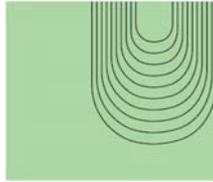


BVI Company number: 1701436

Upland Resources Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 June 2017



Upland Resources Limited

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Upland Resources Limited

Officers and Professional Advisers

Chairman	M N B Zakaria
Chief Executive	G H S Staley
Directors	G H S Staley B B H Di J E S King M N B Zakaria
Registered Office	Ritter House Wickhams Cay II Road Town Tortola British Virgin Islands VG1110
BVI Company Number	1701436
Brokers & Financial Advisers	Optiva Securities Limited 2 Mill Street Mayfair London W1S 2AT
Auditor	Wilkins Kennedy LLP Statutory Auditor Bridge House London Bridge London SE1 9QR
UK Legal Advisers	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
Principal Bankers	Coutts & Co 440 Strand London WC2R 0QS
Registrars	Computershare Investor Services (BVI) Limited Woodbourne Hall PO Box 3162 Road Town Tortola British Virgin Islands VG1110

Upland Resources Limited

Board of Directors

Norza Zakaria (Age 51) - *Non-Executive Chairman*

Mr Zakaria is a highly experienced businessman as well as being a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and a Fellow of the Australian Certified Practising Accountants (FCPA). He is currently a director of Bintulu Port Holdings Bhd, a public listed company in Malaysia.

Previously, he has also held senior positions with PETRONAS, Central Bank of Malaysia and Arthur Andersen & Co.

Dr Stephen Staley (Age 57) - *Chief Executive Officer*

Dr Staley has 34 years of wide-ranging technical and commercial experience in the international oil, gas and power sectors. He co-founded and brought to the AIM market both Fastnet Oil & Gas plc (where he was the founding CEO) and Independent Resources plc (where he was the founding Managing Director). He was also technical consultant to, and non-executive director of, Cove Energy plc - the highly successful East Africa-focused explorer that went from having a market capitalisation of £2 million in mid-2009 to being sold to PTTP for £1.2 billion in less than three years. He is currently a non-executive director of dual AIM- and ASX-listed 88 Energy Ltd, which is focused on hydrocarbon exploration onshore Alaska. Dr Staley is owner and founder of Derwent Resources Limited, an upstream consultancy firm advising on oil and gas opportunities. Prior to this he has worked for Cinergy Corp, Conoco and BP.

He holds a BSc(Hons.) in Geophysics from Edinburgh University, a PhD in Petroleum Geology from Sheffield University and an MBA from Warwick University. He is a Fellow of the Geological Society and a member of the European Association of Geoscientists & Engineers, the Petroleum Exploration Society of Great Britain and The Arctic Club.

Jeremy King (Age 54) - *Non-Executive Director*

Mr King is a senior corporate finance executive with over 18 years' experience and has advised many clients on IPOs, fundraising, takeovers, mergers and acquisitions and continuing obligations. He is a director of Optiva Securities Limited and head of corporate finance. Previously, he was a director of English Trust Company, a corporate finance house, where he originated and lead the IPO of Private Equity Investor plc on the Full List of the London Stock Exchange, raising £100 million from investors.

Bolhassan Di (Age 64) - *Non-Executive Director*

Mr Di has many years of political and commercial experience within Sarawak, one of two Malaysian states upon the Island of Borneo. During his lengthy service within the Sarawak State Assembly, he held positions as Chairman of the Public Accounts Committee, Assistant Minister in the Sarawak Chief Minister's Department and subsequently Assistant Minister at the Ministry of Infrastructure Development and Communication.

A graduate of the School of Engineering at Sheffield University, he began his career in 1979 at Sarawak Shell Bhd. (a subsidiary of Royal Dutch Shell plc) where he gained project planning, design, construction, commissioning and start-up experience in offshore projects. These included the F6A project in Sarawak waters (the largest offshore gas project in the region), the E11 and F23 gas production projects in Sarawak waters and also projects such as the St Joseph and South Furious offshore oil production platforms in Sabah waters. From 1987 to 1997, he was also the Chairman of the Miri Port Authority. He has also had significant oil and gas experience with Shell in South Korea, Singapore, the North Sea and the Netherlands.

Upland Resources Limited

Chairman's Statement

On behalf of the Board of Directors, it gives me great pleasure to present the consolidated financial statements of Upland Resources Limited (the "Group", the "Company" or "Upland") for the year ended 30 June 2017.

Upland is a relatively new oil & gas exploration and production company that is building a portfolio of attractive upstream assets.

Upland continued to make excellent progress in the year under review. It has now put into action the first phase of its strategy, whilst laying the foundations for the second phase.

The first phase calls for the acquisition of stakes in assets with a favourable risk/reward balance that can provide Upland with revenue to underpin its ongoing costs and to help finance the second phase. The second phase involves securing assets with potentially higher risk than Phase 1, but with the potential to be transformational for the Company.

In July 2016, we were very pleased to welcome Bolhassan Di to the Board as a non-executive director. Bolhassan brings a wide range of experience, contacts and knowledge to the Company, having served in senior technical and management roles in Shell around the world. He has also served in a number of high-profile roles in Malaysia: as a member of the Sarawak State Legislative Assembly, as a Sarawak Assistant Minister and as Chairman of the Miri Port Authority. His appointment is an integral part of delivering the second phase of Upland's strategy.

