Registered number: 09624969

UNITED OIL & GAS PLC

INTERIM RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

29 September 2020

United Oil and Gas Plc

(“UOG”, “United” or the “Company”)

Interim Results for the Half Year to 30th June 2020

United Oil & Gas PLC (AIM: "UOG"), the growing oil and gas company with a portfolio of production, development, exploration and appraisal assets is pleased to announce its unaudited financial and operating results for the half year ended 30th June 2020. A shareholder call will take place at 12.00 GMT today.

Brian Larkin, Chief Executive Officer commented:

“2020 has been successful for United, with integration of the Egypt assets which are delivering low cost, sustained production, material reserves growth and positive operating cash flow. Post period end we were also awarded operatorship and 100% ownership of the high impact Walton Morant exploration licence in Jamaica, we have strengthened the Board and we recently welcomed new institutional shareholders onto our register, all of which marks our arrival as a full cycle oil and gas company.

“Looking ahead our focus remains on managing United in a responsible way as we allocate capital prudently and efficiently to grow the business. We are well placed to manage the challenges the industry is experiencing and to take advantage of an improvement in market conditions.”

Year to date highlights

Strategic – strengthening of the Board and shareholder base

- Rockhopper Egypt acquisition completed following Egyptian Government Approval including successful equity placing and re-admission of the enlarged Group to AIM
- Significant strengthening of the Board with the appointment of Ms Iman Hill as non-executive director post period end
- Establishment of Environmental, Social and Governance (ESG) Board Committee in September 2020 to drive forward our commitment to operating sustainably
- Successful placing of Rockhopper Exploration plc’s 18.3% shareholding in United with new institutional investors post period end

Operational*– sustained, low cost production performance and reserves growth

- Group working interest 1H-2020 production averaged 1,975 boepd net*

- Success at the ASH-2 and ES-5 Wells in Egypt increased working interest production from 1,709 boepd on 1st March 2020 to 2,716 boepd on 30th June 2020
- Independent reserves report by Gaffney Cline & Associates from the end of 2019 indicates a 12.5% increase in Abu Sennan Gross 2P Reserves to 13.5 MMboe representing a 190% reserves replacement ratio
- 100% equity stake and operatorship of the Walton Morant licence in Jamaica along with 18-month extension secured
- Provisional award of Blocks 15/18e and 15/19c, containing the Maria and 15/18a-6 Discoveries, in the UK's 32nd offshore licensing round

*From the completion of Rockhopper Egypt acquisition to period end, 28th February 2020 to 30th June 2020.

Financial* - revenue growth delivering positive operating cashflow

- Group Revenue of $2.4m
- Gross Profit of $0.3m
- Fair Value Gain on Derivative Instrument $2.8 m
- Profit after Tax $1.8m
- Realised oil price of $28.26/bbl
- Cash collections in the four-month period of $3.6m
- Cash operating costs of $4.36/boe
- Repayments on BP Pre-payment facility $0.7m lower than projected due to hedge impact
- Group Cash balance of $1.2m

*From the completion of Rockhopper Egypt acquisition to period end, 28th February 2020 to 30th June 2020.

Outlook – continued focus on capital discipline while progressing high quality asset base

- Re-engagement of drilling operations in Egypt, with the ASH-3 development well expected to spud in late 2020/early 2021
- Installation of a gas pipeline at the ASH field, Egypt, will commence shortly: this will reduce flaring, and on targeted completion in late 2020, will deliver up to 7 mmscf/d (1.5 mmscf/d net) of gas
- Discussions with the Abu Sennan Joint Venture Partners on further development drilling at the ASH field and the location for the 2021 exploration commitment well are ongoing.
- H2-2020 production guidance forecast by Operator of 2,300 boepd net to United
- Pricing discount improvements and reductions agreed with EGPC has potential to deliver between $600,000 to $800,000 uplift in revenues at current production levels on an annualised basis

- Work programme underway at the Walton Morant licence, Jamaica to further derisk the acreage, including the Colibri prospect, estimated to contain gross unrisked mean prospective resources of 229 MMstb
- CPR to be commissioned over at least 10 further targets in the Walton Morant Basin ahead of a farm-out process and drill decision in 2021.
- United, as a full cycle E&P company, is well positioned and continues to evaluate new venture opportunities emerging across the industry

Chief Executive's Report

The first half of 2020 has marked United's arrival as a full cycle oil and gas company. In a relatively short space of time, we have developed a balanced portfolio of assets which delivers production, near-term development potential and the opportunity for significant growth through exploration.

Operations in 2020 have taken place against the background of sustained low oil prices, driven in large part by the global pandemic. The strength of our business lies in our experienced team, business relationships, industry leading low operating cost base and operational flexibility. Accordingly, management moved decisively in early 2020 to implement a strategy aimed at protecting the value of our assets and our balance sheet.

