

U.S. Oil and Gas Plc

Annual Report and Financial Statements

for the year ended 30 September 2013

U.S. Oil and Gas Plc

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U.S. Oil and Gas Plc

Directors and other information

Directors	Brian McDonnell Paul O'Callaghan Peter Whelan Karim Akrawi	(Chief Executive Officer / Chairman) (Non Executive Officer) (Non Executive Officer) (Non Executive Officer)
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Registered Office & Business Address	Alexandria House The Sweepstakes Ballsbridge Dublin 4
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Secretary	Brian McDonnell
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Auditors	LHM Casey McGrath Chartered Certified Accountants Statutory Audit Firm 6 Northbrook Road Dublin 6
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Bankers	Bank of Ireland Phibsborough Dublin 7
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	Bank of America 401 Virginia St. Reno NV 89501
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Solicitors	Byrne Wallace 87-88 Harcourt Street Dublin 2
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Corporate Advisors	Alexander David Securities Limited 45 Moorefields London EC2Y 9AE
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Registered Number	471932 Republic of Ireland
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Date of Incorporation	15 June 2009
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Website:	www.usoil.us
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U.S. Oil and Gas Plc

Chairman's Statement

for the year ended 30 September 2013

The Company is pleased to report its final results for the year ended 30 September, 2013.

Operational Highlights

- Prospective Resources estimate upgraded to Contingent Resources of 19 Million barrels (C50) through a successful exploration and appraisal programme;
- Two producer zones on Eblana #1 with high quality oil of 33 and 28.5 API;
- Forrest A. Garb & Associates (FGA) estimate for US Oil's 88 Sq km lease area, 283 million barrels (P50) Prospective Original Oil-in-Place (OOIP) and 3.3 billion barrels at P10;
- New land survey results highly promising for hydrocarbons;
- Listing on OTC Markets in New York; and
- Field Development Plan in preparation

Financial Highlights

- Administration expenses \$1,599 (2012: \$1,243k). The increase in expenditure was primarily due to the exploration activity over the period and the computed share based payments charge of \$168K.
- Total comprehensive loss \$1,599k (2012: \$1,221k); and
- Cash and cash equivalents \$986k (2012: \$3,518k). As a result of VAT refunds the cash and cash equivalents on hand as at 26 February 2014 amount to just over \$1m.

Review of the year ended 30 September 2013

The twelve months to 30 September 2013 was a period of intense activity for the company culminating in an independent report advancing the classification of part of our Hot Creek Valley asset from Prospective to Contingent Resources.

On May 23, 2013, the Company announced the findings of an independent Competent Person's Report (CPR) prepared by Forrest Garb & Associates (FGA). The report considered all the collected data and concluded that, although the Eblana-1 well had not been proved commercial, it did establish the presence of hydrocarbons. Best Estimate (P50) of Total Prospective Recoverable oil for the Company's full acreage was 57.2 million barrels. Contingent Recoverable oil for the immediate area of the Eblana #1 well (P50) was estimated at 19,256 million barrels. The High estimate (P10) for the Hot Creek Valley Prospect was 3,342,163 million barrels. The oil gravity was measured to be 28.5 and 33 API in two zones, which is higher quality than oil found in nearby producing wells in Railroad Valley and constitutes the first discovery of light, sweet crude in Nevada for thirty years.

The Forrest Garb CPR was based on the intensive programme of data collection from the Eblana #1 well undertaken by the Company from May 2012 to April 2013. The board believes that the quality of that data was exceptionally high, a tribute to the skill and dedication of the technical team, and the data has informed all of US Oil's subsequent exploration activities. I am also pleased to report that FGA confirmed that the Company used a thorough, rigorous process to identify possible oil and gas accumulations, mitigate risk, and determine the location of Eblana #1. Since the publication of the CPR, we have followed FGA's recommendation that further surveying be undertaken to establish the direction of 'updip' from Eblana #1 and, at the time of writing, three additional surveys, including Geochemical and Gravity Magnetic, have been carried out and data analysis is underway.

Throughout the period, the Company's activities were fully supported by the US Bureau of Land Management and the Nevada Division of Minerals, and I would like to thank them once again for their efforts.

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Corporate and Planning

The period from July 2013 to the present saw an energetic programme of corporate activity directed at establishing strategic partnerships. I am happy to report that significant progress has been made in our discussions with potential partners, and relationships have been established at the highest levels with major industry players. Such discussions do, however, take time; and although little more can be said at this stage, I have every reason to believe that we will be able to make further announcements within a reasonable time-frame.

As part of this process, the Company was invited to submit to potential partners a Field Development Plan for the Hot Creek Valley property. Developing the plan involved a considerable investment of time and effort and was developed closely with Forrest Garb & Associates. The document will guide exploration and production activities, details resource requirements and outlines company infrastructure development.

Post Balance Sheet Events

Hot Creek Valley work programme

In late 2013 and into 2014, the Company undertook a reconnaissance Geochemical survey of its hitherto unsurveyed acreage and carried out Gravity Magnetic and Geochemical surveys of the area around the Eblana #1 well.

Preliminary results from the reconnaissance Geochemical survey of US Oil's hitherto unsurveyed wider lease area were reported in February 2014. The data confirms that the oil reservoir previously identified, and targeted by the Eblana-1 well, extends significantly further South to South West into the Company's acreage. In addition, a second fault line, intersecting with the first, strikes East-West and is wholly contained within the lease acreage. The intersection of the two lines shows stronger indications of the presence of hydrocarbons than does anywhere else on the acreage.

