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24 November 2016

**UPLAND RESOURCES LIMITED**  
(**"Upland" or the "Company"**)

**Proposed Farm-ins to 10% Interests in PEDLs 180 & 182 (including the Wressle Field)**  
**Proposed Placing of 169,230,770 Placing Shares to raise £2.2 million**

Upland Resources Limited (*LSE: UPL*), the oil and gas company actively building a portfolio of attractive upstream assets, is pleased to announce that its wholly-owned subsidiary, Upland Resources (UK Onshore) Limited ("**Upland UK**"), has entered into a conditional agreement for the farm-ins by Upland UK (by way of assignment from Europa Oil & Gas Limited ("**Europa Oil & Gas**")) to a 10% interest in each of UK onshore petroleum exploration and development licences ("**PEDLs**") 180 and 182 for an aggregate consideration of £1,600,000 on completion and a further contingent consideration of £250,000 contingent on a level of production from Wressle Field (the "**Wressle Farm-in Agreement**") which lies within the licence areas. First commercial oil production from Wressle is expected to flow at an estimated constrained rate of 500 barrels of oil per day gross early in 2017. The licences also contain the Broughton North Prospect situated in PEDL182.

Completion of the agreement entered into between Europa Oil & Gas and Upland UK in respect of the Wressle Farm-ins (the "**Wressle Farm-in Agreement**") is subject to Oil and Gas Authority ("**OGA**") approval of the interest assignments, OGA approval of the Wressle Field Development Plan, as well as receipt of approvals of certain planning applications and an environmental permit variation.

In addition, the Company announces that it has conditionally placed 169,230,770 new shares of no par value in the Company (the "**Placing Shares**") with institutional and other investors at 1.3p per share (the "**Placing Price**") to raise £2,200,000 (before expenses). These funds, when combined with the Company's existing cash reserves, will be used to fund the cash the consideration payable by Upland UK under the Wressle Farm-in Agreement and to finance future work on PEDLs 180 and 182, Upland UK's share of funding work on its existing stake in Hardstoft (PEDL 299), on new ventures and on the ongoing costs of running the business.

In addition to new and existing institutional and private shareholders and the founding shareholders, as part of the Placing, each of the Directors (Norza Zakaria, Steve Staley, Jeremy King and Bolhassan Di) has subscribed for 56,692,302, 3,461,538, 769,230 and 3,846,160 Placing Shares (respectively).

**Highlights:-**

- Substantial, very near term cash flow from proven reserves to underpin Upland's growth and realisation of first phase of Upland's strategy
- Attractive risk:reward profile - relatively low risk, low cost production
- Wressle discovery well has successfully flowed oil from three separate reservoirs totaling 710 boepd

- Substantial additional cashflows on increase in production possible from new development drilling activity
- Significant exploration upside potential in the Broughton North prospect

**Upland Resources CEO, Stephen Staley. commented:-**

“The very near term production and potentially substantial cashflows provided by this excellent asset will underpin Upland’s strategy for growth built upon strong foundations. Upland has a two-phase strategy: Phase 1 is to acquire interests in lower risk, economically robust assets that offer near term production, Phase 2 is to add higher risk, higher impact opportunities. Phase 1 assets have now been put in place, Phase 2 is well underway with projects under active assessment in Morocco, Malaysia and elsewhere.

Wressle Field is probably the nearest term new onshore UK production opportunity, the well to support initial production from the reserves in the Ashover Grit and Wingfield Flags Formations having already been drilled. It benefits from robust economics which provide for a good margin even in a low oil price environment, whilst allowing leverage to higher oil prices. Initial production of an estimated 50 bbl/day net to Upland from the Wressle discovery is expected early in 2017 with additional, contingent resources in the Penistone Flags Formation and further potential upside in the Broughton North prospect located in a fault block immediately to the north west of the Wressle structure.

As reflected in our £2.2 million fundraising, a great deal of which was supported by existing shareholders and the Directors of the Company, adding low cost production to any portfolio is very attractive. New funds, existing cash and significant net cash inflows expected to be generated from commercial production from the initial Wressle development should put Upland in a strong financial position.”