Our 2020 interim results show our first production revenue, based on four months of production at a low point in the oil price cycle. Brent crude prices hit a low of $9/bbl in April 2020 and averaged $30/bbl during the four months of operating results. However, with production rising and some positive signs in relation to oil price and the benefits of our hedged volumes of oil and fixed price gas contracts, this is an excellent base from which to build. Our low cost, low oil-price breakeven in Egypt is delivering positive operational cashflow even at the low oil prices seen earlier this year.

United will continue to evaluate new venture opportunities emerging with the aim of putting the Company in a position to move quickly should a value opportunity present itself. Our objective is to ensure that we emerge from the current challenging environment having used it as an opportunity and platform to grow.

At a corporate level we were delighted to appoint Ms. Iman Hill as a Non-Executive Director of the Company on 7th September 2020. Iman is an experienced oil industry leader with over 30 years' experience in delivering successful exploration and production projects at global companies such as Shell, BP, BG Group, Dana Gas, Sasol and Energean. She has extensive experience in Egypt, the Mediterranean, the North Sea and South America, working in both onshore and offshore projects. Iman most recently served as Chief Operating Officer with Energean. We have also taken an important step forward with the formation of a Board ESG Committee to drive forward our commitment to operating sustainably.

Post period end, the United share register saw significant diversification with the sale by Rockhopper Energy plc of their complete 18.3% shareholding in a managed transaction which saw a series of new institutions invest in the Company. While the wider market for junior oil and gas companies remains challenging, this is an important vote of confidence in United's strategy, portfolio and team.

Against the backdrop of the Covid-19 pandemic and oil price environment, management's focus will continue to be on capital discipline, cost control and advancing our core assets in a sustainable manner, We will continue to manage capital carefully to ensure that we maintain a strong balance sheet.

We are working on all our licences to ensure that they are progressing and that further development and exploration drilling activity in Egypt can resume in late 2020/early 2021. In Italy, we will continue to progress the necessary permitting to allow production to commence in 2021. In Jamaica work is underway to further de-risk the Colibri prospect and a CPR is to be commissioned covering at least 10 further targets in the Walton Morant Basin ahead of a farm-out process and drill decision in 2021. In the UK, our geotechnical team will advance our Central North Sea licence, identifying the best means to release the value in the exciting Zeta prospect and recent licences awarded in the 32nd Round.

I would like to thank all shareholders for their support and feedback. I would also like to thank all our staff for their continued hard work.

Operational Review

While the decision was taken early in 2020 to defer all non-essential capital expenditure, United has still been active across all licence areas in 2020.

Following the completion of the acquisition of the Rockhopper Egypt we have undertaken a review of our portfolio to ensure that we are maximising our focus on the licences which we believe can deliver the best value for shareholders.

Egypt

The performance of Abu Sennan has been exceptional since the beginning of 2020, clearly demonstrating the significant upside potential identified by our team's technical assessment. On the 1st March, after completion of the deal, gross production levels were at 7,770 boepd (1,709 boepd net). These increased to 12,347 boepd (2,716 boepd net) at the end of June, having reached a high of 14,282 boepd (3,142 boepd net) in early June during the testing of the ES-5 Well. Gas is sold under a fixed price contract and comprises c. 25% of the production totals.

The El Salmiyah-5 Well was spudded on 3rd February 2020, and reached total depth of 4,400m MD (3,911m TVDSS). The Well was targeting previously undrained reservoirs of the El Salmiyah Field. The outcome significantly exceeded pre – drill expectations with net pay encountered in all of the targeted intervals, totalling in excess of 120m for the Well and a well-test achieving flow rates of 4,100 bopd, with a further 18 mmscf/d gas. At the end of June, after completion of the testing programme, the ES-5 well was producing at 2,900 bopd and 9mmscf/d on a controlled rate.

The ASH 2 Well, which was drilled in late 2019, came on stream on 2nd January 2020 and has consistently produced oil at over 3,000 bopd (660 bopd net).

In addition to successful drilling, production was increased through the development of infrastructure. Completion of the low capital expenditure gas pipeline project at Al Jahraa led to the production of additional gas and the elimination of flaring from that field.

The Independent reserves report by Gaffney Cline & Associates from the end of 2019 identified a significant improvement of reserves at the Abu Sennan concession

- 12.5% increase in Abu Sennan Gross 2P Reserves to 13.5 MMboe (15% gas) compared to 12 MMboe at the beginning of 2019, representing a 190% reserves replacement ratio
- Gross 1P reserves up by 76% to 4.2 MMboe and gross 3P reserves up by 46% to 28.6 MMboe (from 2.4 MMboe and 19.6 MMboe respectively at the beginning of 2019)
- Gross 2C contingent resource addition of 0.73 MMboe

These increased reserves do not take into account the successful El Salmiyah-5 well. We expect the additional reserves from this well to be captured in the 2020 year-end reserves report.