Additional surveys including Passive Seismic and 3D Seismic may be carried out to further define these structures.

An important objective of the Geochemical and Gravity Magnetic surveys of the area immediately around the Eblana-1 well was to confirm the direction of 'updip.' Extremely harsh soil conditions hampered the Geochemical study, although it confirmed light hydrocarbons and indicated favourable readings north and slightly west of the well. The Gravity Magnetic survey produced good quality data.

Initial analysis indicates that an integrated interpretation will allow further development of the geological model of the target area and will provide the structural information required for targeting the next drills. This analysis and modelling activity continues. The objective of our planned drills will be to progress the project towards a commercial find in Hot Creek Valley, to move the asset further up the value chain to Proved Reserves and to further delineate the extent and size of the oil system.

Cash Position

The cash position as at 30 September 2013 was \$985,985 excluding VAT rebate. Following a partial VAT rebate, as at 26 February 2014, the company had just over \$1m cash and cash equivalents with c. \$35k still due from VAT rebates. This sum does not include a repayable Bond of \$100,000 lodged with US regulatory authorities to cover possible future well reclamation costs, and part or all of which may be recoupable.

Currently, the available cash is sufficient to drill and complete a well targeted on the tertiary volcanics in the Company's area of exploration or to carry out a horizontal drill from Eblana #1. However, the Board is currently reviewing all drilling options as geological modeling and field development planning continues.

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Outlook

Given the unpredictable nature of oil and gas exploration in terms of time and cost, the Board feels entitled to point out that its policy to date of minimising fixed costs and conserving funds has been entirely vindicated. This approach has placed an enormous burden on the team and has delayed certain desirable developments in terms of recruitment and company infrastructure but has undoubtedly contributed to the company's financial stability to date.

I believe that US Oil & Gas has, in this last period, made outstanding progress. We not only have an independently verified discovery on our first drill, but part of that discovery has been classified as Contingent Resources. In addition, the estimates for Prospective Resources featured in the Competent Person's Report, and the indications from our recent surveys of the wider acreage, suggest the possibility of a large-scale field in Hot Creek Valley .

As always with oil and gas exploration, firm commitments to timetables are not always practical or advisable, but the Company has spared no effort in advancing its programme as speedily as possible consistent with conserving funds in the short term and protecting shareholder value in the longer run.

Brian McDonnell
Chairman

U.S. Oil and Gas Plc

Directors' Report

for the year ended 30 September 2013

The Directors present their Annual Report and the audited consolidated financial statements for the year ended 30 September 2013 for U.S. Oil and Gas PLC ("the Company") and its subsidiary, Major Oil International LLC (collectively "the Group").

Principal Activity

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

Review of Business and Future Development

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

Principal Risks and Uncertainties

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

Exploration Risk

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

Commodity Price Risk

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

Political Risk

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

Currency Risk

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

Financial Risk

Financial risk is addressed in Note 18 to these financial statements

Share Price

The share price movement in the period ranged from a low of Stg£0.25 to a high of Stg£4.23.

Share Trading Platform

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

Results and Dividends

The loss for the year after providing for depreciation and taxation amounted to \$1,599,114 (2012 : \$1,220,992). All exploration and development costs to date have been deferred and therefore the Directors do not recommend the payment of a final dividend.

U.S. Oil and Gas Plc

Directors' Report

for the year ended 30 September 2013

Directors

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

Directors and Secretary and their Interests

The interests (all of which are beneficial) of the directors and secretary and their families who held office at 30 September 2013 in the share capital of the Company were:

	Ordinary shares		
	20 Mar '14	30 Sep '13	1 Oct '12
Directors			
Brian McDonnell	3,914,575	3,914,575	3,854,191
Peter Whelan	564,118	564,118	564,118
Karim Akrawi	100,000	100,000	100,000
Paul O'Callaghan	-	-	-
Secretary			
Brian McDonnell	3,914,575	3,914,575	3,854,151

Included in Brian McDonnell's holding is an indirect holding of 140,000 shares through Carrefour Training and Development Ltd., a company of which Brian McDonnell is the controlling shareholder and director.

Transactions Involving Directors

There have been no contracts or arrangements of significance during the period in which the Directors of the Company were interested other than as disclosed in Note 16 and Note 17 to the financial statements.

Significant Shareholders

The Company has been informed that, in addition to the interests of the Directors, as at 30 September 2013 and the date of this report, the following shareholders own 3% or more of the issued share capital of the Company:

	Percentage of Issued share	
	20 Mar '14	30 Sep '13
Jim Nominees Limited	19.30%	17.95%
Davycrest Nominees	14.24%	13.80%
Aurum Nominees Limited	5.08%	5.28%
Redmayne (Nominees) Ltd	4.34%	4.01%

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

Shares in Treasury

At 30 September 2013 the Company held 717,612 (2012 : 717,612) ordinary shares "in Treasury".

Subsidiary Undertakings

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

Political Donations

The Company did not make any political donations during the period. (2012: \$Nil)

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Directors' Report

for the year ended 30 September 2013

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. As permitted by company law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU (EU IFRS), as applied in accordance with the provisions of the Companies Acts, 1963 to 2013.

