Upland Resources Limited - UPL Annual Report and Financial Statements 2019
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Upland Resources Limited

("Upland" or the "Company")

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Upland Resources Limited (LSE: UPL), the oil and gas company actively building a portfolio of attractive upstream assets, is pleased to announce the publication of its audited annual report and financial statements for the year ended 30th June 2019 ("2019 Report").

The Company's 2019 Report will be posted to shareholders shortly and it will also be made available on the Company's website at: http://uplandres.com/

In addition, a copy of the 2019 Report will be uploaded to the National Storage Mechanism and will be available for viewing shortly at http://www.morningstar.co.uk/uk/NSM

Highlights include:

- Formally signed permit documents for Saouaf licence with Tunisia's state oil company, ETAP, and the Ministry of Industry & Small & Middle Enterprises, allowing Upland to actively market participation in the Saouaf licence to potential farminees.

- Commissioned independent competent person's report ("CPR") for Saouaf which estimates Saouaf to hold 1.96 TCF recoverable gas plus 42 MMbbl oil, totalling a recoverable resource of 380 MMboe (millions of barrels of oil equivalent) over 13 leads and prospects.
- Continued to focus on securing assets in Sarawak, Malaysia. Through a number of initiatives with both national and Sarawakian players, Upland has maintained a public presence in the region as a new oil & gas regulatory regime is being put in place.
- The Company's wholly-owned subsidiary, Upland UK, together with partners, was awarded the highly prospective 31st Round licences P2470 and P2478 in the Inner Moray Firth area of the UK North Sea. Upland UK holds a 40% interest in these licences.

Post Period End*:*

- On 7 October 2019, Dr Steve Staley, the Chief Executive Officer, resigned with immediate effect for personal reasons. Christopher Pitman succeeded Dr Staley as interim CEO.
- Since his appointment as interim CEO, Christopher Pitman has met with the significant shareholding groups in Malaysia and initiated a review of the strategic direction of the Company.
- Several attractive investment opportunities have already been identified in the Asia Pacific region through our shareholder network and are now in the process of being evaluated by the Company's technical specialists.
- The management believe that such opportunities offer unique and game changing potential for the Company to partner with established regional players to participate in both late life and marginal field assets.

Christopher Pitman, Upland's CEO, said:

"In the coming months, emphasis will be placed on de-risking the Tunisian Saouaf licence through re-processing the existing seismic with a view to designing a new 2D seismic acquisition programme. We are delighted with the continued progress that we are making. The Saouaf Permit area has been independently verified as holding substantial amounts of potentially recoverable gas and oil prospects that may prove to be transformational for the business. New 2D seismic data will allow definition of both leads and prospects for potential future drilling. During this process, it is anticipated that strategic investors will be found through a managed farm-out campaign.

"The Company is also presently evaluating several significant opportunities in the Asia Pacific region which could enable Upland to access proven reserves. It is the belief of the management that local strategic partnerships in the Asian arena will provide game changing opportunities for growth by focussing on both late life producing assets and overlooked stranded discoveries.

"We are pleased with the progress made and look forward to updating shareholders in the coming months."

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

For further information, please visit www.uplandres.com or contact:

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Upland Resources Limited

Chairman's Statement

On behalf of the Board of Directors, I hereby present the consolidated financial statements of Upland Resources Limited (the "Group", "Upland" or the "Company") for the year ended 30 June 2019.

In early July 2018, our chairman, Norza Zakaria, stepped down due to pressure of other commitments, specifically following his recent election as President of the Olympic Council of Malaysia to be replaced by Bolhassan Di.

On the 1 August 2018, we were delighted to announce our application for an exclusive permit to explore the onshore Saouaf Permit area had been accepted by the Hydrocarbon Consultative Committee ("the HCC") of the Government of Tunisia. Award of the permit was subsequently ratified by the HCC in late December. As is required under the terms of the permit, a US$1 million bank guarantee was put in place. This will be released as the seismic acquisition and interpretation work commitments under the two-year permit are fulfilled.

