloped Basur-Resan oil discovery contained within the licence.

12. Oil & gas properties

Group	Oil & gas properties 2022	Decommissioning asset 2022	Property, plant & equipment 2022	Total 2022	Total 2021
Cost					
As at 1 October	**17,162**	**460**	**2,197**	**19,819**	**18,941**
Transfers	-	-	-	-	-
Additions	98	-	39	137	611
Change in estimate	-	-	-	-	267
As at 30 September	**17,260**	**460**	**2,236**	**19,956**	**19,819**
Depletion & impairment					
As at 1 October	(12,128)	(23)	(506)	(12,657)	(10,708)
Impairment	(2,890)	-	-	(2,890)	(1,456)
Depletion charge	(481)	-	(167)	(648)	(493)
As at 30 September	**(15,499)**	**(23)**	**(673)**	**(16,195)**	**(12,657)**
Carrying value					
As at 30 September	**1,762**	**437**	**1,563**	**3,761**	**7,163**

Impairment review

The Directors have carried out an impairment review of oil and gas assets of HH-1 well as at 30 September 2022. The Directors determined that the net present value of the HH-1 well was £0.8 million and therefore determined that HH-1 should be impaired by £2.9 million. The net present value utilised an internally generated depletion curve that was independently reviewed. Costs were based on current costs less any anticipated savings. A long-term average Brent oil price of US$81/bbl was used being the Brent curve until 2031 and then kept flat at $81/bbl. A discount rate of 3.86% was based on a Capital Asset Pricing Model analysis being the weighted average costs of capital of Horse Hill Developments Ltd, the holding company of the assets under review.

Based on current production at Horndean no impairment was deemed necessary.

Property, plant & equipment

Company	2022 £'000	2021 £'000
Cost		
As at 1 October	**1,819**	**1,815**
Additions	5	4
As at 30 September	**1,824**	**1,819**
Depletion & impairment		
As at 1 October	(187)	(42)
Depletion charge	(132)	(145)
As at 30 September	**(319)**	**(187)**
Carrying value		
As at 30 September	**1,505**	**1,632**

13. Investment in subsidiaries

Company	2022 £'000	2021 £'000
Cost and net book amount		
At 1 October	26,242	21,406
Capital reorganisation of subsidiaries	-	7,915
Impairment	-	(3,079)
At 30 September	**26,242**	**26,242**

The Directors carried out an impairment review of the Company's Investment in its subsidiaries as at 30 September 2022 and determined that no impairment was required. In the opinion of the Directors the carrying value of the investments is supported by their underlying net assets of the Group's subsidiaries or the net present value.

The Company holds more than 50 per cent of the share capital of the following companies as at 30 September 2022:

Company	Country of Registration	Proportion held	Functional Currency	Nature of business
UKOG (GB) Limited	UK	100%	GB£	Oil production
UKOG Solent Limited	UK	100%	GB£	Oil exploration
UKOG Weald Limited	UK	100%	GB£	Oil exploration
UKOG (234) Limited	UK	100%	GB£	Oil exploration
Horse Hill Developments Ltd	UK	77.9%	GB£	Oil production
UKOG (137/246) Holdings Ltd	UK	100%	GB£	Holding Company
UKOG (137/246) Ltd	UK	100%	GB£	Oil exploration
UKOG (Turkey) Ltd	UK	100%	GB£	Oil exploration
UK Energy Storage Ltd	UK	100%	GB£	Energy storage
UK Oil & Gas Investments Limited	UK	100%	GB£	Dormant
UK Geothermal Limited	UK	100%	GB£	Dormant

The registered address of each of these subsidiaries can be found on the website of Companies House.

All subsidiary undertakings are included in the consolidated financial statements. The proportion of the voting rights in the subsidiary undertaking held directly by the parent company do not differ from the proportion of the ordinary shares held. The following companies are taking an exception from the audit of the financial statements as per S479A of the Companies Act; UKOG (GB) Limited (04050227), UKOG Solent Limited (05000092), UKOG Weald Limited (04991234), UKOG (234) Ltd (07055133), UKOG (137/246) Holdings Ltd (09010542), UKOG (Turkey) Ltd (10212262), UK Oil & Gas Investments Limited (11252712), UK Geothermal Limited (13386906), UKOG (137/246) Limited (06807023), UK Energy Storage Ltd (14108327).