**PEDLs 180 & 182**

The Wressle oil and gas discovery is in North Lincolnshire and lies within PEDL 180 and PEDL 182, approximately six miles to the east of Scunthorpe. Edgon Resources U.K. Limited ("**Egdon Resources**"), 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 totaled 710 boepd from all zones.

Edgon Resources has submitted a planning application to North Lincolnshire Council for the retention of the Wressle site and development of an oil production site and has also submitted an environmental permit application which was published in June 2016. A planning application to enable the drilling of water monitoring boreholes at the Wressle site (required by the environmental permit) has also been submitted.

In September 2016, Edgon Resources (as operator) submitted a Field Development Plan ("**FDP**") over the Wressle Field Determination Area to the OGA. This is currently awaiting approval by the OGA.

The outcomes of these applications are expected in the near future and their positive outcomes are conditions precedent to completion of the Wressle Farm-in Agreement. However, Upland UK has the right to waive these conditions precedent.

Upland UK will be responsible for its 10% share of the costs associated with PEDLs 180 and 182. These include the annual licence rental fees, ongoing studies, engagement with relevant regulatory bodies and the costs of bringing the hydrocarbon resources into production. The first stage of the

latter brings the Wingfield Flags and Ashover Grit Formations within Wressle into production and this work is expected to commence at the end of 2016 or in the first two months of 2017.

At a later stage the Penistone Flags reservoir is planned to be brought onstream.

The Broughton North Prospect provides exploration upside and is undrilled; it is likely to represent the third stage of development of the area.

The existing licensees in respect of PEDLs 180 and 182 are Egdon Resources (a wholly-owned subsidiary of Egdon Resources plc), Celtique Energie Petroleum Ltd. and Union Jack Oil plc, in addition to Europa Oil & Gas itself.

The interests held in both PEDL 180 and PEDL 182 on completion of the Wressle Farm-in Agreement will be:-

Egdon Resources U.K. Limited ( <i>Operator</i> )	25%
Celtique Energie Petroleum Ltd.	33.33%
Europa Oil & Gas Limited	20%
Union Jack Oil plc	11.67%
Upland Resources (UK Onshore) Limited	10%

### Competent Person's Report

A Competent Person's Report ("**CPR**") in respect of, *inter alia*, the Wressle Discovery and Broughton North Prospect has been prepared by Blackwatch Petroleum Services Limited ("**Blackwatch**"). The oil and gas reserves and resources identified by the CPR are as follows:-

Gross 2P reserves across the Ashover Grit and Wingfield Flags:-

- 0.62 million stock tank barrels of oil (Justified For Development) - forming the basis for initial Field Development Plan ('FDP')
- 0.20 billion standard cubic feet of gas (Justified For Development) - monetisation via on-site power generation with excess power sold into the National Grid

Gross 2P reserves in the Penistone Flags:-

- 1.53 million stb of oil and 2.0 billion standard cubic feet ("**Bscf**") of gas

Prospective  $P_{mean}$  unrisks recoverable resources for Broughton North

- Mean Prospective Resources of 0.51 million stb of oil plus 0.51 billion standard cubic feet of gas.

A high geological chance of success of 40% to 49% has been assigned by Blackwatch to Broughton North, which is in a fault block immediately to the north-west of the main Wressle structure.

### Reasons for the Wressle Farm-ins

The reasons for acquiring an interest in PEDLs 180 and 182 include:-

- proven and contingent resources;
- near term revenues;
- significant exploration upside;

- good commercial terms;
- an attractive risk : reward profile, as much of the risk has been removed by prior 2D and 3D seismic and drilling;
- competent partners; and
- a stable regulatory regime with falling taxation rates and political stability.