The permit includes an existing gas discovery (Dekrila), with an estimated 227 BCF recoverable resource, the undrilled Bou Dabbous Flower Structure with 813 BCF recoverable and the SNJ Prospect where the SNJ-1 well had oil on the shakers. On 28 June 2019, Upland's wholly-owned subsidiary, Upland (Saouaf) Limited, signed the licence documents for Saouaf with Tunisia's state oil company, ETAP, and the Ministry of Industry & Small & Middle Enterprises. This is the first licence where an Upland entity will act as operator.

The Company participated in the drilling of the Wick-1 exploration well in the Inner Moray Firth area of the North Sea during the year. Unfortunately, the main Beatrice Sandstone target, though good quality, was water bearing and the well was plugged and abandoned. Upland's partners in this well were Corallian Energy, Baron Oil and Corfe Energy.

We continued to make good progress on the road to securing new assets in Sarawak. Through a number of initiatives with both national and Sarawakian players, Upland has maintained a high profile in the area as a new oil & gas regulatory regime is being put in place.

In October 2018, Optiva Securities Limited, broker and financial advisor to Upland, exercised 6,500,000 warrants to subscribe for new shares in the Company and in January 2019, the Company announced that it had allowed the £3.5 million loan note facility put in place in March 2018 to lapse on 31 December 2018 without having needed to call upon it.

On 7 October 2019, Dr Steve Staley, the Chief Executive Officer, resigned with immediate effect for personal reasons. Christopher Pitman succeeded Dr Staley as interim CEO. The Upland Board wishes to thank Steve for his service and the substantial contribution that he has made to the Group since Upland was set up in 2012 and wishes him the best in his future endeavours.

We are continuing to develop an attractive low risk portfolio of interests.

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B B H Di
Chairman
31 October 2019

Upland Resources Limited

Strategic Report for the Year Ended 30 June 2019

The directors present their strategic report for the year ended 30 June 2019.

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

On the 1 August 2018, we announced that our application for an exclusive permit to explore the onshore Saouaf Permit area had been accepted by the Hydrocarbon Consultative Committee ("the HCC") of the Government of Tunisia. Award of the permit was subsequently ratified by the HCC in late December. As is required under the terms of the permit, a US$1 million bank guarantee was put in place. This will be released as the seismic acquisition and interpretation work commitments under the two-year permit are fulfilled.

An independent competent person's report ("CPR") for Saouaf was published on 31 December 2018. This CPR estimates that Saouaf holds 1.96 TCF recoverable gas plus 42 MMbbl oil, totalling a recoverable resource of 380 MMboe (millions of barrels of oil equivalent) in 13 leads and prospects. This includes an existing gas discovery (Dekrila), with an estimated 227 BCF recoverable resource, the undrilled Bou Dabbous Flower Structure with 813 BCF recoverable and the SNJ Prospect where the SNJ-1 well had oil on the shakers. On 28 June 2019, Upland's wholly-owned subsidiary, Upland (Saouaf) Limited, signed the licence documents for Saouaf with Tunisia's state oil company, ETAP, and the Ministry of Industry & Small & Middle Enterprises. This is the first licence where an Upland entity will act as operator.

Through one of its wholly-owned subsidiaries, the Company participated in the drilling of the Wick-1 exploration well in the Inner Moray Firth area of the North Sea during the year. Unfortunately, the main Beatrice Sandstone target, though good quality, was water bearing and the well was plugged and abandoned. Upland's partners in this well were Corallian Energy, Baron Oil and Corfe Energy.

The Company continued to make good progress on the road to securing new assets in Sarawak. Through a number of initiatives with both national and Sarawakian players, Upland has maintained a high profile in the area as a new oil & gas regulatory regime is being put in place.

In October 2018, Optiva Securities, broker and financial advisor to Upland, exercised 6,500,000 warrants to subscribe for new shares in the Company. On 2 January 2019, the Company announced that it had allowed the £3.5 million loan note facility put in place in March 2018 to lapse on 31 December 2018 without having needed to call upon it.

Significant events since the balance sheet date

On 16 August 2019, the Company migrated from the British Virgin Islands ("BVI") to Jersey. This was done primarily to provide all shareholders with the protection afforded by the UK's City Code On Takeovers and Mergers, which BVI domicile does not provide.

Dixon Wong and Christopher Pitman were appointed as non-executive directors of Upland on 4 September 2019.