14. Inventory

Group	2022 £'000	2021 £'000
Inventories - Crude Oil	3	2
Total	**3**	**2**

15. Trade and other receivables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	217	44	24	22
Other debtors	228	268	77	47
Loans to subsidiary companies	-	-	24,753	21,727
Prepayments and accrued income	303	315	128	239
Total	**748**	**627**	**24,982**	**22,035**

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current.

16. Cash and cash equivalents

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash at bank and in hand	4,595	4,727	3,634	4,146
Total	**4,595**	**4,727**	**3,634**	**4,146**

17. Trade and other payables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	564	745	165	84
Other creditors	63	48	63	49
Accruals and deferred income	174	273	113	197
Total	**801**	**1,067**	**341**	**330**

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

18. Borrowings

	Group		Company	
Borrowings	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loans payable to Non-Controlling Interests	3,114	3,087	-	-
Total	**3,114**	**3,087**	**-**	**-**

At 30 September 2022, the outstanding loan balances owed to HHDL's shareholders were; Alba Mineral Resources PLC (Alba) £2.54 million (2021: £2.52 million), Doriemus PLC (Doremius) £0.57 million (2021: £0.57 million) and UK Oil & Gas Plc £16.59 million (2021: £16.03 million). The loans are payable on determination by the Board of HHDL. The loans currently attract an interest rate equivalent to the Bank of England base rate, which was 0.1% during the year.

19. Provisions - decommissioning

Group	2022 £'000	2021 £'000
As at 1 October	1,376	1,031
Change of estimate	(65)	247
Release	-	-
Unwind discount	131	98
As at 30 September	**1,442**	**1,376**

The amount provided for at 30 September 2022 represents the Group's share of decommissioning liabilities in respect of the producing Horndean and Avington fields, the producing site at Horse Hill and the Broadford Bridge drilling site.

The Company makes full provision for the future cost of decommissioning oil production facilities and pipelines on a discounted basis upon the installation of those facilities. The decommissioning provision represents the present value of decommissioning costs relating to oil & gas properties.

These provisions have been created based on the Company's internal estimates. Assumptions used include an average group-wide discount rate of 10.0% and an annual inflation rate of 3.0% applied to future decommissioning costs. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions.

However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil & gas prices, which are inherently uncertain.

20. Share capital

Ordinary Shares	Number of ordinary shares	Nominal Value £	Total Value £'000
Issued at 30 September 2020	**11,099,385,057**	**0.0001**	**1,110**
On 02 October 2020, placing for cash at 0.16p per share	1,374,999,993	0.0001	137
On 04 December 2020, warrant exercise at 0.16p per share	68,750,000	0.0001	7
On 11 February 2021, for acquisition at 0.20p per share	412,475,262	0.0001	41
On 25 May 2021, for acquisition at 0.13p per share	262,759,440	0.0001	26
On 05 July 2021, placing for cash at 0.18p per share	2,763,888,878	0.0001	276
On 27 July 2021, placing for cash at 0.18p per share	256,974,621	0.0001	26
Issued at 30 September 2021	**16,239,233,251**	**0.0001**	**1,624**
On 1 August 2022, for acquisition at 0.0875p per share	1,428,571,428	0.0001	142
On 16 September 2022, for acquisition at 0.0875p per share	3,428,571,425	0.0001	343
Issued at 30 September 2022	**21,096,376,104**	**0.0001**	**2,109**

Deferred shares

The Company has in existence at 30 September 2022 and 2021, 1,158,385,352,229 deferred shares of 0.001p. These deferred shares do not carry voting rights.

Total Ordinary and Deferred shares

The issued share capital as at 30 September 2022 is as follows:

	Number of shares	Nominal Value £	Total Value £'000
Ordinary shares	21,096,376,104	0.0001	2,109
Deferred shares	1,158,385,352,229	0.00001	11,584
Total			**13,693**

21. Share based payments

Share options

No options were granted during the year (2021: nil).

As at 30 September 2022 the options in issue were:

Exercise price	Expiry date	Options in issue 30 September 2022
1.6p	12 April 2023	17,500,000
1.13p	25 September 2024	121,500,000
Total		**139,000,000**

Weighted average remaining contractual life of options outstanding at end of period is 22 months.