Re-engagement of drilling operations is scheduled to commence at the ASH field in late 2020/2021 with the ASH-3 Well. Given the performance of the ASH-2 well to date, and the clear potential in the structure, this is being prioritised ahead of the remaining three wells of the deferred 2020 development campaign which are ready to be advanced once market conditions allow. Installation of a gas pipeline at the ASH field is also expected to commence shortly. This will reduce flaring, and on completion in early 2021, will bring up to 7 mmscf/d (1.5 mmscf/d net) of gas on stream.

Potential locations for the 2021 exploration commitment well are also being discussed with the Joint Venture Partners, and we expect the prioritised target to be finalised before the end of the year.

Italy

Our licences in Italy are located in the North of the country, close to the epicentre of the outbreak of Covid-19. This has had an understandable impact on the level of activity which has been possible in Italy and the speed at which decisions can be taken by governmental agencies.

In January 2020, the operator Po Valley Energy confirmed that they had received formal technical environmental approval from the Italian Environmental Ministry for the development of the Selva Gas field.

This approval from the technical committee at the Ministry is an important milestone in the environmental approval (EIA) process whereby the project development plan is reviewed in great detail. As a final step, the Environmental Minister must sign off on the technical committee's review report. The Italian Government has been focussed on Covid-19 legislation and European funding stimulus packages which has delayed domestic approvals; however, the operator has now indicated that they anticipate final approval to be granted in October 2020.

We now estimate that production will come on stream in 2021. The planned facilities will have the capacity to deal with c. 2Bcf per annum. (c. 875 boepd).

UK

United has already demonstrated through the Crown divestment the value that active portfolio management can deliver, particularly when combined with strong technical capability.

In January, the Company purchased a high-quality 3D seismic dataset covering Licence P2480 in the Central North Sea, acquired in the 31st Round. This data is being worked up in advance of a likely independent appraisal of the prospects later in the year. The licence includes multiple plays and low risk prospects, the Zeta prospect being the most promising of these.

On 3rd September 2020, United was provisionally awarded two Blocks in the UK's 32nd offshore licensing round. These are in close proximity to Licence P2480 and contain the Maria and 15/18a-6 discoveries. This cluster of highly attractive licences will increase our options in this region.

Following completion of the Egyptian acquisition, the Company undertook a review of the asset base. This review reflects the quality of opportunity presented by the now core licences. As a result, United's Wessex Basin portfolio was deemed non-core and United is reviewing alternatives for this portfolio.

Jamaica

The Walton Morant Licence in Jamaica is an asset which has the potential to open a new hydrocarbon frontier. The United leadership team have extensive knowledge of this asset, having worked on it over a number of years, prior to the formation of the Company.

The previous operator, Tullow Oil, decided to relinquish their 80% interest in this licence when it came up for review at the end of July 2020. United worked with the Jamaican Government to map out a plan for the further development of the licence based on the extensive information that has been gathered on the licence and feedback from a farm-down process run jointly by Tullow and United.

Confirmation that United would assume full operatorship of the licence for a nominal fee was issued after the half year on August 3rd and the Production Sharing Agreement has been amended to extend the Initial Exploration Period for 18 months. In addition, United has acquired the results of approximately $30m of investment by the previous operator in the licence.

The amended Walton Morant Licence covers an area of 22,400km^2, and has numerous plays and prospects already identified across three separate basins. Eleven wells have been drilled to date (nine onshore, two offshore), and all bar one contained hydrocarbon shows.

United plans to complete a low-cost work programme to further de-risk the high-graded Colibri prospect and perform detailed interpretation of the numerous follow-ons. The Colibri prospect alone has been independently estimated to contain gross unrisked mean prospective resources of 229 MMstb, and up to 513 MMstb in a high-case scenario. A new CPR report over at least 10 further targets will be commissioned in the second half of 2020.

This cost-effective activity will be informed by the feedback from companies who have engaged positively with United, and the previous licence operator in the farm out process, to date. It is believed this work will have a significant impact on the continuing farm-down process.

Financial Review

Strategy

Our financial strategy underpins the business strategy of the Company and is based upon the investment and safeguarding of capital to enhance shareholder value. The core areas of the financial strategy are maintaining a balanced capital structure, disciplined capital allocation, portfolio management delivery and managing commodity price risk all leading in turn to delivering free cashflow.

In this period of historic low oil prices, we have acted early and decisively to ensure that we protect our balance sheet, maximise cashflow, defer capital expenditure and reduce discretionary expenditure. We have deferred development capital expenditure in both Egypt and Italy, revised our G&A budget significantly and benefitted greatly from both our oil hedging programme and fixed price gas contracts.

United's results for this half year are the first to include our interest in the Abu Sennan concession in Egypt, acquired on 28th February 2020 through the Rockhopper Egypt transaction. Operations are accounted for in the Income Statement from the date of control i.e. 28th February 2020 as per the requirements of IFRS 10. All assets and liabilities and movements from the effective date of the transaction i.e. 1st January 2019 have been brought onto the balance sheet at fair value.