On 6th October 2016, the UK Oil & Gas Authority formally awarded PEDL 299 to Upland's wholly-owned subsidiary and its partners. Two days earlier, we were able to announce the increase in the Company's stake, at no cost to Upland, in the permit from 16.67% to 25%. This was due to the withdrawal of our partner, Shale Petroleum, from all its activities outside North America. Upland is working with our partners, INEOS and Europa Oil & Gas Limited ("Europa"), on the first stages of the work programme for this permit, which includes the Hardstoft Field.

On 24th November 2016, the Company announced that it had entered into a conditional agreement with Europa to acquire a 10% stake in PEDLs 180 and 182, onshore Lincolnshire. These PEDLs contain Wressle Oil Field and the Broughton North prospect. Wressle Field is due to come into production at a planned rate of 500 bbl/day; further details are given below. Hence, Upland should benefit from the revenues from a net 50 bbl/day - a substantial boost to the Company's finances. Upland's agreement with Europa is contingent on, inter alia, the final approval of the Environment Agency and receipt of planning permission from North Lincolnshire District Council. As of the date of this report the latter has not yet been received.

At the same time as announcing the Wressle acquisition, Upland completed a successful £2.2 million gross fundraising, at a share price which was a 30% premium to the IPO price of little more than a year before. The proceeds are to pay for the Wressle stake, to pursue further assets and to cover ongoing expenses. Your Directors took full part in this fundraising and now hold between them some 38.3% of the issued shares in Upland.

In addition to the above, Upland has worked diligently on assessing a wide range of further potential acquisitions and farm-ins to add to the above assets. As we have indicated previously, our geographic focus is on South East Asia, the UK and North Africa. I am pleased to say that substantial progress has been made and we look forward to updating investors in due course.

New asset: PEDLs 180 and 182, including Wressle Field

The agreement with Europa to acquire a 10% stake in PEDLs 180 and 182 (including Wressle Field) builds on the good relationship we have developed with that company since our successful 14th Round joint application for PEDL 299. PEDLs 180 and 182 contain the Wressle Field, probably the next field to be brought into production onshore UK. Egdon Resources UK Limited ("Egdon"), as operator, drilled Wressle-1 in 2014 and in extended well test operations carried out in 2015, the well successfully flowed oil and gas from three separate reservoirs: the Ashover Grit, the Wingfield Flags and the Penistone Flags. This totalled 710 boe/d from all zones.

Upland Resources Limited

Chairman's Statement (continued)

The first stage of the development brings the Wingfield Flags and Ashover Grit Formations within Wressle into production. At a later stage, it is planned to bring the Penistone Flags reservoir onstream. The Broughton North Prospect provides exploration upside and is undrilled; it is likely to represent the third stage of development of the area.

As part of the 2016 £2.2 million fundraising, Upland commissioned Blackwatch Petroleum Services to produce a new independent competent person's report covering both PEDLs 180 and 182, and PEDL 299 - this validated our confidence in these assets.

The farm-in payment to Europa will be made up of £1.3 million in cash and £300,000 in Upland ordinary shares. Completion, and therefore payments of these amounts, is contingent on satisfaction of a number of conditions precedent, including receipt of planning approval and Environment Agency approval. Upland may waive these requirements, at its option. A further £250,000 in Upland ordinary shares will be payable to Europa if certain production targets are met in the future.

As at the date of writing, all conditions precedent have been fulfilled except for receipt of planning permissions and Oil and Gas Authority approvals of the Wressle development and Upland's acquisition. At planning meetings held in January and July 2017, North Lincolnshire District Council rejected Egdon's applications despite the recommendations of their own Planning Officers and the approvals of the Environment Agency. On behalf of all the partners in PEDLs 180 and 182, Egdon lodged an appeal which is due to be heard in November 2017. We believe this appeal has great merit and that Wressle is a commercially attractive asset, so have decided to extend the validity of our offer for the 10% stake from 31st March 2017 to 28th February 2018. The result of the planning appeal is due in late December this year and Upland may terminate at any time after that date if the appeal fails without having paid any monies other than a deposit which will be refunded to us in full.

Outlook

Upland has made good progress toward its goals again this year, whilst remaining on a strong financial footing and with no debt. I am sure that the coming months will see further positive developments.

.....
M N B Zakaria
Chairman

26 October 2017

Upland Resources Limited

Strategic Report for the Year Ended 30 June 2017

The directors present their strategic report for the year ended 30 June 2017.

Principal activity

The Company and Group was formed for the purpose of acquiring assets, businesses or target companies that have operations in the oil and gas exploration and production sector that it will then look to develop and expand.

Fair review of the business

October 2016 saw Upland gain formal award of PEDL 299, onshore UK, from the UK Oil & Gas Authority ("OGA"). We also benefited from the assignment of a further 8.33% interest in PEDL 299 caused by the withdrawal of Shale Petroleum from its activities outside North America. This assignment, which increased our stake to 25%, was also approved by the OGA in late 2016.

On 24th November 2016 the Company announced the contingent acquisition from Europa Oil & Gas of a 10% stake in PEDLs 180 and 182 in Lincolnshire. This area contains Wressle Field and the Broughton North prospect. As at the time of writing, award of the relevant planning permissions, one of the conditions precedent for completion of the acquisition, has not been given.

At the same time as the announcement of the Wressle deal, Upland completed a successful £2.2 million gross fundraising through the issue of 169,230,770 new ordinary shares in the Company at 1.3p per share, a 30% premium to the IPO price of little more than a year before. The proceeds are to pay for the deal, to pursue further assets and to cover ongoing expenses.

During the period, the price of oil remained at about half the level of the highs it enjoyed prior to mid-2014, though on average it has shown an increase through the year. Operating conditions remain challenging for many oil and service companies, especially those with substantial debts to be serviced. Upland has no debt and is well financed.