No options were exercised, and no options were cancelled during the year (2021: none exercised, none cancelled). 117,000,000 options lapsed during the year (2021: nil). £472,000 (2021: nil) was transferred via equity to retained earnings on the lapse of options during the year.

Warrants

As of 30 September 2022, 421,982,958 warrants were in issue (2021: 179,125,816).

242,857,142 warrants were issued during the year (2021: 206,944,444). No warrants lapsed during the year (2021: nil). No warrants were exercised during the year (2021: 68,750,000 exercised).

Employee Benefit Trust

The Company established an employee benefit trust called the UK Oil & Gas Employee Benefit Trust (EBT) on 29 September 2014, to implement the use of the Company's existing share incentive plan over 10% of the Company's issued share capital from time to time in as efficient a manner as possible for the beneficiaries of that plan. The EBT is a discretionary trust for the benefit of directors, employees and consultants of the Company. The shares held in the EBT are intended to be used to satisfy future awards made by the Company's Remuneration Committee under the share incentive scheme.

The EBT did not subscribe to shares during the year to 30 September 2022 (2021: nil). The balance of ordinary shares held by the EBT on 30 September 2022 was 250,000,000 (2021: 250,000,000). Awards of Ordinary Shares to beneficiaries by the EBT will be subject to appropriate vesting and other performance conditions, in line with normal market practice, which will be set by the Remuneration Committee.

Details of share options granted during the year to Directors, consultants & employees over the ordinary shares are as follows:

Share options	At 1 October 2021 No. Million	Issued during the year No. Million	Lapsed / exercised during the year No. Million	At 30 September 2022 No. Million	Exercise price £	Date from which exercisable	Expiry date
Allen Howard	10	-	(10)	-	0.0115	25/05/2017	24/05/2022
Allen Howard	5	-	-	5	0.0113	27/09/2019	25/09/2024
Kiran Morzaria	20	-	(20)	-	0.0115	25/05/2017	24/05/2022
Kiran Morzaria	6.5	-	-	6.5	0.0113	27/09/2019	25/09/2024
Stephen Sanderson	25	-	(25)	-	0.0115	25/05/2017	24/05/2022
Stephen Sanderson	25	-	-	25	0.0113	27/09/2019	25/09/2024
Nicholas Mardon Taylor	4	-	-	4	0.0113	27/09/2019	25/09/2024
	95.5	**-**	**(55)**	**40.5**			
Consultants	62	-	(62)	-	0.0115	25/05/2017	24/05/2022
Consultants & employees	17.5	-	-	17.5	0.0160	13/04/2018	12/04/2023
Consultants & employees	81	-	-	81	0.0113	27/09/2019	25/09/2024
Total	**256**	**-**	**(117)**	**139**			

Share options	At 1 October 2020 No. Million	Issued during the year No. Million	Lapsed / exercised during the year No. Million	At 30 September 2021 No. Million	Exercise price £	Date from which exercisable	Expiry date
Allen Howard	10	-	-	10	0.0115	25/05/2017	24/05/2022
Allen Howard	5	-	-	5	0.0113	27/09/2019	25/09/2024
Kiran Morzaria	20	-	-	20	0.0115	25/05/2017	24/05/2022
Kiran Morzaria	6.5	-	-	6.5	0.0113	27/09/2019	25/09/2024
Stephen Sanderson	25	-	-	25	0.0115	25/05/2017	24/05/2022
Stephen Sanderson	25	-	-	25	0.0113	27/09/2019	25/09/2024
Nicholas Mardon Taylor	4	-	-	4	0.0113	27/09/2019	25/09/2024
	95.5	**-**	**-**	**95.5**			
Consultants	62	-	-	62	0.0115	25/05/2017	24/05/2022
Consultants & employees	17.5	-	-	17.5	0.0160	13/04/2018	12/04/2023
Consultants & employees	81	-	-	81	0.0113	27/09/2019	25/09/2024
Total	**256**	**-**	**-**	**256**			

The share price range during the year was £0.00077 to £0.0017 (2021: £0.0035 to £0.0012).