Highlights *

	1H 2020
Net average Production volumes (boepd)	1,975 boepd
Oil Price Realised ($/bbl)	$28.26
Oil and Gas Price Realised ($/boe)	$25.94
Revenue [1]	$2.4m
Gross Profit	$0.3m
Profit after Tax	$1.8m
Cash Operating Cost per boe [2]	$4.36/boe

*From the completion of Rockhopper Egypt acquisition to period end, 28th February 2020 to 30th June 2020.

[1] 22% working interest stated net of government take

[2] See non-IFRS Measure at page 26

Rockhopper Egypt Acquisition and inclusion in this Half Year Report

The acquisition of Rockhopper Egypt was completed in February 2020, following Egyptian Government approval for the transaction. The acquisition was transformational for the Company delivering a solid production base and transitioning the Company to a full cycle E&P Company.

The consideration for the Rockhopper Acquisition was US$16 million which was funded by:

- the issue of 114,503,817 Consideration Shares at 3 pence to Rockhopper PLC
- a pre-payment financing structure of US$8 million provided by BP

- the Placing of 150,616,669 Placing Shares at 3 pence per share

In tandem with the announcement of the Rockhopper acquisition, United also announced the divestment of the Crown Discovery to Hibiscus Petroleum for consideration of up to $5m. The Company is anticipating receipt of a further payment of $2.85m from Hibiscus in December of this year.

Group Production and Commodity Prices

Total group working interest production for the four months was 1,975 boepd. The average realised oil price was $28.26/bbl and the average realised gas price was $2.61/mmbtu. Following negotiations between the Operator and EGPC post period end there has been a significant reduction in the Western desert discount to Brent from $2.90/bbl in early 2020 to $0.60/bbl. This has the potential to generate between $600,000 to $800,000 uplift in revenues at current production levels on an annualised basis.

Group Operating costs, DD&A, and expenses

Cash Operating costs amounted to $4.36/boe

DD&A charges on production and development assets amounted to $1.1m

Derivative Financial Instrument

The Company's pre-payment facility with BP provides downside price protection by effectively hedging 6,609 bbls of oil at $60/bbl per month from March 2020 through to September 2022. As at 30 June 2020, a fair value gain of $2.8m has been recognised as a result of oil price movements in the period.

Exploration Costs written off

There were no exploration costs written off in the period

Impairment

There were no impairment triggers in the period

Taxation

In Egypt under the terms of the Production Sharing Agreement all corporate taxes are paid by EGPC.

Capital Expenditure

Cash capital expenditure for the period amounted to $1.6m with $1.1m spent on the successful ES-5 Well and $0.3m incurred on maintenance capital expenditure also in Egypt. The remaining $0.2m was split across our other assets.

CONSOLIDATED INCOME STATEMENT
Period ended 30 June 2020

	Note	Period ended 30 June 2020 Unaudited $	Period ended 30 June 2019 Unaudited $	Year ended 31 December 2019 Audited $
Revenue		2,435,922	-	-
Cost of sales	5	(2,170,599)	-	-
Gross profit		265,323	-	-
Administrative expenses		(605,088)	(756,408)	(1,947,964)
Operating loss		(339,765)	(756,408)	(1,947,964)
Fair value gain on derivative financial instruments		2,821,715	-	-
Interest expense	11	(709,976)	-	(4,841)
Profit/ (loss) before taxation		1,771,974	(756,408)	(1,952,805)
Taxation		-	-	(186,270)
Profit/ (loss) for the financial period attributable to the Company's equity shareholders		1,771,974	(756,408)	(2,139,075)
Earnings / (loss) per share from continuing operations expressed in cents per share: **Basic and diluted**	4	0.33	(0.22)	(0.62)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period ended 30 June 2020 Unaudited $	Period ended 30 June 2019 Unaudited $	Year ended 31 December 2019 Audited $
Profit/(loss) for the financial period	1,771,974	(756,408)	(2,139,075)
Foreign exchange difference	(279,997)	24,987	405,954
Profit/(loss) for the financial period attributable to the Company's equity shareholders	1,491,977	(731,421)	(1,733,121)

CONSOLIDATED BALANCE SHEET

At 30 JUNE 2020

	Note	30 June 2020 Unaudited $	30 June 2019 Unaudited $	31 December 2019 Audited $
NON-CURRENT ASSETS				
Intangible Assets	6	7,437,988	7,986,167	5,580,864
Property, Plant and Equipment	7	12,939,128	3,525	26,722
		20,377,116	7,989,692	5,607,586
CURRENT ASSETS				
Inventory		50,879	-	-
Trade and other receivables	9	5,253,482	579,548	3,524,655
Cash and cash equivalents		1,193,576	1,787,178	1,275,537
		6,497,397	2,366,726	4,800,192
TOTAL ASSETS		26,875,053	10,356,418	10,407,778
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	10	8,059,774	4,564,787	4,564,787
Share premium	10	15,989,999	9,912,988	9,912,988
Share-based payment reserve		1,771,218	1,465,036	1,591,808
Merger reserve		(2,697,357)	(2,697,357)	(2,697,357)
Translation reserve		(291,224)	(392,194)	(11,227)
Retained earnings		(2,483,424)	(2,872,731)	(4,255,398)
TOTAL EQUITY		20,348,986	9,980,529	9,105,601
CURRENT LIABILITIES				
Trade and other payables		1,391,548	375,890	1,085,701
Derivative financial instruments		84,504	-	-
Borrowings	11	1,580,138	-	-
Current tax payable		176,903	-	190,446
Lease liabilities		47,541	-	26,030
		3,280,633	375,890	1,302,177
NON-CURRENT LIABILITIES				
Borrowings	11	2,904,699	-	-
Derivative financial instruments		340,736	-	-
		3,245,435	-	-
TOTAL LIABILITIES		6,526,068	375,890	1,302,177
TOTAL EQUITY AND LIABILITIES		26,875,053	10,356,418	10,407,778