Building on our previous work, Upland has identified and is pursuing a number of new opportunities in the UK, Malaysia, North Africa and elsewhere.

Significant events since the balance sheet date

In July this year, North Lincolnshire District Council rejected Egdon's (as operator of PEDLs 180 and 182) planning applications for development of Wressle Oil Field for a second time. Egdon has initiated a planning appeal against these decisions, with the decision due in late December this year. Upland's acquisition of the 10% stake in these licences is contingent inter alia on award of such planning permissions.

Key performance indicators

The group's key financial and other performance indicators during the year were as follows:

	2017	2016
Cash outflow from operating activities	£906,110	£329,832

Upland Resources Limited

Strategic Report for the Year Ended 30 June 2017 (continued)

Principal risks and uncertainties

The directors consider that the main business risks and uncertainties of the Group are:

Sub-surface risk: The success of the business relies on accurate and detailed analysis of the sub-surface. This can be impacted by poor quality data, either historical or recently gathered, and limited data coverage. Certain information provided by external sources may not be accurate.

Mitigation: All externally provided and historical data is rigorously examined and discarded when appropriate. New data acquisition will be considered and relevant programmes implemented, but historical data can be reviewed and reprocessed to improve the overall knowledge base.

Corporate risk: The Group's success depends on skilled management as well as retention of technical and administrative staff and consultants. The loss of critical members of the Group's team could have an adverse effect on the business.

Mitigation: The Group periodically reviews the compensation and contract terms of its staff and consultants to ensure that they are competitive.

Approved by the Board on 26 October 2017 and signed on its behalf by:

.....
G H S Staley
Chief executive

Upland Resources Limited

Directors' Report for the Year Ended 30 June 2017

The directors present their report and the for the year ended 30 June 2017.

As a British Virgin Islands (BVI) registered company, Upland Resources Limited is not obliged to comply with the Companies Act 2006. However, the Directors have elected to conform to the requirements of the Companies Act 2006, as regards the Directors' Report, to the extent they consider to be reasonably practical and appropriate for a company of the Company's size and nature.

Details of significant events affecting the Company and its subsidiaries since the end of the financial year and an indication of likely future developments in the business of the Company and its subsidiaries are included in the Strategic Report.

Directors of the group

The directors who held office during the year were as follows:

G H S Staley - Chief executive

B B H Di (appointed 7 July 2016)

J E S King

M N B Zakaria - Chairman

Results and dividends

The Group's loss on ordinary activities after taxation amounted to £763,657 for the year (2016 - £420,566). The Directors are unable to recommend payment of a dividend.

Financial instruments and risk management

An explanation of the Group's financial risk management objectives, policies and strategies and information about the use of financial instruments by the Company is given in note 9 to the financial statements.

Key events

On 1 December 2016, an additional 169,230,770 shares in the Company were admitted to trading on the London Stock Exchange's main market for listed securities, raising £2.2 million from investors.

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the period, are shown in note 14 to the financial statements. The company has one class of ordinary shares which carry no right to fixed income.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the BVI Business Companies Act 2004 and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

Upland Resources Limited

Directors' Report for the Year Ended 30 June 2017 (continued)

Directors' interests

As at 30 June 2017, the beneficial interests of the Directors and their connected persons in the ordinary share capital of the Company were as follows:

Director	Number of Ordinary Shares	% of Ordinary Share Capital
M N B Zakaria*	119,568,944	31.20%
G H S Staley	19,749,102	5.15%
B B H Di**	12,634,620	3.30%
J E S King	769,230	0.20%

* The shares are held through Acegroup Investments Limited ("Acegroup"). Acegroup is a company wholly owned by M N B Zakaria and of which he is the sole director.

** Includes 5,788,460 shares held by the director's wife.

Share option scheme

On 14 August 2014, the Company granted options to G H S Staley, a director of the Company, over a maximum of 9,000,000 ordinary shares; 3,000,000 at an exercise price of 1p per share, 3,000,000 at an exercise price of 1.5p per share and 3,000,000 at an exercise price of 2p per share.

The options may be exercised at any time within 7 years of the ordinary shares of the Company being admitted to trading on the LSE's main market for listed securities, which occurred on 26 October 2015. The options will therefore expire on 26 October 2022.

There are no performance conditions attached to the share options.

Substantial shareholders

The following had interests of 5 per cent or more in the Company's issued share capital as at 30 June 2017:

Party Name	Number of Ordinary Shares	% of Ordinary Share Capital
M N B Zakaria - Director	119,568,944	31.20%
Optiva Securities Limited	33,876,930	8.84%
A A Nasharuddin*	22,500,000	5.87%
G H S Staley - Director	19,749,102	5.15%

* The shares are held through Premier Assets PTE Limited ("Premier Assets"). Premier Assets is a company wholly owned by A A Nasharuddin and of which he is the sole director.

Warrants

On 14 October 2015, the Company granted to Optiva Securities Limited 6,500,000 warrants to subscribe for new ordinary shares (on the basis of 1 new ordinary share for each warrant) at a subscription price of 1p per ordinary share and exercisable at any time during the period of 3 years from 26 October 2015. The warrants will therefore expire on 26 October 2018.

On 25 November 2016, the Company granted to Optiva Securities Limited 6,336,154 warrants to subscribe for new ordinary shares (on the basis of 1 new ordinary share for each warrant) at a subscription price of 1.3p per ordinary share and exercisable at any time during the period of 3 years from 1 December 2016. The warrants will therefore expire on 1 December 2019.

