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UK Oil & Gas PLC
30 June 2021

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UK OIL & GAS PLC
("UKOG" or the "Company)

Unaudited results for the six-month period ended 31 March 2021

CHIEF EXECUTIVE'S STATEMENT

I am pleased to present the unaudited results of UK Oil & Gas PLC ("UKOG") for the six-month period ended 31 March 2021.

The Company's Annual Report, published in mid-April, revealed a change in focus and ambition, reflecting my vision to transform UKOG into an international energy business. Because of the challenging and unprecedented times, the Board felt it was vital to have a step-change and expand our horizons.

A year ago, we signed an agreement with Aladdin Middle East Ltd ("AME"), to take a 50% non-operated working interest in the Resan licence in Turkey, containing the Basur-Resan oil discovery. We also added an application for four further exploration blocks containing similar potential to Resan. This move into Turkey is crucial to the success and prosperity of UKOG. As I have stated several times before, our traditional petroleum assets in the Weald Basin remain an important part of our portfolio - but they will not be our sole focus as we plan expansion within Turkey and other new areas.

There are three main reasons for this: firstly, acquiring new acreage and drilling opportunities is the lifeblood of any oil & gas company, particularly in the exploration and appraisal phases. To survive and prosper it is vital to stay ahead of the game and to create fresh opportunities to give a platform for future growth. We are well positioned in this respect, with the Board's extensive international oil and gas connections giving access to opportunities, which is how our Turkey acquisition came to pass. The board also has the depth and breadth of experience to rapidly assess such opportunities and make timely decisions. Indeed, our Turkish acquisition was sought after by other competitors, but UKOG was experienced and nimble enough to take the deal on favourable terms ahead of the pack.

Secondly, the regulatory burden in the UK continues to increase, meaning that assets cost more and take longer to monetise. In contrast to the UK, Turkey offers the ability to rapidly monetise success in under a year, compared to three to five years in this country. Costs are significantly lower plus indigenous oil is given strategic importance by the Turkish government.

Thirdly, the potential resource size in Southeast Turkey is in a different league from the UK onshore. It is worth repeating that the Resan licence offers the rare opportunity to appraise a discovered oil accumulation with around the same level of appraisal risk as our Loxley and Arreton projects but with estimated recoverable volumes greater than all the Weald Basin's historic oil production and reserves combined.

Our Turkish operations have moved forward at a fast pace, moving from site construction and Turkish Ministry of Energy and Natural Resources drilling consent in late March/early April to Basur-3 spud in late June. We look forward to the delivery of a well that can help achieve our goal of assessing the commercial viability of the accumulation.

As reported previously, the significant cost reductions achieved at Horse Hill over the year and the forecast reduction in water handling costs via the conversion of HH-2z into a water injector means that, going forwards, Horse Hill production is forecast to be profitable. The planned HH-3 and HH-4 infill wells are also designed to boost production as we move forward in developing our asset. Horndean, which continues to produce very steadily, also remains profitable with current rates and prices.

This past year in the UK, we also submitted new planning applications for Arreton oil appraisal on the Isle of Wight and Loxley gas appraisal in Surrey, the latter of which is now the subject of a formal Appeal to the Planning Inspectorate to be heard via public inquiry from 27th July 2021. We remain confident that the Appeal will be successful and that the Loxley project, one of the UK onshore's largest ever gas discoveries, can take its place as a source of feedstock for reformation into hydrogen, a key new sector to help the UK meet net zero.

We have also spent significant time looking at the feasibility of enhancing our UK sites to include renewable energy. Our vision is that our UK sites could become integrated hybrid energy hubs, encompassing solar, closed loop geothermal, petroleum and battery storage. We have also been evaluating stand-alone closed-loop geothermal activities as an addition to our traditional UK business. Whilst this sector is still in its infancy in the UK, we believe we have the key technical and project management skills necessary to make such projects work.

In order to further our geothermal projects and credentials we became a founder member of a new geothermal stakeholder organisation, the Geothermal Energy Advancement Association.

In an ongoing series of cost cutting measures, the Company also significantly reduced the Horse Hill oil field's operating costs. From January 2020, operating costs were reduced by a substantial 66% overall, even though water handling costs increased substantially. The savings place Horse Hill in a good position to take advantage of the strengthening Brent crude prices.