On 20 September 2019, the Company's wholly-owned subsidiary, Upland UK, together with partners, was awarded the highly prospective 31st Round licences P2470 and P2478 in the Inner Moray Firth area of the UK North Sea. Upland UK holds a 40% interest in these licences.

On 7 October 2019, Dr Steve Staley, the Chief Executive Officer, resigned with immediate effect for personal reasons. Christopher Pitman succeeded Dr Staley as interim CEO.

Since his appointment as interim CEO, Christopher Pitman has met with the significant shareholding groups in Malaysia and initiated a review of the strategic direction of the Company. Several attractive investment opportunities have already been identified in the Asia Pacific region through our shareholder network and are now in the process of being evaluated by the Company's technical specialists. The management believe that such opportunities offer unique and game changing potential for the Company to partner with established regional players to participate in both late life and marginal field assets. Through the regional shareholders, the Company intends to concentrate its future efforts on producing or near-term producing assets in proven petroleum systems with existing infrastructure. Capital expenditure discipline will ensure that funds are used primarily on work to identify and sign new licences and subsequently undertake de-risking work programmes to materially add stakeholder value.

Principal risks and uncertainties

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

Sub-surface risks

Risk 1: 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 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.

Risk 2: Data can be misinterpreted leading to the construction of inaccurate models and subsequent plans.

Mitigation: All analytical outcomes are challenged internally and peer reviewed. Interpretations are carried out on modern geoscience software.

Corporate risk

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 31 October 2019 and signed on its behalf by:

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B B H Di
Chairman

Upland Resources Limited

Directors' Report for the Year Ended 30 June 2019

The directors present their report and the audited consolidated financial statements for the year ended 30 June 2019.

As a Jersey 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 key events during the year, 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 (resigned 7 October 2019)

B B H Di - Chairman

J E S King

M N B Zakaria (resigned 6 July 2018)

The following directors were appointed after the year end:

C N Pitman (appointed 3 September 2019)

D K S Wong (appointed 3 September 2019)

Results and dividends

The Group's loss on ordinary activities after taxation amounted to £4,394,505 for the year (2018 - £937,466). 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 10 to the financial statements.

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 17 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.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies (Jersey) Law 1991 and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

Directors' interests

As at 30 June 2019, 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
G H S Staley	20,549,102	3.51%
B B H Di *	16,634,620	2.84%
J E S King **	1,100,000	0.19%

* Included 7,788,460 shares held by the director's wife.

** Whilst J E S King is a director and minority shareholder in Optiva Securities Limited which owns 34,382,460 shares, he is not interested in such shares for the purposes of section 823 of the Companies Act 2006.

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.

Following the resignation of Dr Staley subsequent to the year end, these options have now lapsed.

Substantial shareholders

The following had interests of 5 per cent or more in the Company's issued share capital as at 30 June 2019:

Party Name	Number of Ordinary Shares	% of Ordinary Share Capital
M N B Zakaria	125,674,475	21.46%
Tune Assets Limited	74,579,604	12.74%
Optiva Securities Limited	30,205,530	5.15%

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 were therefore due to expire on 26 October 2018. However, as the Company was in a 'close period' at that date, the exercise period was extended and the warrants were exercised on 29 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.

On 12 June 2018, the Company granted to Optiva Securities Limited 5,498,442 warrants to subscribe for new ordinary shares (on the basis of 1 new ordinary share for each warrant) at a subscription price of 2.5p per ordinary share and exercisable at any time during the period of 3 years from 12 June 2018. The warrants will therefore expire on 12 June 2021.

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 does 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.

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 risks. 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 from the Financial Reporting Council (FRC). 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 remains in force at the date of this report.

Disclosure of information to the auditors

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 auditors in connection with preparing their report) of which the company's auditors are 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 auditors are aware of that information.

Approved by the Board on 31 October 2019 and signed on its behalf by:

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B B H Di
Chairman

Upland Resources Limited

Statement of Directors' Responsibilities

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

The directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ('DTR'). 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 group and of the profit or loss of the group 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 group will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with all applicable legislation and, as regards the group financial statements. They are also responsible for safeguarding the assets of the group 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 group's website. The work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the 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 group 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 group 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 group's position, performance, business model and strategy.