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2020

	Share capital $	Share premium $	Share-based payment reserve $	Retained earnings $	Translation reserve $	Merger reserve $	Total equity $
For the period ended 30 June 2020							
Balance at 1 January 2020	4,564,787	9,912,988	1,591,808	(4,255,398)	(11,227)	(2,697,357)	9,105,601
Profit for the period	-	-	-	1,771,974	-	-	1,771,974
Foreign exchange difference	-	-	-	-	(279,997)	-	(279,997)
Total comprehensive income for the period	-	-	-	1,771,974	(279,997)	-	1,491,977
Contributions by and distributions to owners:							
Share based payments	-	-	118,249	-	-	-	118,249
Shares issued	3,494,987	6,521,815	-	-	-	-	10,016,802
Share issue expense	-	(444,804)	61,161	-	-	-	(383,643)
Total contributions by and distributions to owners	3,494,987	6,077,011	179,410	-	-	-	9,751,408
Balance at 30 June 2020 (Unaudited)	8,059,774	15,989,999	1,771,218	(2,483,424)	(291,224)	(2,697,357)	20,348,986
For the period ended 30 June 2019							
Balance at 1 January 2019	4,564,787	9,912,988	1,465,036	(2,116,323)	(417,181)	(2,697,357)	10,711,950
Loss for the period	-	-	-	(756,408)	-	-	(756,408)
Foreign exchange difference	-	-	-	-	24,987	-	24,987
Total comprehensive loss for the period	-	-	-	(756,408)	24,987	-	(731,421)
Total contributions by and distributions to owners	-	-	-	-	-	-	-
Balance at 30 June 2019 (Unaudited)	4,564,787	9,912,988	1,465,036	(2,872,731)	(392,194)	(2,697,357)	9,980,529
For the period ended 31 December 2019							
Balance at 1 January 2019	4,564,787	9,912,988	1,465,036	(2,116,323)	(417,181)	(2,697,357)	10,711,950
Loss for the period	-	-	-	(2,139,075)	-	-	(2,139,075)
Foreign exchange difference	-	-	-	-	405,954	-	405,954
Total comprehensive loss for the year	-	-	-	(2,139,075)	405,954	-	(1,733,121)
Contributions by and distributions to owners:							
Share-based payments	-		126,772	-	-	-	126,772
Balance at 31 December 2019 (Audited)	4,564,787	9,912,988	1,591,808	(4,255,398)	(11,227)	(2,697,357)	9,105,601

CONSOLIDATED STATEMENT OF CASHFLOWS

Period ended 30 June 2020

	Period ended 30 June 2020 Unaudited $	Period ended 30 June 2019 Unaudited $	Year ended 31 December 2019 Audited $
Cash flows from operating activities			
Profit/(loss) before taxation	1,771,974	(756,408)	(1,952,805)
Adjustments for:			
Share-based payments	118,249	-	126,772
Depreciation	1,113,723	1,149	94,026
Fair value gain on derivatives	(2,821,715)	-	-
Impairment of intangible assets	-	-	2,111,319
Gain on disposal of intangible assets	44,241	-	(2,881,976)
Interest expense	709,976	-	4,841
Foreign exchange movements	(105,156)	(21,718)	268,159
	831,292	(776,977)	(2,229,664)
Increase in inventories	49,283	-	-
Decrease / (increase) in trade and other receivables	2,730,890	159,572	(61,527)
(Decrease) / increase in trade and other payables	(2,978,581)	(32,122)	677,689
Net cash from operating activities	632,884	(649,527)	(1,613,502)
Cash flows from investing activities			
Cash outflows on business combination	(11,200,000)	-	-
Cash acquired in business combination	46,543	-	-
Disposal of intangible assets	-	-	950,000
Purchase of property, plant & equipment	(1,392,505)	-	(1,637)
Payments for intangible exploration assets	(654,941)	(2,830,448)	(3,097,401)
Net cash used in investing activities	(13,200,903)	(2,830,448)	(2,149,038)
Cash flows from financing activities			
Issue of ordinary shares (net of expenses)	5,712,315	-	-
Proceeds on issue of swap financing arrangement	7,760,288		
Repayments on swap financing arrangement	(789,233)		
Capital payments on lease	(34,881)	-	(88,387)
Interest paid on lease	(2,845)	-	(4,841)
Net cash from financing activities	12,645,644	-	(93,228)
Increase / (decrease) in cash and cash equivalents	77,625	(3,479,975)	(3,855,768)
Cash and cash equivalents at beginning of period / year	1,275,537	5,149,906	5,149,906
Effects of exchange rate changes	(159,586)	117,247	(18,602)
Cash and cash equivalents at end of period / year	1,193,576	1,787,178	1,275,537