As part of the cost-cutting measures, the Company completed the final instalment due under the sale and purchase agreement of the Horse Hill surface production equipment from PW Well Test Ltd ("PW"). We acquired the equipment from PW for £1.65 million. The purchase was via three equal instalments of £550,000. The final payment was made via the issue of 262,759,440 UKOG shares.

Basur-3, Turkey
I have been impressed by the speed of Turkish operations, more in keeping with the pace I have experienced in the many other onshore international arenas. The UKOG technical team have been working hard with AME to design and deliver this first appraisal well, aimed at helping determine whether the as yet undeveloped Basur-Resan oil discovery is commercially viable.

Given the complex nature of the subsurface there are, of course, no absolute guarantees of success, but we remain confident that Basur-3 will move our understanding of the accumulation in the right direction. Due to the size of the geological structure, follow up wells will undoubtedly be required, notably in the southeastern culmination at the Resan end, before we fully understand how things fit together.

The Basur-Resan oil discovery was assessed by Xodus Group Ltd to contain an estimated mean case discovered recoverable oil volume of approximately 34 million bbl gross, potentially delivering to UKOG approximately 17 mmbbl for its net 50% interest.

Therefore, in the success case, Basur-Resan has the potential to surpass the recoverable oil and gas volumes currently assigned by Xodus to both our Loxley and Arreton appraisal projects and the entire aggregate sum of the Company's UK portfolio.

We also look forward to hearing the outcome of our application with AME for three further exploration licences in Southeast Turkey. I am excited by the prospective size of the undrilled anticlines in these blocks, and should the award be confirmed, we plan to acquire seismic over the most prospective as part of the Basur-Resan survey.

Director Share Purchase
The Board of UKOG announced a commitment to put in place an annual MAR-compliant Defined Director Share Purchase Programme in which a director agrees to purchase UKOG ordinary shares each month equivalent in value to a fixed percentage of their net monthly salary. In line with other such schemes, the director's commitment is envisaged to be in the range of 5 to 10% of net salary, dependent upon individual circumstance.

General Meeting

Post period in June 2021, UKOG put two resolutions to shareholders to grant directors the authority to allot shares and also to dis-apply pre-emption rights. Both resolutions were passed with over 90% support. This gave the Company the ability to raise finance to comply with commitments in Turkey.

OPERATIONAL REVIEW

Health, Safety and Environment

Once again there were no Lost Time Incidents, reportable environmental incidents or health issues on any of UKOG's sites during the period or post period.

Covid-19 continues to be a challenge for site operations. Staff were put onto a 2-week shift rotation patterns, Covid controls were put in place on site and any service personnel and visitors were restricted access to site unless strictly necessary. All site staff have now received their vaccines, but monitoring of personnel entering the site still continues.

Horse Hill well site is working to become more energy efficient. Systems of alternative power generation are being reviewed to reduce diesel fuel usage. New lighting has been installed. This has removed the use of temporary lighting generators and has also helped in the reduction of lighting pollution on site.

We are carrying out modifications at the site to comply with The Control of Major Accident Hazards regulations (lower tier), as well as other regulations. Liaison continues with the Health and Safety Executive and the Environment Agency ("EA") to ensure the Horse Hill site satisfies these regulations.

Turkey, Resan Licence (UKOG 50%)

In October 2020 UKOG signed a Participation Agreement and Joint Operating Agreement with Aladdin Middle East Ltd ("AME"), an independent oil company with 60 years of operational experience in Turkey, to take a 50% non-operated working interest in the 305 km^2 Resan Licence. UKOG will take an active technical role in a 4-well oil appraisal and step-out exploration drilling programme. The transaction was approved by the Turkish government and it was completed in January.

The Resan Licence lies within the SE Anatolian basin, a geological continuation of the prolific Zagros "fold-belt" petroleum system within the foothills of the Taurus-Zagros mountains in Iraq, Iran and Turkey, one of the Middle East's major oil producing areas. Multiple producing oil fields lie to the immediate west and south-east of the Licence, containing significant proven recoverable reserves.

In November 2020 UKOG quickly built on this exciting entry into Turkey by submitting an application for three further exploration licences, again with a 50% interest and AME as operator. UKOG is awaiting the Turkish government's decision on our application.