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

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

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

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

Under applicable law, the Directors are also responsible for preparing a Directors' Report. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2013, the European Communities (Companies: Group Accounts) Regulations 1992 and all regulations to be construed as one with those acts.

The Directors are responsible for keeping proper books of accounts that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2013.

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

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

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Directors' Report

for the year ended 30 September 2013

Going Concern

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

Going Concern has been addressed by the Directors in Note 1 to the financial statements.

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

Corporate Governance

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

The Board

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

The Board currently has four Directors, comprising one executive Director and three non-executive Directors. The Board met formally on seven occasions during the year ended 30 September 2013. An agenda and supporting documentation was circulated for these meetings. All the Directors bring independent judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experiences in the industry.

Audit Committee

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

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Directors' Report

for the year ended 30 September 2013

Remuneration Committee

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

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

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

Directors' Remuneration during the period ended 30 September 2013 was as follows:

	2013	2012
	\$	\$
Remuneration and other emoluments - Executive Director	154,085	109,949
Remuneration and other emoluments - Non- Executive Directors	104,247	142,646
Share based payments	168,305	-
	<u>426,637</u>	<u>252,595</u>

Nominations Committee

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

Accounting records

The measures taken by the Directors to ensure compliance with the requirements of Section 202, Companies Act 1990, regarding proper books of account are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account of the company are maintained at Alexandria House, The Sweepstakes, Ballsbridge, Dublin 4.

Important events after the reporting period

There were no important events after the reporting period.

Auditors

The auditors, LHM Casey McGrath, have indicated their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

On behalf of the board

Brian McDonnell
Director

Peter Whelan
Director

U.S. Oil and Gas Plc

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

We have audited the group financial statements of U.S. Oil and Gas Plc for the year ended 30 September 2013 which comprise of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statements of Changes in Equity, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with provisions of the Companies Acts 1963 to 2013.

This report is made solely to the Company's members, as a body, in accordance with the requirements of Section 193 of the Companies Act 1990. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7 the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards - Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the group financial statements:

- give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the groups affairs as at 30 September 2013 and of its loss and cash flows for the year then ended; and
- the parent company statement of financial position has been properly prepared in accordance with IFRS's as adapted by the European Union; and
- have been properly prepared in accordance with requirements of the Companies Acts 1963 to 2013 and, as regards the group financial statements, Article 4 IAS Regulation.

U.S. Oil and Gas Plc

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

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Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the Company to be \$48,730. In arriving at this judgment we have had regard to the Results before Tax for the year and the Gross Assets.

On the basis of our risk assessment, together with our assessment of the Company's overall control environment, our judgment was that overall performance (ie. our tolerance for misstatement in an individual account or balance) for the Company should be 70% of planning materiality, namely \$34,110. Our objective in adopting this approach was to ensure that total detected and undetected audit differences in all accounts did not exceed our materiality level.

We have reported to the Committee any audit differences in excess of \$975 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of the parent company and its subsidiary company which holds oil and gas exploration licences for land in Nevada USA. The Group financial statements are a consolidation of the two companies

Areas of particular audit focus

We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing of the efforts of the engagement team:

- Ownership of licences required to drill land in Nevada
- Recoverability of intercompany loans

Our response to the risks identified above was as follows:

- We obtained independent confirmation that the company was 100% licence holder.
- We reviewed the financial statements of each entity of the group to determine recoverability. We reviewed their Gross assets at the year end and the likelihood of the ability to recover loans based on future events.

Opinion on other matters prescribed by the Companies Act 1963 to 2013

In our opinion the information given in the Director's Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we considered necessary for the purpose of our audit
- In our opinion proper books of account have been kept by the parent company
- In our opinion the information given in the directors' report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the group financial statements is consistent with the group financial statements.
- The net assets of the parent company, as stated in the parent company statement of financial position are more than half of the amount of its called-up share capital and in our opinion, on that basis there did not exist at 30th September 2013 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the parent company.

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

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Matters on which we are required to report by exception:

We have nothing to report in respect of the following:

Under the ISA's (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statements that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Emphasis of Matter - Going concern and carrying value of exploration and evaluation assets

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

- (a) the adequacy of disclosures made in Note 9 to the financial statements in relation to the Directors' assessment of the carrying value of the Group's deferred exploration costs amounting to €5,089,878
- (b) the adequacy of the disclosures made in Note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a net loss of £1,599,114 for the year ended 30th September 2013.

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

Fergal McGrath
Statutory auditor
For and on behalf of

LHM Casey McGrath

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

Date: 20 March 2014

U.S. Oil and Gas Plc

Consolidated Statement of Comprehensive Income for the year ended 30 September 2013

	<i>Notes</i>	30 Sep '13 \$	30 Sep '12 \$
Continuing Operations			
Administrative expenses		<u>(1,600,536)</u>	<u>(1,242,527)</u>
Operating loss		(1,600,536)	(1,242,527)
Finance Income	5	<u>1,422</u>	<u>21,535</u>
Loss for the year before taxation	4	(1,599,114)	(1,220,992)
Income tax expense	7	<u>-</u>	<u>-</u>
Loss for the year from continuing operations		(1,599,114)	(1,220,992)
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Loss for the year		(1,599,114)	(1,220,992)
Loss attributable to:			
Equity holders of the Company		<u>(1,599,114)</u>	<u>(1,220,992)</u>
Total Comprehensive Loss attributable to:			
Equity holders of the Company		<u>(1,599,114)</u>	<u>(1,220,992)</u>
Earnings per share from continuing operations			
Basic and diluted loss per share (cent)	8	<u>(3.84)</u>	<u>(2.95)</u>

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

The company has no recognised gains or losses other than those dealt with in the statement of comprehensive income.