Notes to the financial information

Period ended 30 June 2020

1. GENERAL

The interim financial information for the period to 30 June 2020 is unaudited.

2. ACCOUNTING POLICIES

The interim financial information in this report has been prepared on the basis of the accounting policies set out in the audited financial statements for the period ended 31 December 2019, which complied with International Financial Reporting Standards as adopted for use in the European Union ("IFRS").

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

The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 31 December 2020.

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

The condensed financial information for the year ended 31 December 2019 set out in this interim report does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2019, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The report did however include reference to matters which the auditors drew attention by way of emphasis regarding going concern, namely the Valuation of the Walton Morant licence in Jamaica and the consideration relating to the Crown disposal.

Foreign currency

The Group's presentation currency is USD.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the CEO's Statement and Directors' Report.

The Group closely monitors and carefully manages its liquidity risk. Cash flow forecasts are regularly updated, and sensitivities run for different scenarios, including, but not limited to, changes in commodity price and different forecasts for the Group's producing assets. The Group's Base Case forecast sufficient financial headroom for the 12 months from approval of its 2020 Interim Financial Statements on 29th September 2020.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of its Interim Financial Statements on 29th September 2020 therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Revenue

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

Revenue is recognised at a point in time as control passes to the customer, which is typically the point of delivery of hydrocarbons. The Group does not have performance obligations subsequent to delivery.

Classification and measurement of financial liabilities

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

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

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

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

Embedded derivative financial instruments

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

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

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

Exploration and evaluation assets

The group accounts for oil and gas expenditure under the full cost method of accounting.

Costs (other than payments to acquire the legal right to explore) incurred prior to acquiring the rights to explore are charged directly to the profit and loss account. All costs incurred after the rights to explore an area have been obtained, such as geological, geophysical, data costs and other direct costs of exploration and appraisal are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets.

E&E costs are not amortised prior to the conclusion of appraisal activities. At the completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered, then following development sanction, the carrying value of the relevant E&E asset will be reclassified as a development and production asset within tangible fixed assets.

If after completion of appraisal activities in an area, it is not possible to determine technical feasibility or commercial viability, then the costs of such unsuccessful exploration and evaluation are impaired to the Income Statement. The costs associated with any wells which are abandoned are fully impaired when the abandonment decision is taken.

Development and production assets, are accumulated generally on a field by-field basis and represent the costs of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves which have been transferred from intangible E&E assets.

The net book values of development and production assets are depreciated generally on a field-by field basis using the unit of production method based on the commercial proven and probable reserves. Assets are not depreciated until production commences.

Depreciation of production assets

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

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

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

3. RELATED PARTY TRANSACTIONS

The directors are considered to be the key management personnel of the company. During the interim period, the company paid fees to executive and non-executive directors amounting to $273,920 (Period ended 30 June 2019 - $188,500).

Graham Martin and David Quirke, both directors of the company, have each subscribed for 2,000,000 Subscription Shares and 833,333 Subscription Shares respectively at the subscription price of 3p being the same price as the other Subscribers as part of the Subscription in the deal to acquire the Egyptian assets from Rockhopper, effective 28th February 2020.

4. EARNINGS PER SHARE

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

Given the Group's reported loss for previous periods, share options and warrants are not taken into account when determining the weighted average number of ordinary shares in issue during the year as they would be anti-dilutive, and therefore the basic and diluted loss per share are the same.

Basic and diluted loss per share

	Period ended 30 June 2020	Period ended 30 June 2019	Year ended 31 December 2019
Profit/(loss) for the period ($)	1,771,974	(756,408)	(2,139,075)
Weighted average number of ordinary shares (number)	531,981,886	345,613,985	345,613,985
Earnings / (loss) per share from continuing operations (cents per share)	0.33	(0.22)	(0.62)

5. COST OF SALES

	30-Jun-20	30-Jun-19	31-Dec-19
	$	$	$
Production Operating costs	1,049,911	-	-
Depreciation, depletion and amortisation	1,071,405	-	-
Inventories	49,283	-	-
	2,170,599	0	0