In March AME began construction of the drilling pad and access road for the first appraisal well, Basur-3. Construction and pre-setting of the well conductor were completed in May.

In April the Turkish Ministry of Energy and Natural Resources granted formal consent to drill Basur-3. The drilling rig mobilised to the site and the well was spudded in June.

Horse Hill Oil Field, PEDL137 and PEDL246 (UKOG 85.64%)

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

A well intervention on the Horse Hill-1 well ("HH-1") was safely completed, optimising oil flow by isolating the Kimmeridge perforations, reperforating the full Portland oil producing section, inserting a new simplified production tubing string and setting the downhole pump at a deeper level to increase pumping efficiency. These improvements set HH-1 up for long term continuous and optimised oil production from the Portland.

A Field Development Plan addendum was submitted to the Oil and Gas Authority (OGA) for the conversion of the HH-2z well into a water injector. Water injection plus further infill development of both Portland

(HH-3 well) and Kimmeridge (HH-4 well) offer upside for the Horse Hill field.

The intervention was immediately followed by a series of multi-week production optimisation trials to achieve an optimum balance between oil revenues and water handling and other operational costs. The trials included well cycling (i.e., shutting in the well for a set period each day to reduce water inflow) and pump fill optimisation. Optimised costs and stable water influx levels have now been achieved.

As of 31 May, 146,900 bbl of Brent quality crude had been produced and exported from the Kimmeridge and Portland pools.

Significant efforts are ongoing to manage and reducing operational costs. From January 2020 to January 2021 our total operating costs were reduced by 66%. Brent crude prices have recovered strongly to over $70/bbl.

It is expected that further HH-3 Portland and HH-4 Kimmeridge infill wells will be planned in detail and drilled at Horse Hill.

During the period UKOG completed an energy efficiency study on Horse Hill which has confirmed energy and operating cost savings over the life of the project by the installation of 250kW of photovoltaic solar panels and 67kWh Li-Ion batteries. Installation of the technology is now being factored into future field development plans.

In May UKOG commenced a study with Ceraphi Energy Ltd to review the geothermal energy potential of the Horse Hill site and surrounding area. The results of the work are expected during Summer 2021.

Loxley, Broadford Bridge, PEDL234 (UKOG (234) 100%)
In the rerun of the Loxley planning committee meeting by Surrey County Council on 27 November 2020, UKOG's planning application was narrowly refused, despite the recommendation to approve our application by its own planning officers and the permit approval by the EA in June 2020. UKOG filed an appeal of this planning decision in February and the public inquiry is scheduled to start on 27 July.

The Loxley well is intended to test the crest of the Portland gas accumulation, originally discovered on the neighbouring licence by the Godley Bridge-1 well, and will also test the underlying Kimmeridge section.

OGA has approved a further amendment to the PEDL234 Retention Area work programme such that Loxley-1/1z is to be drilled by December 2023.

Arreton, Isle of Wight, PEDL331 (UKOG 95%)
The Arreton planning application was submitted in March 2020 with the Isle of Wight Planning Committee expected to take place in late summer. The permit application for Arreton has been submitted and is under review by the EA.

UKOG intends to drill, sidetrack and test an Arreton-3/3z well, which will appraise the Arreton-2 oil discovery made by British Gas in the 1970s. The primary target will be the Portland oil discovery.

Other Assets
As operator of PEDL143 (UKOG 67.5%), UKOG reviewed the oil & gas potential of the licence and surveyed possible well sites. We concluded that the required long-reach/shallow target-depth wells are neither technically viable nor economically feasible. It was agreed with the partners to relinquish the licence.

Stable oil production with low water cut continues from the Horndean oil field in Hampshire (UKOG 10%).

UKOG is actively reviewing geothermal and energy storage opportunities onshore UK with potential collaborative partners.

FINANCIAL REVIEW

The operating loss for the six months to 31 March 2021 was £1.02 million compared to £0.90 million for the same period last year. Revenue for the six months saw an increase from £0.08 million to £0.72 million, which was a result of production of Horse Hill field, which in the same period last year was in development and as such oil sales from the Horse Hill field were not included in the revenue line but rather netted off exploration and evaluation expenditure.

Net cash outflow from operations decreased from £1.06 million to £0.96 million; this decrease was driven by a decrease in trade and other payables.