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

The financial statements were approved by the Board of Directors on 20 March 2014 and signed on its behalf by:

Brian McDonnell
Director

Peter Whelan
Director

U.S. Oil and Gas Plc

Consolidated Statement of Changes in Equity for the year ended 30 September 2013

	Share Capital \$	Share Premium \$	Retained Losses \$	Total \$
Balance at 1 October 2011	5,634	7,795,577	(1,123,216)	6,677,995
Total comprehensive income for the year				
Loss for the period	-	-	(1,220,992)	(1,220,992)
Total comprehensive income for the year	-	-	(1,220,992)	(1,220,992)
Transactions with owners, recorded directly in equity				
Shares issued	36	1,946,976	-	1,947,012
Total transactions with owners	36	1,946,976	-	1,947,012
Balance at 30 September 2012	5,670	9,742,553	(2,344,208)	7,404,015
Balance at 1 October 2012	5,670	9,742,553	(2,344,208)	7,404,015
Total comprehensive income for the year				
Loss for the year	-	-	(1,599,114)	(1,599,114)
Total comprehensive income for the year	-	-	(1,599,114)	(1,599,114)
Transactions with owners, recorded directly in equity				
Shares issued	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 30 September 2013	5,670	9,742,553	(3,943,322)	5,804,901

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

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

The financial statements were approved by the board of Directors on 20 March 2014 and signed on its behalf by

Brian McDonnell
Director

Peter Whelan
Director

U.S. Oil and Gas Plc

Company Statement of Changes in Equity for the year ended 30 September 2013

	Share Capital \$	Share Premium \$	Retained Losses \$	Total \$
Balance at 1 October 2011	5,634	7,795,577	(973,372)	6,827,839
Total comprehensive income for the year				
Loss for the period	-	-	(693,624)	(693,624)
Total comprehensive income for the year	-	-	(693,624)	(693,624)
Transactions with owners, recorded directly in equity				
Shares issued	36	1,946,976	-	1,947,012
Total transactions with owners	36	1,946,976	-	1,947,012
Balance at 30 September 2012	5,670	9,742,553	(1,666,996)	8,081,227
Balance at 1 October 2012	5,670	9,742,553	(1,666,996)	8,081,227
Total comprehensive income for the year				
Loss for the year	-	-	(1,059,717)	(1,059,717)
Total comprehensive income for the year	-	-	(1,059,717)	(1,059,717)
Transactions with owners, recorded directly in equity				
Shares issued	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 30 September 2013	5,670	9,742,553	(2,726,713)	7,021,510

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

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

The financial statements were approved by the board of Directors on 20 March 2014 and signed on its behalf by

Brian McDonnell
Director

Peter Whelan
Director

U.S. Oil and Gas Plc

Consolidated Statement of Financial Position

as at 30 September 2013

	<i>Notes</i>	30 Sep '13 \$	30 Sep '12 \$
Assets			
Non-Current Assets			
Intangible Assets	9	5,089,878	3,947,199
Total Non-Current Assets		5,089,878	3,947,199
Current Assets			
Trade and other receivables	11	187,416	294,352
Cash and cash equivalents	12	985,985	3,517,730
Total Current Assets		1,173,401	3,812,082
Total Assets		6,263,279	7,759,281
Equity			
Capital and Reserves			
Share capital	14	5,670	5,670
Share premium	14	9,742,553	9,742,553
Share based payments reserve	16	168,305	-
Retained Loss	15	(3,943,322)	(2,344,208)
Attributable to owners of the Company		5,973,206	7,404,015
Total Equity		5,973,206	7,404,015
Liabilities			
Current Liabilities			
Trade and other payables	13	290,073	355,266
Total Current Liabilities		290,073	355,266
Total Liabilities		290,073	355,266
Total Equity and Liabilities		6,263,279	7,759,281

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

The financial statements were approved by the Board of Directors on 20 March 2014 and signed on its behalf by:

Brian McDonnell
Director

Peter Whelan
Director

U.S. Oil and Gas Plc

Company Statement of Financial Position as at 30 September 2013

	<i>Notes</i>	30 Sep '13 \$	30 Sep '12 \$
Assets			
Non-Current Assets			
Investments in Subsidiaries	10	14	14
Total Non-Current Assets		<u>14</u>	<u>14</u>
Current Assets			
Trade and other receivables	11	6,533,125	5,366,652
Cash and cash equivalents	12	905,963	2,987,321
Total Current Assets		<u>7,439,088</u>	<u>8,353,973</u>
Total Assets		<u><u>7,439,102</u></u>	<u><u>8,353,987</u></u>
Equity			
Capital and Reserves			
Share capital	14	5,670	5,670
Share premium	14	9,742,553	9,742,553
Share based payments reserve	16	168,305	-
Retained Loss	15	(2,726,713)	(1,666,996)
Attributable to owners of the Company		<u>7,189,815</u>	<u>8,081,227</u>
Total Equity		<u><u>7,189,815</u></u>	<u><u>8,081,227</u></u>
Liabilities			
Current Liabilities			
Trade and other payables	13	249,287	272,760
Total Current Liabilities		<u>249,287</u>	<u>272,760</u>
Total Liabilities		<u>249,287</u>	<u>272,760</u>
Total Equity and Liabilities		<u><u>7,439,102</u></u>	<u><u>8,353,987</u></u>