Upland Resources Limited

Directors' Report for the Year Ended 30 June 2017 (continued)

Capital and returns management

The Directors believe that, following an acquisition, further equity capital raisings may be required by the Company for working capital purposes as the Company pursues its objectives. The amount of any such additional equity to be raised, which could be substantial, will depend on the nature of the acquisition opportunities which arise and the form of consideration the Company uses to make the acquisition and cannot be determined at this time.

The Company expects that any returns for shareholders would derive primarily from capital appreciation of the ordinary shares and any dividends paid pursuant to the Company's dividend policy.

Dividend policy

The Company intends to pay dividends on the ordinary shares following an acquisition at such times (if any) and in such amounts (if any) as the Board determines appropriate in its absolute discretion. The Company's current intention is to retain any earnings for use in its business operations, and the Company does not anticipate declaring any dividends in the foreseeable future. The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

Corporate governance

The Board is not subject to the provisions of a formal governance code and given its present size do not intend to formally adopt any specific code, but will apply governance the Directors consider to be appropriate, having due regard to the principles of governance set out in the UK Corporate Governance Code.

In order to implement its business strategy, the Company has adopted a corporate governance structure whereby the key features of its structure are:-

- The Board of Directors is knowledgeable and experienced and has extensive experience of making acquisitions;
- Consistent with the rules applicable to companies with a Standard Listing, unless required by law or other regulatory process, shareholder approval is not required in order for the Company to complete an acquisition. The Company will, however, be required to obtain the approval of the Board of Directors, before it may complete an acquisition;
- The Company does not have separate audit and risk, nominations or remuneration committees. The Board as a whole reviews audit and risk matters, as well as the Board's size, structure and composition and the scale and structure of the Directors' fees, taking into account the interests of shareholders and the performance of the Company, and takes responsibility for the appointment of auditors and payment of their audit fee, monitors and reviews the integrity of the Company's financial statements and takes responsibility for any formal announcements on the Company's financial performance;
- At every Annual General Meeting of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to and not exceeding one-third) will retire from office and will be eligible for re-election. In addition, any Director who has been appointed to the Board other than pursuant to a Resolution of Members since the last Annual General Meeting of the Company will retire and again will be eligible for re-election; and
- Following an acquisition, the Company may seek to transfer from a Standard Listing to either a Premium Listing or other appropriate listing venue, based on the track record of the Company or business it acquires, subject to fulfilling the relevant eligibility criteria at the time. If the Company is successful in obtaining a Premium Listing, further rules will apply to the Company under the Listing Rules and Disclosure Guidance and Transparency Rules and the Company will be obliged to comply or explain any derogation from the UK Corporate Governance Code.

Upland Resources Limited

Directors' Report for the Year Ended 30 June 2017 (continued)

Internal control and risk management

The Board has the ultimate responsibility for the Group's internal control and risk management. The Board monitors internal controls and risk management systems on an annual basis. The Group has established a system of control and risk management involving an appropriate degree of oversight by the Board.

The management, via the Board of Directors and board meetings, provide the Board with updates of risk and uncertainties facing the Group and accompanying actions to mitigate such risk. The Board is satisfied with the appropriateness of the risk management framework which provides for the identification and management of risk factors by management and non-executive Directors.

As the Group expands, the Board will ensure that the Group's control and risk management process is regularly reviewed and updated as the Board deems necessary.

Going concern

The Directors have acknowledged the latest guidance on going concern. The Directors regularly review the performance of the Group to ensure that they are able to react on a timely basis to opportunities and issues as they arise. After making suitable enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' liabilities

The company has made qualifying third party indemnity provision for the benefit of its directors, in the form of directors and officers liability insurance. The provision was made during the year and remains in force at the date of this report.

Disclosure of information to the auditor

The directors of the company who held office at the date of the approval of this Annual Report as set out above confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditor in connection with preparing their report) of which the company's auditor is unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board on 26 October 2017 and signed on its behalf by:

.....
G H S Staley
Chief executive

Upland Resources Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements, and have elected to prepare the parent company financial statements, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with all applicable legislation and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that to the best of their knowledge the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position, performance, business model and strategy.

This responsibility statement was approved by the Board on 26 October 2017 and signed on its behalf by:

.....
G H S Staley
Chief executive

Upland Resources Limited

Independent Auditor's Report to the Members of Upland Resources Limited

Opinion

We have audited the financial statements of Upland Resources Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017, which comprise the consolidated statement of comprehensive income, the consolidated and parent company statement of financial position, the consolidated and parent company statement of changes in equity, the consolidated and parent company statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

This report is made solely to the company's members, as a body, and in accordance with the provisions of the BVI Business Companies Act 2004. Our audit work has been undertaken so that we might state to the company's members those matters that 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.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2017 and of the group's loss for the year then ended; and
- the group and parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this is not a guarantee as to the Group's and Company's ability to continue as a going concern.

We are also required to report if the directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit. We have nothing to report in this respect.

Upland Resources Limited

Independent Auditor's Report to the Members of Upland Resources Limited (continued)

Key audit matters

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

A description of each key audit matter and how it was addressed by our audit is as follows:

Management override of controls:

There are a number of areas within the Group financial statements which comprise accounting estimates by management and accordingly there is a risk that the Group's results are influenced by management bias in determining such estimates. A risk exists that invalid journal entries are recorded to influence the results and/or financial position as desired through the override of controls implemented to prevent the recording of inappropriate journals.

In order to address this risk, we have completed audit procedures including; auditing key areas of management estimate and judgement, including consideration of exceptional items and the existence of potential exceptional items and testing journal entries for fraud characteristics by testing the completeness of the journal population reviewed and risk profiling the population to focus our work on journals of interest.