## **Wressle Farm-in Agreement**

### **- Consideration**

The total consideration payable by Upland UK in respect of the Wressle Farm-ins is £1,600,000 on completion – as to £1,300,000 in cash and £300,000 to be satisfied by the issue of 23,076,923 new shares of no par value in the Company (the "**Initial Consideration Shares**"). In addition, a further contingent consideration of £250,000 is payable by Upland UK to Europa Oil & Gas to be satisfied by the issue of 19,230,769 new shares of no par value in the Company (the "**Contingent Consideration Shares**") contingent on a level of production from the Wressle Field Determination Area - more particularly, cumulative production from the Penistone Flags Formation on either PEDL 180 or PEDL 182 or the Broughton North prospect (or a combination of the two) of in excess of 30,000 bbls of oil net to Upland UK being achieved by 30 June 2025.

On completion of the Placing, Upland UK has agreed to pay a cash deposit to Europa Oil & Gas of £160,000 (to be set off on completion of the Wressle Farm-in Agreement against the £1,300,000 cash consideration). Such deposit is to be immediately 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 of the Wressle Farm-in Agreement (as set out below) have not been satisfied or fulfilled before 31 March 2017 (except where failure to complete is a direct consequence of a material breach by Upland UK of the Wressle Farm-in Agreement).

### **- Conditions**

Completion of the Wressle Farm-in Agreement is conditional on, *inter alia*:-

- (a) consent of the OGA to the transfer of the 10% participating interests in each of PEDLs 180 and 182 to Upland UK pursuant to the Wressle Farm-in Agreement;
- (b) approvals having been received from the OGA of the Wressle Field Development Plan (the "**Wressle FDP**"), from North Lincolnshire Council of the relevant planning applications and from the Environment Agency of an environmental permit variation application, to enable and implement Phase 1 of the Wressle development (as described in more detail in the Wressle FDP), unless in any such case waived by Upland UK;
- (c) none of the licensees of PEDLs 180 and 182 withdrawing their support of, and financial commitment to, the Wressle FDP (following submission of such licensees' letters of support to the OGA, as included in the Wressle FDP), unless in any such case waived in writing by Upland UK;
- (d) completion of the Placing;
- (e) admission of the Placing Shares to listing on the UK Listing Authority's Official List (standard listing segment) and to trading on the London Stock Exchange's main market for listed securities ("**Admission**") becoming effective.

It is not anticipated that completion of the Wressle Farm-in Agreement will complete before 15 December 2016.

Applications will be made to the UK Listing Authority and to the London Stock Exchange for the Initial Consideration Shares to be admitted to listing on the Official List (standard listing segment) and to trading on the London Stock Exchange's main market for listed securities as soon as practicable following completion of the Wressle Farm-in Agreement.

If completion of the Wressle Farm-in Agreement has not taken place before 31 March 2017, either Upland UK or Europa Oil & Gas may terminate the Wressle Farm-in Agreement by not less than 7 days' notice to the other.

#### **- Lock-in and orderly market arrangements**

Under the Wressle Farm-in Agreement, Europa Oil & Gas has agreed that it will not (subject to certain limited exceptions) dispose of or otherwise transfer any of (or any interest in) the Initial Consideration Shares prior to the later of (a) the date being six months after completion of the Wressle Farm-in Agreement and (b) the date of first export of oil from the 'Wressle site' (as described in more detail in the Wressle Field Development Plan) under a production licence (subject to a 'long stop' date of 1 September 2017) (such later date being the "**Lock-in Expiry Date**").

In addition, under the Wressle Farm-in Agreement, Europa Oil & Gas has agreed that any disposal of any of, or any interest in, the Initial Consideration Shares after the Lock-in Expiry Date shall be effected through the Company's brokers from time to time (subject to certain provisos).

No such lock-in or orderly market arrangement has been entered into by Europa Oil & Gas in relation to the Contingent Consideration Shares to be issued to Europa Oil & Gas.