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

The financial statements were approved by the Board of Directors on 20 March 2014 and signed on its behalf by:

Brian McDonnell
Director

Peter Whelan
Director

U.S. Oil and Gas Plc

Consolidated Statement of Cash Flows for the year ended 30 September 2013

	Note	30 Sep '13 \$	30 Sep '12 \$
Cash flows from operating activities			
Loss for the year before taxation		(1,600,536)	(1,242,527)
Movement in working capital			
Share based payments		168,305	-
Movement in trade and other receivables		106,936	(261,124)
Movement in trade and other payables		(65,193)	55,519
Cash used in operations		<u>(1,390,488)</u>	<u>(1,448,132)</u>
Cash flows from financing activities			
Proceeds of issue of share capital	14	-	1,947,012
Net cash generated from financing activities		<u>-</u>	<u>1,947,012</u>
Cash flows from investing activities			
Interest received		1,422	21,535
Expenditure on intangible assets	9	(1,142,679)	(3,220,728)
Net cash used in investing activities		<u>(1,141,257)</u>	<u>(3,199,193)</u>
Movement in cash and cash equivalents		<u>(2,531,745)</u>	<u>(2,700,313)</u>
Cash and Cash Equivalents at the beginning of year	12	<u>3,517,730</u>	<u>6,218,043</u>
Cash and Cash Equivalents at end of year	12	<u><u>985,985</u></u>	<u><u>3,517,730</u></u>

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

The financial statements were approved by the Board of Directors on 20 March 2014 and signed on its behalf by:

Brian McDonnell
Director

Peter Whelan
Director

U.S. Oil and Gas Plc

Company Statement of Cash Flows for the year ended 30 September 2013

	<i>Notes</i>	30 Sep '13 \$	30 Sep '12 \$
Cash flows from operating activities			
Loss for the year before taxation		(819,912)	(693,624)
Movement in working capital			
Movement in trade and other receivables		(1,166,474)	(4,470,754)
Movement in trade and other payables		(94,972)	(5,297)
		<u>(2,081,358)</u>	<u>(5,169,675)</u>
Cash used in operations			
Cash flows from financing activities			
Proceeds from issue of share capital	14	-	1,947,012
		<u>-</u>	<u>1,947,012</u>
Net cash generated from financing activities			
Cash flows from investing activities			
		<u>-</u>	<u>-</u>
Net cash used in investing activities			
		<u>-</u>	<u>-</u>
Movement in Cash and Cash Equivalents			
Cash and Cash equivalents at beginning of the year	12	(2,081,358)	(3,222,663)
		<u>2,987,321</u>	<u>6,209,984</u>
Cash and Cash equivalents at end of year			
	12	<u>905,963</u>	<u>2,987,321</u>

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

The financial statements were approved by the Board of Directors on 20 March 2014 and signed on its behalf by:

Brian McDonnell
Director

Peter Whelan
Director

U.S. Oil and Gas Plc

Notes to the Financial Statements *for the year ended 30 September 2013*

1. Basis of Preparation

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

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

Going Concern

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

The validity of this assumption depends on the following:

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

The financial statements do not include any adjustments that would result if development or disposal of rights and the fundraising is unsuccessful. Whilst taking into consideration the uncertainties described above, the Directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

..... continued

2. Statement of Accounting Policies

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

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

Statement of Compliance

As permitted by the European Union, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU (IFRS). The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with the IFRSs as adopted by the EU and as applied in accordance with the Companies Acts, 1963 to 2013 which permits a company that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 148(8) of the Companies Act, 1963, from presenting to its members its Company Statement of Comprehensive Income and related notes that form part of the approved Company financial statements.

The IFRSs adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective on or before 30 September 2013.

Standards and amendments to existing standards effective 30 September 2013

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

Standard	Content	Effective Date
IAS 1	Presentation of Financial Statements	1 July 2012

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

Standard/ Interpretation	Content	Effective Date
IFRS 9	Financial Instruments	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IFRS 19R	Employee benefits	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IFRS 7	Disclosures - Offsetting financial assets and liabilities	1 January 2013
IAS 32	Disclosures - Offsetting financial assets and liabilities	1 January 2014

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

..... continued

In the year ended 30 September 2013, the Group did not early adopt any new or amended standards and do not plan to early adopt any of the standards issued but not yet effective.

IFRS 2 Share Based Payment

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

Functional and Presentation Currency

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

Use of Estimates and Judgements

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

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

Note 9 - Intangible asset; measurement of impairment

Note 7 - Deferred Tax; utilisation of tax losses

Revenue Recognition - Interest revenue

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of U.S. Oil and Gas PLC and its subsidiary undertaking for the year ended 30 September 2013.

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

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

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

..... continued

In the Company's own balance sheet, investments in subsidiaries are stated at cost less provisions for any permanent diminution in value.