The disclosure of Weighted Average Exercise Prices and a Weighted Average Contractual Life analysis is not viewed as informative because of the minimal variation of options currently in issue, and therefore has accordingly not been disclosed.

For those options granted where IFRS 2 "Share-Based Payment" is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	Risk free rate	Share price volatility	Expected life	Share price at date of grant
13 April 2018 (0.4p)	0.8%	128.9%	1.72 years	£0.015
13 April 2018 (1.6p)	0.9%	128.9%	5 years	£0.015
27 September 2019 (1.13p)	0.4%	63.13%	5 years	£0.011

Expected volatility was determined by calculating the historical volatility of the Company's share price for 12 months prior to the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The Company recognised total expenses of £nil (2021: £nil) relating to equity-settled share-based payment transactions during the year, and £nil (2021: £nil) was transferred via equity to retained earnings on the exercising or lapse of options during the year.

Details of warrants granted during the year to consultants over the ordinary shares are as follows:

Warrants	At 1 October 2021 No. Million	Issued during the year No. Million	Lapsed / exercised during the year No. Million	At 30 September 2022 No. Million	Exercise price £	Date from which exercisable	Expiry date
Consultants	17	-	(17)	-	0.0105	02/04/2019	02/04/2022
Consultants	5	-	-	5	0.0115	04/11/2019	04/11/2022
Consultants	12	-	-	12	0.0085	29/11/2019	29/11/2022
Consultants	8	-	-	8	0.0020	24/05/2020	24/05/2023
Consultants	138	-	-	138	0.0016	02/07/2021	01/07/2024
Consultants	-	71	-	71	0.0009	01/08/2022	01/08/2025
Consultants	-	171	-	171	0.0009	09/09/2022	09/09/2025
Total	**180**	**242**	**(17)**	**405**			

22. Financial instruments and risk analysis

Financial assets by category

The categories of financial asset, all included initially measured at fair value and subsequently carried at amortised cost in the balance sheet and the headings in which they are included are as follows:

Current assets – Group	2022 £'000	2021 £'000
Inventory	3	2
Trade and other receivables	748	627
Cash and cash equivalents	4,595	4,727
Total	**5,346**	**5,356**

Current assets – Company	2022 £'000	2021 £'000
Trade and other receivables	229	308
Intercompany balances	24,753	21,727
Cash and cash equivalents	3,634	4,146
total	**28,616**	**26,181**

Financial liabilities by category

The categories of financial liability all included at fair value and subsequently carried at amortised cost in the balance sheet and the headings in which they are included are as follows:

Current liabilities – Group	2022 £'000	2021 £'000
Trade and other payables	799	1,067
Borrowings	3,114	3,087
Total	**3,913**	**4,154**

Current liabilities – Company	2022 £'000	2021 £'000
Trade and other payables	(341)	(330)
Total	**(341)**	**(330)**

The group is exposed to market risk through its use of financial instruments and specifically to credit risk, and liquidity risk which result from both its operating and investing activities. The group's risk management is coordinated at its head office, in close co-operation with the board of Directors, and focuses on actively securing the group's short to medium term cash flows by minimising the exposure to financial markets.

Long term financial investments are managed to generate lasting returns. The group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the group is exposed to are described below.

Interest rate sensitivity

The group is not substantially exposed to interest rate sensitivity, other than in relation to interest bearing bank accounts.

Credit risk analysis

The group's exposure to credit risk is limited to the carrying amount of trade receivables and cash at bank. The group continuously monitors defaults of customers and other counterparties, identified either individually or by Company, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The group's policy is to deal only with creditworthy counterparties. Group management considers that trade receivables that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. None of the group's financial assets are secured by collateral or other credit enhancements. The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk analysis

The majority of the Group's liabilities are contractually due within one year. The loan due from Horse Hill Developments Limited to Alba and Doriemus is payable on determination by the Board of Horse Hill Developments Limited.

The group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt financing. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

Capital management policies

The group's capital management objectives are to:

- Ensure the group's ability to continue as a going concern;
- Provide a return to shareholders; and
- To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure, to ensure an optimal capital structure, and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of oil & gas products it produces. The Group's policy is to manage these risks through the use of contract-based prices with customers.