We have no matters to highlight in these areas.

Going concern:

As the Group has incurred significant additional losses in the year, there is a risk that management may seek to use management override to improve its financial position.

Our audit approach included review of journals, estimates and review of anticipated cash flow, and checking disclosures in the financial statements, for completeness.

We have no matters to highlight in this respect.

Consolidation process:

Material transactions in a subsidiary company have been undertaken in the year, and there is, consequently, a risk that figures may not be dealt with appropriately in the consolidation.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement.

We have no matters to highlight in this respect.

Upland Resources Limited

Independent Auditor's Report to the Members of Upland Resources Limited (continued)

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality of the company to be £45,000, based on 2% of net assets. We considered net assets to be an appropriate metric to use in our materiality assessment as the group was loss making during the year.

We agreed that we would report to the directors all audit differences in excess of £2,250, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters

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

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

Upland Resources Limited

Independent Auditor's Report to the Members of Upland Resources Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 11), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements 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 group's and 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.

We primarily focused our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures, or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audit financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our audit.

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

Upland Resources Limited

Independent Auditor's Report to the Members of Upland Resources Limited (continued)

Other matters we are required to address

We were appointed by the directors on 16 December 2016 to audit the financial statements for the year ended 30 June 2017. Our total uninterrupted period of engagement is 5 years, covering the periods ending 30 June 2013 to 30 June 2017.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

.....
D R Graves (Senior Statutory Auditor)
For and on behalf of Wilkins Kennedy LLP, Statutory Auditor

Bridge House
London Bridge
London
SE1 9QR

26 October 2017

Upland Resources Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2017

	Note	2017 £	2016 £
Revenues		-	-
Administrative expenses		<u>(763,657)</u>	<u>(420,566)</u>
Operating loss	3	<u>(763,657)</u>	<u>(420,566)</u>
Loss before tax		(763,657)	(420,566)
Taxation	4	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(763,657)</u>	<u>(420,566)</u>
Total comprehensive income for the financial year		<u><u>(763,657)</u></u>	<u><u>(420,566)</u></u>
Profit/(loss) attributable to:			
Owners of the company		<u>(763,657)</u>	<u>(420,566)</u>
Total comprehensive income attributable to:			
Owners of the company		<u><u>(763,657)</u></u>	<u><u>(420,566)</u></u>
Loss per share			
Basic and diluted (£ per share)	5	<u>(0.002)</u>	<u>(0.002)</u>

The above results were derived from continuing operations.

Upland Resources Limited

Consolidated Statement of Financial Position as at 30 June 2017

	Note	2017 £	2016 £
Current assets			
Other receivables	11	173,542	1,923
Cash and cash equivalents	12	<u>2,250,872</u>	<u>1,039,352</u>
Total assets		<u>2,424,414</u>	<u>1,041,275</u>
Equity and liabilities			
Share premium reserve	14	3,751,831	1,627,201
Retained earnings		<u>(1,418,437)</u>	<u>(670,199)</u>
Total equity		2,333,394	957,002
Current liabilities			
Other payables	13	<u>91,020</u>	<u>84,273</u>
Total equity and liabilities		<u>2,424,414</u>	<u>1,041,275</u>

These financial statements were approved and authorised for issue by the Board on 26 October 2017 and signed on its behalf by:

.....
J E S King
Director

Upland Resources Limited

Statement of Financial Position as at 30 June 2017

	Note	2017 £	2016 £
Non-Current Assets			
Investments	10	7,030	30
Current assets			
Other receivables	11	171,217	1,923
Cash and cash equivalents	12	<u>2,250,842</u>	<u>1,039,322</u>
		<u>2,422,059</u>	<u>1,041,245</u>
Total assets		<u><u>2,429,089</u></u>	<u><u>1,041,275</u></u>
Equity			
Share premium reserve	14	3,751,831	1,627,201
Retained earnings		<u>(1,407,762)</u>	<u>(670,199)</u>
Total equity		2,344,069	957,002
Current liabilities			
Other payables	13	<u>85,020</u>	<u>84,273</u>
Total equity and liabilities		<u><u>2,429,089</u></u>	<u><u>1,041,275</u></u>

These financial statements were approved and authorised for issue by the Board on 26 October 2017 and signed on its behalf by:

.....
J E S King
Director

Upland Resources Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2017 Equity attributable to the parent company

	Share premium £	Retained earnings £	Total equity £
At 1 July 2016	1,627,201	(670,199)	957,002
Loss for the year and total comprehensive income	-	(763,657)	(763,657)
Transactions with shareholders			
Issue of shares	2,207,000	-	2,207,000
Share issue costs	(82,370)	-	(82,370)
Share based payment transactions	-	15,419	15,419
At 30 June 2017	3,751,831	(1,418,437)	2,333,394
	Share premium £	Retained earnings £	Total equity £
At 1 July 2015	392,201	(296,783)	95,418
Loss for the year and total comprehensive income	-	(420,566)	(420,566)
Transactions with shareholders			
Issue of shares	1,300,000	-	1,300,000
Share issue costs	(65,000)	-	(65,000)
Share based payment transactions	-	47,150	47,150
At 30 June 2016	1,627,201	(670,199)	957,002