Intangible Assets

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

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

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

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

Impairment

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

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

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

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

..... continued

Income tax expense

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

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

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

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

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

Foreign Currencies

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

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

Share capital

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

Earnings per share

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

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

..... continued

Financial Instruments

Cash and Cash Equivalents

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

Trade and Other Receivables / Payables

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

Finance Income

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

Segmental Information

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

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

Financial Assets - Investment in Subsidiaries

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

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

..... continued

3. Segment Information

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

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

Segment Revenues and Results

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

	Segment Revenue		Segment Loss	
	Year ended 30 Sep '13	Year ended 30 Sep '12	Year ended 30 Sep '13	Year ended 30 Sep '12
	\$	\$	\$	\$
Exploration - United States	-	-	(1,600,536)	(1,242,527)
Total for continuing operations	-	-	(1,600,536)	(1,242,527)
Investment income			1,422	21,535
Loss before tax (continuing operations)			(1,599,114)	(1,220,992)
Income tax expense			-	-
Loss after tax			(1,599,114)	(1,220,992)

Segment assets and liabilities

Segment Assets	30 Sep '13	30 Sep '12
	\$	\$
Exploration - United States	6,263,279	7,759,281
Consolidated assets	6,263,279	7,759,281
Segment Liabilities		
Exploration - United States	290,073	355,266
Consolidated liabilities	290,073	355,266

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 30 September 2013

..... continued

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	30 Sep '13	30 Sep '12	30 Sep '13	30 Sep '12
	\$	\$	\$	\$
Exploration - United States	<u>-</u>	<u>-</u>	<u>1,142,679</u>	<u>3,220,728</u>

Revenue from major products and services

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

Geographical information

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

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

	Non-Current Assets	
	30 Sep '13	30 Sep '12
	\$	\$
Ireland	-	-
United States	<u>5,089,878</u>	<u>3,947,199</u>
	<u>5,089,878</u>	<u>3,947,199</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

..... continued

4. Statutory Information	Year ended 30 Sep '13	Year ended 30 Sep '12
	\$	\$
Group		
<i>The loss for the financial period is stated after charging:</i>		
Loss for financial year in the Group	1,599,114	1,220,992
Loss/(Gain) on foreign currencies	156,637	1,107
Auditors' remuneration	25,900	19,466
Auditors' remuneration from non-audit work	7,000	10,155
 Company		
<i>The loss for the financial period is stated after charging:</i>		
Loss for financial year in the Company	819,912	693,624
(Gain)/Loss on foreign currencies	(183,639)	(36,722)
Auditors' remuneration	25,900	19,466
Auditors' remuneration from non-audit work	7,000	10,155

As permitted by Section 148(8) of the Companies Act 1963, the Company Statement of Consolidated Income has not been separately disclosed in these financial statements.

5. Finance Income: Continuing Operations	Year ended 30 Sep '13	Year ended 30 Sep '12
	\$	\$
Interest Revenue:		
Bank deposits	1,422	21,535
	1,422	21,535

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

..... continued

6. Employees

Number of employees

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

	Year ended 30 Sep '13 Number	Year ended 30 Sep '12 Number
Management	4	4
	<u>4</u>	<u>4</u>

Employment costs (Including directors)

	Year ended 30 Sep '13	Year ended 30 Sep '12
Wages and salaries	250,648	241,920
Social welfare costs	7,684	10,675
Share based payments	168,305	-
	<u>426,637</u>	<u>252,595</u>

6.1. Directors' emoluments

	Year ended 30 Sep '13 \$	Year ended 30 Sep '12 \$
Remuneration and other emoluments	426,637	252,595
	<u>426,637</u>	<u>252,595</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

..... continued

7. Income Tax Expense

	Year ended 30 Sep '13 \$	Year ended 30 Sep '12 \$
Current tax		
Current tax expense in respect of the current year	-	-
Total tax expense	-	-

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

	Year ended 30 Sep '13 \$	Year ended 30 Sep '12 \$
Loss from continuing operations	(1,599,114)	(1,220,992)
Income Tax expense calculated at Irish corporation tax rate of 12.5% (2012 : 12.5%)	(199,889)	(152,624)
<i>Effects of:</i>		
Investment Income taxable at a different rate	178	2,692
Losses available to carry forward	199,711	149,932
Income tax expense recognised	-	-

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

At the Statement of Financial Position date, the Group had unused tax losses of \$ 3,728,745 (2012 : \$ 2,340,056) available for offset against future profit which equates to a deferred tax asset of \$ 466,093 (2012 : \$ 292,507). No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Losses may be carried forward indefinitely.