Commodity Price Sensitivity

The table below summarises the impact on profit before tax for changes in commodity prices. The analysis is based on the assumption that the crude oil price moves 10% resulting in a change of US$ 8.90/bbl (2021: US$ 9.30/bbl), with all other variables held constant. Reasonably possible movements in commodity prices were determined based on a review of the last two years' historical prices and economic forecasters' expectations.

Increase/decrease in crude oil prices	Effect on profit before tax for the year ended 30 September 2022 Increase/(Decrease) £'000	Effect on profit before tax for the year ended 30 September 2021 Increase/(Decrease) £'000
Increase US$ 8.90 /bbl (2021: US$ 9.30/bbl)	146	253
Decrease US$ 8.90 /bbl (2021: US$ 9.30/bbl)	(146)	(253)

Currency risk

The Group has no significant monetary assets or liabilities that are denominated in a foreign currency. The Group is exposed to currency risk, with the price of Brent Crude Oil being denominated in US$. The current exposure is not seen as material, with the current level of revenue being generated therefrom. The Board will continue to monitor this risk as the operations and/or revenues increase.

23. Commitments & contingent liabilities

Ongoing exploration expenditure is required to maintain title to the Group's exploration permits. No provision has been made in the financial statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the Group. As at 30 September 2022, the Group had no further material commitments (2021: none).

24. Events after the reporting date

In March 2023, Group subsidiaries UKOG (137/246) Ltd (UKOG 100% interest) and Horse Hill Developments Ltd (UKOG 77.9% interest) have executed a conditional binding term sheet with LSE main board listed Pennpetro Energy plc , whereby Pennpetro Energy plc will farm-in to the Horse Hill Oil Field on an incremental production basis via funding the acquisition of 3D seismic and the drilling of the next infill production well.

In February 2023, UKOG received an RPS CPR demonstrating the potential economic value of the Company's 100% owned Loxley gas discovery. The CPR demonstrates that the NPV10 of Loxley's 2C recoverable gas ranges from £123.7 million net to UKOG, assuming a gas price of £1.86/therm, the UK gas price on 31 st December 2022, the effective date of the CPR, and £86.5 million net to UKOG utilising RPS' proprietary gas price forecast.

In January 2023, the Resan JV (UKOG 50% working interest) has identified and plans to drill in the first half of 2023, a new potential shallow oil accumulation, Pinarova, of some 9 km^2 areal extent, located 6 km north of the Basur-1 oil discovery. The new Pinarova-1 well is designed to test a working hypothesis, supported by well and seismic data, that the active light oil seep found in a seismic shot hole above the Pinarova structure, is directly fed by and connected to an underlying light oil accumulation within Eocene Hoya group limestones, 300- 645m below surface.

25. Related party transactions

Transactions with related parties

UK Oil & Gas Plc paid a subscription fee for membership with United Kingdom Onshore Oil & Gas (UKOOG) during the year. UKOOG represent the onshore oil and gas industry and wider supply chain and provides the Company with general industry advice and representation. Stephen Sanderson, UKOG's Chief Executive, is a Director of UKOOG and, as a result, the subscription fee for membership is considered a related party transaction. During the year the Company paid £30,000 for its membership with UKOOG (2021: £30,000).

Remuneration of key management personnel

The remuneration of the directors, and other key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS24 Related Party Disclosures. Further details in respect of the remuneration of the directors can be found within the Directors Remuneration Report on page 28.

	2022 £'000	2021 £'000
Short-term employee benefits	496	471
Total	**496**	**471**

26. Ultimate controlling party

In the opinion of the Directors there is no controlling party.

Company Information

Company registration number	05299925
Registered office	The Broadgate Tower 8th Floor 20 Primrose Street London EC2A 2EW
Directors	Nicholas Mardon Taylor Stephen Sanderson Allen Howard Kiran Morzaria
Secretary	Kiran Morzaria
Auditors	PKF Littlejohn LLP Chartered Accountants Registered Auditor 15 Westferry Circus Canary Wharf London E14 4HD
Nominated Adviser	WH Ireland Limited 24 Martin Lane London EC4R 0DR
Solicitors	Hill Dickinson The Broadgate Tower 8th Floor 20 Primrose Street London EC2A 2EW
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR

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