Upland Resources Limited

Statement of Changes in Equity for the Year Ended 30 June 2017

	Share premium £	Retained earnings £	Total equity £
At 1 July 2016	1,627,201	(670,199)	957,002
Loss for the year and total comprehensive income	-	(752,982)	(752,982)
Transactions with shareholders			
Issue of shares	2,207,000	-	2,207,000
Share issue costs	(82,370)	-	(82,370)
Share based payment transactions	-	15,419	15,419
At 30 June 2017	3,751,831	(1,407,762)	2,344,069
	Share premium £	Retained earnings £	Total equity £
At 1 July 2015	392,201	(296,783)	95,418
Loss for the year and total comprehensive income	-	(420,566)	(420,566)
Transactions with shareholders			
Issue of shares	1,300,000	-	1,300,000
Share issue costs	(65,000)	-	(65,000)
Share based payment transactions	-	47,150	47,150
At 30 June 2016	1,627,201	(670,199)	957,002

Upland Resources Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Loss for the year		(763,657)	(420,566)
Adjustments to cash flows from non-cash items			
Share-based payment transactions	8, 14	<u>22,419</u>	<u>47,150</u>
Operating cash flows before working capital movements		(741,238)	(373,416)
Increase in trade and other receivables		(171,619)	(1,281)
Increase in trade and other payables		<u>6,747</u>	<u>44,865</u>
Net cash flow from operating activities		(906,110)	(329,832)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		<u>2,117,630</u>	<u>1,235,000</u>
Net increase in cash and cash equivalents		1,211,520	905,168
Cash and cash equivalents at beginning of period	12	<u>1,039,352</u>	<u>134,184</u>
Cash and cash equivalents at end of period	12	<u><u>2,250,872</u></u>	<u><u>1,039,352</u></u>

Upland Resources Limited

Statement of Cash Flows for the Year Ended 30 June 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Loss for the year		(752,982)	(420,566)
Adjustments to cash flows from non-cash items			
Share based payment transactions	8	<u>15,419</u>	<u>47,150</u>
		(737,563)	(373,416)
Working capital adjustments			
Increase in trade and other receivables		(169,294)	(1,281)
Increase in other payables		<u>747</u>	<u>44,865</u>
Net cash flow from operating activities		(906,110)	(329,832)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		<u>2,117,630</u>	<u>1,235,000</u>
Net increase in cash and cash equivalents		1,211,520	905,168
Cash and cash equivalents at beginning of period	12	<u>1,039,322</u>	<u>134,154</u>
Cash and cash equivalents at end of period	12	<u><u>2,250,842</u></u>	<u><u>1,039,322</u></u>

Upland Resources Limited

Notes to the Financial Statements for the Year Ended 30 June 2017

1 General information

The Company was incorporated in the British Virgin Islands on 14 March 2012 as a private limited company with the name Ribes Resources Limited. On 3 September 2013 the company changed its name to Upland Resources Limited.

The Company has adopted a year end of 30 June.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Group's business activities.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use by the European Union and the International Financial Reporting Interpretation Committee (IFRIC) interpretations. The financial statements have been prepared under the historical cost convention.

The financial information is presented in Sterling (£).

Standards and interpretations issued but not yet applied

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been published but are not yet effective, and have not been adopted early by the Company. The Directors anticipate that these standards will be adopted in the Company's accounting policies for the first period beginning on or after their effective dates.

The Directors have reviewed the standards in issue by the International Accounting Standards Board (IASB) and IFRIC which are effective for future accounting periods and are of the opinion that none of these standards would have a material impact on the financial reporting of the Company.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2017.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Upland Resources Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

2 Accounting policies (continued)

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future. The Company meets its day to day working capital requirements through existing cash reserves. The Directors have prepared projected cash flow information for a period of at least twelve months from the date of their approval of the financial statements. On the basis of this cash flow information, the Directors consider that the company will continue to operate without the need for additional financing. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Financial assets and liabilities

The financial assets and liabilities of the Group comprise cash at bank and other debtors and payables arising in the normal course of business.

The fair values of the financial assets and liabilities are not considered to be materially different to their book values and they are all held at amortised cost.

Financial assets and liabilities are accounted for as follows:

Financial assets and liabilities are initially recognised on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Cash and cash equivalents

Cash and cash equivalents include cash at bank with an original maturity of three months or less.

Equity

Equity comprises the following:

- "Share premium" represents the premium paid on shares issued of no par value, net of share issue costs; and
- "Retained earnings" represents retained losses and credits in respect of share-based payment transactions.

Foreign currency translation

Functional and presentation currency

Items included in the financial information are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Sterling (£), which is the Company's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Operating segments

Due to the current nature of the Group's operations, all costs are incurred within one segment.

Upland Resources Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

2 Accounting policies (continued)

Risk management

The Directors consider the key risk for the Group at the period end to be the maintenance of its cash reserves. With this in mind the Group has treasury controls in place which ensure that the Group's liquid reserves are kept as cash only and are only deposited at institutions with at least an A credit rating.

Critical accounting estimates and judgements

The preparation of the financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. This is of particular relevance to share-based payment expenses recognised in profit and loss. 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 the judgements about certain amounts recognised in the financial statements. Actual results may differ from these estimates.

The Company and Group had no significant assets or liabilities as at 30 June 2017 or 30 June 2016 which were measured using significant accounting estimates or judgements.

Share based payments

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share premium when the options are exercised.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the counterparty renders the service.

3 Operating loss

Arrived at after charging/(crediting):

	2017	2016
	£	£
Directors' remuneration and fees (note 7)	249,271	162,092
Exceptional item - costs associated with listing	-	98,291
Exceptional item - costs associated with placement and contingent acquisition	227,880	-
Fees payable to the Company's auditor and its associates - audit of the financial statements	17,750	16,000
Fees payable to the Company's auditor and its associates - other services	10,000	8,250

Upland Resources Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

4 Taxation

The Company is incorporated in the British Virgin Islands and as such, no tax losses have arisen in the period on its losses.