6. INTANGIBLE ASSETS

	Exploration and Evaluation assets	Computer software	Total
	$	$	$
Cost			
At 31 December 2018	5,226,219	-	5,226,219
Additions	3,086,027	11,374	3,097,401
Disposals	(792,033)	-	(792,033)
Exchange differences	207,925	-	207,925
At 31 December 2019	7,728,138	11,374	7,739,512
Acquired in business combinations	2,951,159	-	2,951,159
Additions	654,941	-	654,941
Transfer to production assets	(1,711,784)	-	(1,711,784)
Disposals	(44,241)	-	(44,241)
Exchange differences	7,041	9	7,050
At 30 June 2020	9,585,254	11,383	9,596,637
Depreciation			
At 31 December 2018	-	-	-
Impairment	2,111,319	-	2,111,319
Exchange differences	47,329	-	47,329
At 31 December 2019	2,158,649	-	2,158,649
Exchange differences	-	-	-
At 30 June 2020	2,158,649	-	2,158,649
Net book value			
At 31 December 2019	5,569,490	11,374	5,580,864
At 30 June 2020	7,426,605	11,383	7,437,988

In August 2020 United Oil & Gas Plc announced that it had received approval from the Jamaican Government to take forward the Walton Morant Licence, Jamaica, on a 100% operated basis having been assigned Tullow Jamaica's 80% equity in the licence for a nominal fee. United now plan continue with a low-cost work programme to further de-risk the Colibri prospect and perform detailed interpretation of the numerous follow up targets identified. The Company also plan to continue the farm-down process to bring in new partners ahead of a newly agreed drill or drop decision at the end of January 2022. To date United have incurred $2,893,643 exploration costs in Jamaica.

In Italy, the impact of COVID-19 has curtailed the timing of first gas, which we now estimate will come on stream in 1H 2021. The operator, Po Valley Operations PTY Limited have progressed some of the consents required so far in 2020 to commence production, including formal technical environmental approvals from the Italian Environmental Ministry for the development of the Selva Gas Field. The planned facilities will have the capacity to deal with c. 2Bcf per annum. (c.920

boepd). Some minor infrastructural works have also been ongoing and to Balance Sheet date United have incurred $2,392,616 on our Italian operations.

In the UK work continues on our PL090 licence with some independent reservoir modelling, whilst some high-quality 3D seismic dataset covering the P2480 licence in the Central North Sea has been purchased. The company was also awarded some new licences on a 100% basis in the 32nd Licencing Round, announced subsequent to the reporting date in September 2020, with some initial 3D Seismic purchased and detailed geological and geophysical analysis work planned. Some desk top work has also been performed on our PEDL licences in the Wessex basin. At the Balance Sheet date $669,284 has been capitalised on our UK exploration assets. United continues to work on divestment of the Wessex basin portfolio.

In February 2020 United completed the acquisition of Rockhopper Egypt Pty Limited and as a result acquired $2,951,159 in exploration assets. Of this, $1,711,784 was allocated to the successful ASH-2 well and was transferred to Oil & Gas production assets in Q1 2020. At the Balance Sheet date, $1,471,062 was capitalised as Intangible assets in Egypt.

Management review the intangible exploration assets for indications of impairment at each balance sheet date based on IFRS 6 criteria. Commercial reserves have not yet been established and the evaluation and exploration work is ongoing. The Directors do not consider that any indications of impairment have arisen and accordingly the assets continue to be carried at cost.

7. PROPERTY, PLANT AND EQUIPMENT

	Production assets	Computer equipment	Office lease asset	Total
	$	$	$	$
Cost				
At 31 December 2018	-	6,952	-	6,952
Transition to IFRS 16	-	-	72,453	72,453
Additions	-	1,638	41,860	43,498
Exchange differences	-	-	462	462
At 31 December 2019	-	8,589	114,775	123,364
Acquired in business combinations	10,861,147	-	61,126	10,922,273
Transfers	1,711,784	-	-	1,711,784
Additions	1,392,505	-	-	1,392,505
Exchange differences	-	-	(433)	(433)
At 30 June 2020	13,965,436	8,589	175,468	14,149,493
Depreciation				
At 31 December 2018	-	2,236	-	2,236
Charge for the year	-	3,562	90,464	94,026
Exchange differences	-	15	366	381
At 31 December 2019	-	5,812	90,830	96,642
Charge for the year	1,071,405	-	42,317	1,113,723
Exchange differences	-	-	-	-
At 30 June 2020	1,071,405	5,812	133,147	1,210,365
Net book value				
At 31 December 2019	-	2,777	23,945	26,722
At 30 June 2020	12,894,030	2,777	42,321	12,939,128

All producing assets of $12,894,030 at the Balance Sheet date relate to operations in the Abu Sennan concession in the Western Desert of Egypt, having completed the acquisition of Rockhopper Egypt Pty Limited in February 2020 and immediately recognising a value of $10,861,147 in producing assets.

The costs of the ASH-2 well of $1,711,784, having been completed in late 2019 and coming on stream in January 2020 producing at over 3,000 bopd gross (660 net to UOG 22% share) were transferred to producing assets at the end of Q1 2020.