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

..... continued

8. Loss per share

Basic earnings per share

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

	Year ended 30 Sep '13	Year ended 30 Sep '12
	\$	\$
Loss for the year attributable to equity holders of the parent	<u>(1,599,114)</u>	<u>(1,220,992)</u>
Number of ordinary shares in issue - start of year	41,682,356	41,398,337
Effects of share issued during the year	<u>-</u>	<u>50,579</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share:	41,682,356	41,448,916
Basic loss per ordinary share (cent)	<u>(3.84)</u>	<u>(2.95)</u>

Diluted earnings per share

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

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

..... continued

9. Intangible assets - Group

	30 Sep '13	30 Sep '12
	\$	\$
Cost	5,089,878	3,947,199
Accumulated amortisation and impairment	-	-
	<u>5,089,878</u>	<u>3,947,199</u>

Exploration and Evaluation Assets

	30 Sep '13	30 Sep '12
Cost	\$	\$
At 1 October 2012	3,947,199	726,471
Additions	1,142,679	3,220,728
At 30 September 2013	<u>5,089,878</u>	<u>3,947,199</u>

The Directors have considered expenditure on exploration and evaluation activities which have been capitalised and carried at historical cost. No amortisation has been charged in the period. The directors have reviewed the carrying value of the exploration and evaluation expenditure and consider it to be fairly stated and not impaired at 30 September 2013. The recoverability of the exploration and evaluation assets is dependent on the successful development or disposal of oil and gas in the Group's licence area. The directors are of the view that this does not result in a write off or impairment charge.

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 30 September 2013

..... continued

10. Financial assets - Company

	30 Sep '13	30 Sep '12
	\$	\$
Group undertakings - unlisted:		
Shares at cost	14	14
	<u>14</u>	<u>14</u>
	Subsidiary	
	Undertakings	
	Shares	Total
Cost	\$	\$
At 1 October 2012	14	14
Additions	-	-
At 30 September 2013	<u>14</u>	<u>14</u>
	<u>14</u>	<u>14</u>
Net book values		
At 30 September 2013	14	14
	<u>14</u>	<u>14</u>
	<u>14</u>	<u>14</u>
At 30 September 2012	14	14
	<u>14</u>	<u>14</u>

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

At 30 September 2013 the company had the following subsidiary undertaking:

Name	Incorporated in	Main Activity	Proportion of ownership	
			30 Sep '13	30 Sep '12
Major Oil International LLC	Texas, U.S.A.	Petroleum and gas exploration	100%	100%

The aggregate capital and reserves and results from this undertaking for the last relevant financial year was as follows:

	Capital and reserves	Loss for the year
	\$	\$
Major Oil International LLC	<u>(1,221,019)</u>	<u>(642,322)</u>

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 30 September 2013

..... continued

11. Trade and other receivables	Group 30 Sep '13 \$	Group 30 Sep '12 \$	Company 30 Sep '13 \$	Company 30 Sep '12 \$
<i>Amounts falling due within one year:</i>				
Amounts owed by group undertakings	-	-	6,356,420	5,258,469
Other debtors	182,558	122,814	176,705	108,183
Prepayments and accrued income	4,858	171,538	-	-
	<u>187,416</u>	<u>294,352</u>	<u>6,533,125</u>	<u>5,366,652</u>

12. Cash and Cash Equivalents

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

	Group 30 Sep '13 \$	Group 30 Sep '12 \$	Company 30 Sep '13 \$	Company 30 Sep '12 \$
Cash at bank	<u>985,985</u>	<u>3,517,730</u>	<u>905,963</u>	<u>2,987,321</u>
	<u>985,985</u>	<u>3,517,730</u>	<u>905,963</u>	<u>2,987,321</u>

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Notes to the Financial Statements for the year ended 30 September 2013

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13. Trade and other payables	Group 30 Sep '13 \$	Group 30 Sep '12 \$	Company 30 Sep '13 \$	Company 30 Sep '12 \$
Trade payables	98,074	262,928	57,288	180,421
Other taxes and social welfare costs	32,769	34,219	32,769	34,219
Directors Accounts	60,869	-	60,869	-
Other creditors	1,125	38,724	1,125	38,725
Accruals and deferred income	97,236	19,395	97,236	19,395
	<u>290,073</u>	<u>355,266</u>	<u>249,287</u>	<u>272,760</u>

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

<i>Other taxes and social welfare costs:</i>	Group 30 Sep '13 \$	Group 30 Sep '12 \$	Company 30 Sep '13 \$	Company 30 Sep '12
P.A.Y.E./P.R.S.I.	<u>32,769</u>	<u>34,219</u>	<u>32,769</u>	<u>34,219</u>
	<u>32,769</u>	<u>34,219</u>	<u>32,769</u>	<u>34,219</u>

The Groups exposure to currency and liquidity risks related to trade and other payables is set out in note 18.

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

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14. Share capital	30 Sep '13	30 Sep '12
	\$	\$
Authorised		
20,000,000,000 Ordinary shares of €0.0001 each	2,854,400	2,854,400
	2,854,400	2,854,400

Issued, called up and fully paid:

	No. of issued Shares	Share Capital \$	Share Premium \$	Total Capital \$
At 30 September 2011	41,398,337	5,634	7,795,577	7,801,211
Total comprehensive income for the year				
Loss for the year	-	-	-	-
Transactions with shareholders, recorded directly in equity				
Shares issued	284,019	36	1,946,976	1,947,012
At 30 September 2012	41,682,356	5,670	9,742,553	9,748,223
Total comprehensive income for the year				
Loss for the year	-	-	-	-
Transactions with shareholders, recorded directly in equity				
Shares issued	-	-	-	-
At 30 September 2013	41,682,356	5,670	9,742,553	9,748,223

The issued share capital of the company at 30 September 2013 comprised of 41,682,356 ordinary shares of €0.0001 each issued and fully paid of which 717,612 are held as treasury shares (30 September 2012 : 41,682,356 issued and fully paid of which 717,612 were treasury shares)