For further information please contact:

UKOG
Stephen Sanderson / Kiran Morzaria Tel: 01483 900582

WH Ireland (Nominated Adviser and Broker)
James Joyce / James Sinclair-Ford Tel: 0207 220 1666

Communications
Brian Alexander Tel: 01483 900582

Glossary of Terms:

Term	**Meaning**
°API	A measure of the density of crude oil, as defined by the American Petroleum Institute
bopd	Barrels of oil per day
calcareous	Containing calcium carbonate (limestone)
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status.
core or coring	A drilling technique that involves using a doughnut-shaped drilling bit to capture or "cut" a continuous cylinder-shaped core of undamaged in-situ rock. The core is captured in a steel pipe or "core barrel" above the bit. Core is normally cut in 30 feet lengths, or multiples of 30 feet, and normally with a diameter of 3.5 or 4 inches. Core is taken in petroleum reservoir rocks for detailed laboratory analyses of petrophysical and geomechanical parameters
discovery	A petroleum accumulation for which one or several exploratory wells have established through testing, sampling and/or logging the existence of a significant quantity of potentially moveable hydrocarbons
drawdown	pressure drawdown (ΔP) is defined as the difference between the reservoir pressure and the flowing bottom hole pressure. Drawdown enables fluids to flow from the reservoir into the wellbore. The magnitude of the drawdown is a major controlling factors of a well's production rate
extended well test	a well test, as per the permission granted by the Oil and Gas Authority, with an aggregate flow period duration over all zones of greater than 96 hours
flow test	A flow test or well test involves testing a well by flowing hydrocarbons to the surface, typically through a test separator. Key measured parameters are oil and gas flow rates, downhole pressure and surface pressure. The overall objective is to identify the well's capacity to produce hydrocarbons at a commercial flow rate
limestone	A sedimentary rock predominantly composed of calcite (a crystalline mineral form of calcium carbonate) of organic, chemical or detrital origin. Minor amounts of dolomite, chert and clay are common in limestones. Chalk is a form of fine-grained limestone. The Kimmeridge Limestones are effectively chalks being comprised of the remains of calcareous planktonic algae
mmbbl	Million barrels

naturally fractured reservoirs	Fractured reservoirs contain cracks or surface of breakage within rock; fractures can enhance permeability of rocks greatly by connecting pores together; naturally fractured reservoirs have been created over geological time by nature, not man-made via hydraulic fracturing
oil in place (OIP)	The quantity of oil or petroleum that is estimated to exist originally in naturally occurring accumulations in the ground before any extraction or production
P50 (best estimate)	a 50% probability that a stated volume will be equaled or exceeded
prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target
Reserves	those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates (i.e. Proven, Probable and Possible) and may be sub-classified based on project maturity and/or characterised by development and production status
sandstone	A clastic sedimentary rock whose grains are predominantly sand-sized. The term is commonly used to imply consolidated sand or a rock made of predominantly quartz sand
shale	A fissile rock that is formed by the consolidation of clay, mud, or silt particles, and that has a finely stratified or laminated structure. Certain shales, such as those of the Kimmeridge, often contain a significant proportion of organic material, which when subject to increasing temperature and pressure over geological time transform into petroleum (known as petroleum "source rocks")
sidetrack	Re-entry of a well from the well's surface location with drilling equipment for the purpose of deviating from the existing well bore to achieve production or well data from an alternative zone or bottom hole location, or to remedy an engineering problem encountered in the existing well bore.

Consolidated Income Statement (Unaudited)
for the six months ended 31 March 2021

	6 months 31 March 2021 (Unaudited) £'000	6 months 31 March 2020 (Unaudited) £'000
Revenue	721	88
Depletion, Depreciation and Amortisation	(273)	(87)
Other Cost of sales	(544)	(40)
Gross profit	**(96)**	**(39)**
Operating expenses		
Administrative expenses	(915)	(715)
Foreign exchange gains	(17)	(17)
Other income	1	-
Operating (loss)	**(1,010)**	**(771)**
Finance costs	(12)	(130)
(Loss) from continuing activities before taxation	**(1,021)**	**(902)**

Taxation			
Net (Loss) after tax from continuing operations		**(1,021)**	**(902)**
(Loss) for the 6 months attributable to:			
Owners of the parent			
Non-controlling interest			
		(1,021)	**(902)**
Other comprehensive loss			
Transfer to income statement		-	-
Other comprehensive loss net of taxation		**(1,021)**	**(902)**
(Loss) per share			
		Pence	**Pence**
Basic and diluted	2	(0.01)	(0.01)