The El Salmiyah-5 development well was drilled in Q1 2020 and the outcome was more successful than originally anticipated, with a net pay of 120m for the Well and flow rates exceeding 4,000 bopd. The cost to United of the development well was $1,392,505 and is included in producing assets at the balance sheet date.

Management review the Tangible assets for indications of impairment at each balance sheet date based on IFRS 6 criteria. With the successful drilling results achieved in both the ASH-2 and El Salmiyah-5 wells, and gross 2P Reserves increasing to 13.5MMboe before the addition of El-Salmiyah from the results of a recently performed Independent CPR finding, combined with the steady increase in commodity prices since the start of the COVID-19 pandemic, the company believe no impairment indicators are present that would reduce the carrying value of $12.9m of PP&E at the balance sheet date.

8. BUSINESS COMBINATIONS

The Company completed the acquisition of Rockhopper Egypt Pty Limited from Rockhopper Exploration plc (“Rockhopper”) on 28th February 2020. The Acquisition, which had an effective date of 1st January 2019, included a 22% non-operating interest in the producing Abu Sennan concession, onshore Egypt. The consideration paid to Rockhopper for the Acquisition was funded by:

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

The consideration paid was lower than the carrying value of assets acquired by $460,405 and management concluded this small difference in fair value of assets and liabilities acquired be allocated against the intangible assets. No goodwill has been recognised on the acquisition.

	$
Fair value of consideration transferred	
Cash	11,500,000
Liabilities	3,259,090
Shares issued	3,933,276
	18,692,366
Recognised amounts of identifiable net assets	
Intangible assets	2,951,159
Property, plant and equipment	10,922,273
Total non-current assets	13,873,431
Inventory	100,162
Trade and other receivables	4,759,717
Cash at bank and in hand	46,543
Total current assets	4,906,422
Trade and other payables	(25,336)
Lease liabilities	(62,152)
Total current liabilities	(87,488)
Fair value of net assets acquired	18,692,366

9. TRADE AND OTHER RECEIVABLES

	30 June 2020 $	30 June 2019 $	31 December 2019 $
Trade debtors	2,077,940	-	-
Prepayments and deposit	-	29,675	340,019
Other tax receivables	325,542	549,873	334,636
Crown disposal proceeds due	2,850,000	-	2,850,000
	5,253,482	579,548	3,524,655

10. SHARE CAPITAL & SHARE PREMIUM

Allotted, issued, and fully paid:

			30 June 2020
	No	**Share capital $**	**Share premium $**
Ordinary shares of £0.01 each			
Opening balance	345,613,985	4,564,787	9,912,988
Allotments:			
28 Feb issue for business combination	114,503,817	1,463,002	2,457,843
28 Feb issue for cash	159,036,167	2,031,985	4,063,972
Share issue costs	-	-	(444,804)
At 30 June	619,153,969	8,059,774	15,989,998

			30 June 2019
	No	**Share capital $**	**Share premium $**
Ordinary shares of £0.01 each			
Opening balance	345,613,985	4,564,787	9,912,988
At 30 June	345,613,985	4,564,787	9,912,988

			31 December 2019
	No	**Share capital $**	**Share premium $**
Ordinary shares of £0.01 each			
Opening balance	345,613,985	4,564,787	9,912,988
At 31 December	345,613,985	4,564,787	9,912,988

11. BORROWINGS AND DERIVATIVES

Summary of borrowing arrangements:

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

As at 30 June 2020, a fair value gain on derivative financial instruments has been recognised as a result of oil price movements in the period.

12. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since the Interim 30 June Balance Sheet date that have had a material impact on the results announced.

13. COPIES OF INTERIM REPORT

Copies of the interim report are available to the public free of charge from the Company at United Oil & Gas Plc, 200 Strand, London, WC2R 1DJ during normal office hours, Saturdays and Sundays excepted, for 14 days from today and are available on the Company's website at www.uogplc.com.

Glossary

Non-IFRS measures

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

Cash-operating costs per barrel

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

	Period ended 30 June 2020	Period ended 30 June 2019	Year ended 31 December 2019
	Unaudited	Unaudited	Audited
	$	$	$
Cost of Sales	2,170,599	-	-
Less:			
Depreciation, depletion and amortisation	(1,071,405)	-	-
Inventories	(49,283)	-	-
Cash Operating costs *	**1,049,911**	-	-
Production (BOEPD) *	**1975**	-	-
Cash Operating cost per BOE ($)	**4.36**	-	-

* From the completion of Rockhopper Egypt acquisition to period end, 28th February 2020 to 30th June 2020.

Management are hosting a call today at 09.30am for analysts. For dial in details please contact Emily Hall at Camarco 020 3757 4996 or Emily.hall@camarco.co.uk

A shareholder call will take place at 12.00pm GMT today. Should investors wish to participate in the event, please click on this link to register https://bit.ly/2S9mfow.
Confirmation email with the details of the dialling in process will be sent to your email address.
A presentation will be made available today on www.uogplc.com.

For further information please visit the Company's website at www.uogplc.com or contact:

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