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

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

U.S. Oil and Gas Plc

Notes to the Financial Statements
for the year ended 30 September 2013

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15. Retained Losses

	Group	Group	Company	Company
	30 Sep '13	30 Sep '12	30 Sep '13	30 Sep '12
	\$	\$	\$	\$
Loss at beginning of year	(2,344,208)	(1,123,216)	(1,666,996)	(973,372)
Loss for the year	(1,599,114)	(1,220,992)	(1,059,717)	(693,624)
Loss at end of year	<u>(3,943,322)</u>	<u>(2,344,208)</u>	<u>(2,726,713)</u>	<u>(1,666,996)</u>

In accordance with the provisions of the Companies (Amendment) Act 1986, the Company has not presented an Income Statement. A loss for the year of \$988,217 (2012 - loss of \$693,624) has been dealt with in the Statement of Comprehensive Income of the Company.

U.S. Oil and Gas Plc

Notes to the Financial Statements for the year ended 30 September 2013

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16. Share-based payments

Share option plan

At the Company's Annual General Meeting (AGM) on 31 August 2012, the Directors were granted the authority to issue and allot up to 2,500,941 Ordinary Shares representing 6% of the Company's Issued Ordinary Share Capital subject to the approval by the Remuneration Committee of the terms and conditions of the Share Option Scheme.

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

There were no Options exercised at the end of the financial year 30 September 2013.

On 22 November 2012, the Board agreed to award 2,455,000 shares at prices of £0.65 and £0.68. The meeting of the Company's Remuneration Committee confirming the awards was held on 23 January 2013. The options were awarded to service providers, consultants and Directors.

Costs associated with options issued during the year

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

	2013	2012
	\$	\$
Share based payments	168,305	-

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

	2013	2012
Share price when options issued	£0.31	-
Expected volatility	40%	-
Expected life	5 Years	-
Risk free rate	1%	-
Expected dividends	Zero	-

Details of the options awarded to Directors are as follows:

Name	Number of Options Awarded	Price	Last Exercise Date
Brian McDonnell	895,000	STG 0.65p	22 November 2017
Peter Whelan	565,000	STG 0.65p	22 November 2017
Karim Akrawi	535,000	STG 0.65p	22 November 2017
Paul O'Callaghan	100,000	STG 0.68p	22 November 2017

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Notes to the Financial Statements for the year ended 30 September 2013

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

		2013		2012
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of financial year	-	-	-	-
Granted during the year	2,455,000	Stg£0.654		
Exercised during the year	-	-	-	-
Balance at Year End	<u>2,455,000</u>	<u>Stg£0.654</u>	<u>-</u>	<u>-</u>

17. Related party transactions

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

Captive Audience Display Solutions Plc ("Captive")

Brian McDonnell is a director of U.S. Oil and Gas PLC and was a director of Captive. At 1 October 2012 Captive were owed \$22,397 by U.S. Oil and Gas PLC. The movement in the exchange rate at the 31 September 2012 results in the balance owed at 30 September 2013 to Captive being \$23,393 by U.S. Oil and Gas PLC.

PetroHit Corporation

Karim Akrawi is a director of U.S. Oil and Gas Plc and is also a director of PetroHit Corporation. At 1 October 2012 U.S. Oil and Gas Plc owed an amount of \$26,518 to PetroHit Corporation. During the year U.S. Oil and Gas Plc were invoiced €101,247 in respect of consultancy services and expenses incurred. U.S. Oil and Gas Plc all amounts outstanding in full. At 30 September 2013 U.S. Oil and Gas Plc owed \$Nil to PetroHit Corporation.

Brian McDonnell

Brian McDonnell is a director of U.S. Oil and Gas Plc. At the 30th September 2013 Brian was owed salary and expenses in the amount of \$57,869 (30th September 2012 \$0)

Paul O'Callaghan

Paul O'Callaghan is a director of U.S. Oil and Gas Plc. At the 30th September 2013 Paul was owed directors fees in the amount of \$3,000 (30th September 2012 \$0)

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Notes to the Financial Statements for the year ended 30 September 2013

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18. Financial Instruments and Financial Risk Management

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

It is, and has been throughout 2013 and prior years, the Group and Company's policy that no trading in derivatives be undertaken.

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

Foreign currency risk

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

At the period ended 30 September 2013, the Group had no outstanding forward exchange contracts.

Credit risk

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

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

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

Liquidity risk management

Liquidity risk is the risk that the Group will not have sufficient funds to meet liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group and Company's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Cash forecasts are regularly produced to identify the liquidity requirements of the Group. To date, the Group has relied on shareholder funding to finance its operations. The Group had no borrowing facilities at 30 September 2013.

The Group and Company's financial liabilities as at 30 September 2013 were all payable on demand.

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Notes to the Financial Statements for the year ended 30 September 2013

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The expected maturity of the Group and Company's financial assets (excluding prepayments) as at 30 September 2013 was less than one month.

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

The Group had no derivative financial instruments as at 30 September 2013.

Interest rate risk

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

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

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. No changes were made in the objectives, policies or processes during the period ended 30 September 2013. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in the consolidated statement of changes in equity.

Fair values

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

Hedging

At the year ended 30 September 2013 and 30 September 2012, the Group had no outstanding contracts designated as hedges.

19. Approval of financial statements

The financial statements were approved by the board on 20 March 2014.