Consolidated Statement of Financial Position (Unaudited)
as at 31 March 2021

	31 March 2021 (Unaudited) £'000	**31 March 2020 (Unaudited) £'000**
Assets		
Non-current assets		
Exploration & evaluation assets	25,594	34,032
Oil & Gas properties	6,771	1.427
Decommissioning asset	285	344
Goodwill	0	17,443
Property, Plant & Equipment	1,772	237
Total non-current assets	**38,544**	**53,483**
Current assets		
Inventory	1	1
Trade and other receivables	2,470	1,526
Cash and cash equivalents	1,944	780
Total current assets	4,418	2,307
Total Assets	**42,962**	**55,790**
Trade and other payables	(3,271)	(2,001)
Borrowings	(3,086)	(5,483)
Total current liabilities	**(6,356)**	**(7,484)**
Non-current Liabilities	(5,483)	(5,483)
Provisions	(1,031)	(447)
Total liabilities	**(7,388)**	**(7,931)**
Net Assets	**35,574**	**47,859**
Shareholders' Equity		

Share capital	12,879	12,366
Share premium account	102,058	93,624
Share-based payment reserve	1,811	1,811
Accumulated losses	(81,287)	(60,055)
	35,461	47,746
Non-controlling interest	113	113
Total shareholders' equity	**35,574**	**47,859**

Statement of Cash Flows (Unaudited)
for the six months ended 31 March 2021

	6 months 31 March 2021 (Unaudited) £'000	**6 months 31 March 2020 (Unaudited) £'000**
Cash flows from operating activities		
Loss from operations	(1,010)	(771)
Depletion & impairment	273	87
Cash effect of provision release	-	-
Decrease / (increase) in inventories	1	-
Decrease / (increase) in trade and other receivables	(943)	(347)
(Decrease) / increase in trade and other payables	720	(27)
Net cash (outflow) from operating activities	**(961)**	**(1,058)**
Cash flows from investing activities		
Expenditures on exploration & evaluation assets	(345)	(7,803)
Receipts from sale of test volumes	-	995
Expenditures on oil & gas properties	-	-
Expenditures on property, plant & equipment	(550)	(113)
Net cash flows on acquisition of share in subsidiary	-	-
Net cash (outflow) from investing activities	**(895)**	**(6,922)**
Cash flows from financing activities		
Proceeds from issue of share capital	2,310	2,000
Interest expense on minority interest loans	(144)	(132)
Net cash inflow from financing activities	**2,166**	**1,868**
Net change in cash and cash equivalents	**310**	**(6,112)**
Cash and cash equivalents at the beginning of the period	1,634	6,892
Cash and cash equivalents at the end of the period	**1,944**	**780**

Notes to the half-yearly results

1. Basis of preparation

As permitted by IAS 34, 'Interim Financial Reporting' has not been applied to these half-yearly results. The financial information of the Company for the six months ended 31 March 2021 have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRS") and are in accordance with IFRS as issued by the IASB. The condensed interim financial information has been prepared using the accounting policies which will be applied in the Company's statutory financial statements for the period ending 30 September 2020.

The financial information shown in this publication is unaudited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The comparative figures for the financial year ended 30 September 2019 have been derived from the statutory accounts for 30 September 2019. The statutory accounts have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified and did not contain statements under the section 498(2) or 498(3) of the Companies Act 2006.

2. (Loss) per share

The calculation of the basic and diluted (loss) per share is based upon

Group	6 months 31 March 2021 (Unaudited) £'000	6 months 31 March 2020 (Unaudited) £'000
(Loss) attributable to ordinary shareholders	(1,021)	(902)
	Number	**Number**
Weighted average number of ordinary shares for calculating basic loss per share	10,090,403,971	7,095,087,349
	Pence	**Pence**
Basic and diluted loss per share	(0.01)	(0.01)

3. Availability of the Interim Report

Copies of the report will be available from the Company's registered office and also from the Company's website www.ukogplc.com

The information contained within this announcement is deemed by the Company to constitute inside information under the Market Abuse Regulation (EU) No. 596/2014.

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