The Company's trading subsidiary, incorporated in the United Kingdom, has tax losses carried forward of £55,699. No deferred tax asset has been recognised in respect of these losses as there is insufficient evidence that the amount will be recovered in future years.

5 Loss per share

The calculation of basic loss per share is based on the following loss and number of shares:

	2017	2016
	£	£
Loss for the period from continuing operations	(763,657)	(420,566)
Weighted average shares in issue	<u>312,048,610</u>	<u>171,766,628</u>
Basic loss per share	<u>(0.002)</u>	<u>(0.002)</u>

Basic loss per share is calculated by dividing the loss for the period from continuing operations of the Group by the weighted average number of ordinary shares in issue during the period.

The disclosure of the diluted loss per share is the same as the basic loss per share as the conversion of share options and warrants decreases the basic loss per share, thus being anti-dilutive.

6 Staff costs

There were no staff costs paid during the year other than those disclosed as directors emoluments in note 7 and share-based payments disclosed in note 8.

There are no defined benefit or defined contribution pension arrangements in operation.

7 Directors' emoluments

The Directors are considered to be the key management personnel of the Company. Directors' remuneration details are as follows:

Upland Resources Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

7 Directors' emoluments (continued)

Name of Director	Remuneration detail	2017	2016
		£	£
M N B Zakaria	Fee	25,000	16,667
G H S Staley	Fee	143,750	104,381
G H S Staley	Share-based payment	-	23,711
G H S Staley	Award under LTIP	37,066	-
J E S King	Salary (including employers NIC)	23,752	17,333
B B H Di	Fee	19,703	-
		<u>249,271</u>	<u>162,092</u>

The Upland Long Term Incentive Plan ("LTIP")

On 5 July 2016, the Company established the LTIP as part of the general remuneration plan of the Company. All executive directors and senior managers are eligible to participate in the LTIP. Awards under the LTIP are determined by the non-executive directors of the Company following full consultation with the executive directors. Awards are to be made every year, measuring performance against goals in each year ending 25 October. During the year, cash bonus awards of £37,066 (2016 - £nil) have been made under the LTIP.

The LTIP is composed of two elements; a share option plan and an annual bonus plan. No maximum shall apply to the number of share options that may be awarded annually. However, annual cash bonus awards will be to a maximum of 75% of the participant's base salary. This maximum may be waived by the non-executive directors.

In determining the level of LTIP award in a given year, performance against the following targets is considered: share price appreciation, increase in market capitalisation and other specified targets. The level of LTIP award shall be made after due consideration of the level of attainment of these targets during the year, taking into consideration general market, and specific oil industry, conditions.

8 Share-based payments

Share option scheme

On 14 August 2014, the Company granted options to G H S Staley, a director of the Company, over a maximum of 9,000,000 ordinary shares; 3,000,000 at an exercise price of 1p per share, 3,000,000 at an exercise price of 1.5p per share and 3,000,000 at an exercise price of 2p per share.

The options may be exercised at any time within 7 years of the ordinary shares of the Company being admitted to trading on the LSE's main market for listed securities, which occurred on 26 October 2015. The options will therefore expire on 26 October 2022.

There are no performance conditions attached to the share options.

The Company is unable to directly measure the fair value of employee services received. Instead, the fair value of the share options is determined using the Black-Scholes model.

Upland Resources Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

8 Share-based payments (continued)

	Number of options	Weighted average exercise price (pence per share)
Outstanding at beginning and end of year	9,000,000	1.5

At the end of the year, 9,000,000 share options were exercisable (2016 - 9,000,000).

The total charge for the year was £nil (2016 - £23,711).

Warrants

On 14 October 2015, the Company granted to Optiva Securities Limited 6,500,000 warrants to subscribe for new ordinary shares (on the basis of 1 new ordinary share for each warrant) at a subscription price of 1p per ordinary share and exercisable at any time during the period of 3 years from 26 October 2015. The warrants will therefore expire on 26 October 2018.

On 25 November 2016, the Company granted to Optiva Securities Limited 6,336,154 warrants to subscribe for new ordinary shares (on the basis of 1 new ordinary share for each warrant) at a subscription price of 1.3p per ordinary share and exercisable at any time during the period of 3 years from 1 December 2016. The warrants will therefore expire on 1 December 2019.

The Company is unable to directly measure the fair value of the services received as consideration for the warrants. Instead, the fair value of the warrants has been determined using the Black-Scholes model. The model does not incorporate expected dividends as none are anticipated over the expected life of the warrants.

	Number of warrants	Weighted average subscription price (pence per share)
Outstanding at beginning of year	6,500,000	1.00
Issued in year	6,336,154	1.30
Outstanding at end of year	12,836,154	1.15

At the end of the year, 12,836,154 warrants were exercisable (2016 - 6,500,000).

The total charge for the year was £15,419 (2016 - £23,439).

Share payment

On 11 November 2016, the Company issued 500,000 shares of no par value in consideration for consultancy services received by the Company's UK subsidiary, Upland Resources (UK Onshore) Limited. The services received were valued by reference to the fair value of the shares issued in consideration at £7,000.

Upland Resources Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

9 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board.

Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from currency exposure, primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The exposure to this risk is not considered material to the Group and thus the Directors consider that, for the time being, no hedging or other arrangements are necessary to mitigate this risk.

Credit risk

Credit risk arises from cash and cash equivalents.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Group will only keep its holdings of cash and cash equivalents with institutions which have a minimum credit rating of 'A'.

Liquidity risk

Management of liquidity risk is achieved by monitoring budgets and forecasts against actual cash flows.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure.