#### **The Placing**

In order to fund the £1,300,000 cash consideration payable by Upland UK on completion of the Wressle Farm-in Agreement, the due diligence, and other transaction costs in respect of the Wressle Farm-in Agreement, Upland UK's share of the capital costs of future exploration, appraisal and development of PEDLs 299, 180 and 182 and to pay the fees and expenses of the Placing and Admission, the Company has entered into a placing agreement (the "**Placing Agreement**") with its broker, Optiva Securities Limited ("**Optiva Securities**") for the placing of 169,230,770 new shares of no par value in the Company at the Placing Price of 1.3p per share to raise £2,200,000 (before expenses) for the Company (the "**Placing**").

Whilst the Placing is being carried out principally to provide Upland UK with the cash consideration payable on completion of the Wressle Farm-in Agreement, due to the anticipated timing for completion of the Wressle Farm-in Agreement (as referred to above), the Placing is not conditional on completion of the Wressle Farm-in Agreement.

Under the Placing Agreement, Optiva Securities has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for all the 169,230,770 Placing Shares at the Placing Price. The Placing Agreement does not include any underwriting obligation.

The Placing will only be completed if the full £2,200,000 (gross) is raised.

#### **- Conditions**

Completion of the Placing Agreement is conditional upon, *inter alia*, the following conditions being satisfied or fulfilled on or prior to 1 December 2016 (or such later date as the Company and Optiva Securities may agree, being not later than 16 December 2016):-

- (a) the obligations of Optiva Securities not being terminated before Admission in accordance with its termination rights in the Placing Agreement;
- (b) Optiva Securities being satisfied that it has received in immediately available cleared funds, prior to 12.00 noon on 30 November 2016, all cash to be paid as contemplated by the Placing Letters by placees (if any) intending to subscribe for their Placing Shares in certificated form; and
- (c) Admission in respect of the Placing Shares.

Optiva Securities may terminate the Placing Agreement (and the arrangements associated with it) at any time prior to Admission in certain circumstances (including for a material breach of warranty). If this right is exercised, the Placing will lapse and any monies received in respect of the Placing will be returned to applicants (without interest) by Optiva Securities.

#### **- Directors' participation**

Each of the Directors is participating in the Placing and subscribing for the following numbers of Placing Shares:-

<b>Director</b>	<b>No. of Placing Shares</b>	<b>Aggregate Placing Price</b>
Stephen Staley	3,461,538	£45,000
Norza Zakaria	56,692,302	£737,000
Bolhassan Bin Haji Di	3,846,160	£50,000
Jeremy King	769,230	£10,000

#### **Admission, Settlement and Dealings in Placing Shares**

Completion of the Placing is conditional on, *inter alia*, Admission occurring on or before 1 December 2016 (or such later date as may be agreed by the Company and Optiva Securities, being not later than 16 December 2016).

Applications will be made to the UK Listing Authority and to the London Stock Exchange for all the 169,230,770 Placing Shares proposed to be issued on completion of the Placing to be admitted to listing on the Official List (standard listing segment) and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective, and that dealings in the Placing Shares will commence, at 8.00 a.m. on 1 December 2016.

The rights attaching to the Placing Shares will be uniform in all respects and all of the Placing Shares will rank *pari passu*, and form a single class for all purposes with, the existing issued shares of no par value in the Company.

#### **Prospectus**

Copies of the Prospectus to be published by the Company in connection with the Placing and the Wressle Farm-ins, which includes the CPR prepared by Blackwatch, will be published on the Company's website at <http://www.uplandres.com> and hard copies will also be available at the offices of the Company's financial adviser, broker and placing agent, Optiva Securities Limited, 2 Mill Street, Mayfair, London W1S 2AT. The Prospectus will also be available at the FCA's Document Storage Mechanism at <http://www.morningstar.co.uk/uk/NSM>.

**This announcement contains inside information for the purposes of Article 7 of the Regulation  
(EU) No 596/2014 on market abuse**

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**Notes**

*Upland is an upstream oil & gas company whose highly experienced management has a track record of creating major value for shareholders in junior oil & gas companies, including Cove Energy plc. The Company has extensive technical and commercial skills and contacts, management having held senior roles in Petronas, Conoco, Shell etc. Upland is taking advantage of the low oil price to acquire quality upstream assets on attractive terms.*