The Company monitors capital on the basis of the equity held by the Company, which at 30 June 2017 was £2,333,394 (2016 - £957,002).

Upland Resources Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

10 Investments

Company

	2017 £	2016 £
Investments in subsidiaries	7,030	30

Subsidiaries

Cost or valuation

At 1 July 2016		30
Additions - note 14		7,000
At 30 June 2017		7,030

Carrying amount

At 30 June 2017		7,030
At 30 June 2016		30

Details of undertakings

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
Upland Resources (UK Onshore) Limited*	Ordinary	100%	Petroleum exploration and development
Upland (N Tunisia) Limited*	Ordinary	100%	Dormant
Upland (El Fahs) Limited	Ordinary	100%	Dormant
Upland (S Tunisia) Limited*	Ordinary	100%	Dormant
Upland (Ksar Hadada) Limited	Ordinary	100%	Dormant

* indicates direct investment of the company.

All the subsidiary undertakings are incorporated in the UK.

Upland Resources Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

11 Debtors

	2017 £	Group 2016 £	2017 £	Company 2016 £
Amounts owed by group undertakings	-	-	160,000	-
Other debtors	2,325	-	-	-
Prepayments	<u>171,217</u>	<u>1,923</u>	<u>11,217</u>	<u>1,923</u>
Total current trade and other debtors	<u>173,542</u>	<u>1,923</u>	<u>171,217</u>	<u>1,923</u>

12 Cash and cash equivalents

	2017 £	Group 2016 £	2017 £	Company 2016 £
Cash at bank	<u>2,250,872</u>	<u>1,039,352</u>	<u>2,250,842</u>	<u>1,039,322</u>

13 Creditors

	2017 £	Group 2016 £	2017 £	Company 2016 £
Due within one year				
Accrued expenses	<u>91,020</u>	<u>84,273</u>	<u>85,020</u>	<u>84,273</u>

14 Share capital

	2017 £	2016 £
Allotted and called up		
Share premium on 383,168,631 (2016 - 213,437,861) shares of no par value	<u>3,751,831</u>	<u>1,627,201</u>

The company has one class of ordinary shares which carry no rights to fixed income.

Each ordinary share confers upon the holder: the right to one vote at a meeting of the members of the company or on any resolution of the members; the right to an equal share in any dividend paid by the company; and the right to an equal share in the distribution of the surplus assets of the company on its liquidation.

	2017	2016
Number of shares in issue at start of year	213,437,861	83,437,861
Number of shares issued in year	<u>169,730,770</u>	<u>130,000,000</u>
Number of shares in issue at end of year	<u>383,168,631</u>	<u>213,437,861</u>

Upland Resources Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

14 Share capital (continued)

On 11 November 2016, the Company issued 500,000 shares of no par value in consideration for consultancy services received by the Company's UK subsidiary, Upland Resources (UK Onshore) Limited. The services received were valued by reference to the fair value of the shares issued in consideration at £7,000.

The Company issued a further 169,230,770 shares of no par value via the placing on 1 December 2016 at 1.3p per share.

15 Capital and financial commitments

Group

At the balance sheet date, the company's wholly-owned subsidiary, Upland Resources (UK Onshore) Limited ("Upland UK") had entered into a conditional agreement for the farm-in by Upland UK of a 10% participating interest in each of PEDLs 180 and 182 in respect of UK onshore Blocks SE90a and SE91b, including the Wressle Field (the "Wressle Farm-in Agreement").

The aggregate consideration payable in respect of the Wressle Farm-ins is £1,600,000 payable on completion of the Wressle Farm-in Agreement, made up of £1,300,000 in cash and £300,000 in the company's ordinary shares, together with a further contingent consideration of £250,000 in the company's ordinary shares dependant on certain production targets being met. Completion of the Wressle Farm-in Agreement is conditional on the satisfaction of a number of conditions precedent, with the receipt of planning permissions being the key condition yet to be fulfilled.

As at the balance sheet date, Upland UK had paid a cash deposit of £160,000 which will be set off on completion of the Wressle Farm-in Agreement against the £1,300,000 cash consideration. The deposit will be returned in full to Upland UK if the Wressle Farm-in Agreement is terminated by either party where any of the conditions precedent to completion have not been satisfied or fulfilled before 28 February 2018.

In addition, at the balance sheet date, Upland UK held a 25% interest in PEDL 299. A cost-sharing arrangement has been put in place under the Joint Operating Agreement between the co-licencees. Under that arrangement, it is estimated that Upland UK's share of the costs over the remaining 4 years of the licence will be \$837,500, with no significant costs expected to be incurred before 2019.

16 Related party transactions

The Directors are considered to be the key management personnel of the Company. The fees paid to the Directors, or their connected companies, during the year are disclosed in note 7. Of the total fees incurred during the year, £16,250 (2016 - £43,833) was outstanding payable to the Directors, or their connected companies, at the year end and included in accruals. Share-based payments made in connection with Directors are disclosed in note 8.

During the year, the Group was charged fees and commission of £102,370 (2016 - £84,534) by a company of which a Director of the Company is also a director and shareholder. Of this balance, £82,370 (2016 - £65,000) has been charged to the share premium reserve. At the balance sheet date a balance of £nil (2016 - £nil) was payable to this related party. Share-based payments made in connection with related parties are disclosed in note 8.

During the year, the Group was charged consultancy fees of £14,000 (2016 - £nil) by a Director of the Company. Of these fees, £14,000 (2016 - £nil) was outstanding payable to the Director at the year end and included in accruals.

Upland Resources Limited

Notes to the Financial Statements for the Year Ended 30 June 2017 (continued)

17 Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