This responsibility statement was approved by the Board on 31 October 2019 and signed on its behalf by:

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B B H Di
Chairman

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 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;

- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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 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, 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.

Material uncertainty relating to going concern

We draw attention to note 2 to the financial statements, which details the factors the group has considered when assessing the going concern position. As detailed in note 2, the group raises funding from time to time to finance its exploration and ongoing administrative activities. There is no guarantee that the required funds will be raised within the necessary timeframe. The uncertainty surrounding the availability of funds to finance its activities indicates the existence of a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £74,000 (FY2018 £105,000). In the prior year, as the group had capitalised certain exploration assets, this was based on a measure of 2% of net assets. Given the assets have been impaired in the year, it was considered appropriate to base this on an 8% measure of normalised operating result, after adjusting for impairment losses.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £5,000 (2018: £5,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Group's accounting function is outsourced to an accounting organisation in the UK which directly reports to Directors. In establishing the overall approach to the Group audit, we determined the work that needed to be performed by us. All group companies were within the scope of our audit testing.

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) that we identified.

These matters included 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. This is not a complete list of all risks identified by our audit.

Valuation of exploration and evaluation assets
The group to date had capitalised £3,397,291 in relation to the Wick-1 exploration well development as an exploration and evaluation asset. The carrying value of these assets could be in excess of their recoverable amount and hence an impairment charge may be required and the amounts involved could be material.

Management impaired the Wick Well intangible assets during the year following unsuccessful testing in the exploration area. We reviewed management's consideration of impairment triggers as set out in IFRS 6 in relation to this assessment, as well as validating the results of testing. We considered the adequacy of the disclosures in respect of the impairment, including its inclusion in critical accounting estimates and judgements.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

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 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.

Matters on which we are required to report by exception

We have nothing to report to you in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement (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 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Other matters which we are required to address

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

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

....
John Glasby (Senior Statutory Auditor)
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH
Date: 31 October 2019

Upland Resources Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2019

	Note	2019 £	2018 £
Revenues		-	-
Exploration and evaluation expenditure		(36,476)	-
Intangible asset impairment	11	(3,397,291)	-
Administrative expenses		(889,108)	(904,649)
Operating loss	3	(4,322,875)	(904,649)
Interest receivable		-	533
Finance costs	4	(71,630)	(33,370)
Loss before tax		(4,394,505)	(937,466)
Taxation	5	-	-
Loss for the financial year		(4,394,505)	(937,466)
Total comprehensive expense for the financial year		(4,394,505)	(937,466)
Loss attributable to:			
Owners of the company		(4,394,505)	(937,466)
Total comprehensive expense attributable to:			
Owners of the company		(4,394,505)	(937,466)
Loss per share			
Basic and diluted (£ per share)	6	(0.008)	(0.002)

The above results were derived from continuing operations.

The notes on pages 20 to 34 form an integral part of these financial statements.

Upland Resources Limited

Consolidated Statement of Financial Position as at 30 June 2019

	Note	2019 £	2018 £
Non-current assets			
Intangible assets	11	-	301,986
Current assets			
Trade and other receivables	13	104,082	3,139,270
Cash and cash equivalents	14	1,064,601	2,173,720
		1,168,683	5,312,990
Total assets		1,168,683	5,614,976
Equity and liabilities			
Stated capital	17	7,684,962	7,619,962
Retained earnings		(6,731,466)	(2,336,961)
Total equity		953,496	5,283,001
Current liabilities			
Trade and other payables	15	215,187	331,975
Total equity and liabilities		1,168,683	5,614,976

These financial statements were approved and authorised for issue by the Board on 31 October 2019 and signed on its behalf by:

....

J E S King

Director

The notes on pages 20 to 34 form an integral part of these financial statements.

Upland Resources Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2019
Equity attributable to equity holders of the parent company

	Stated capital £	Retained earnings £	Total equity £
At 1 July 2018	7,619,962	(2,336,961)	5,283,001
Loss for the year and total comprehensive income	-	(4,394,505)	(4,394,505)
Transactions with shareholders			
Issue of shares	65,000	-	65,000
At 30 June 2019	7,684,962	(6,731,466)	953,496

	Stated capital £	Retained earnings £	Total equity £
At 1 July 2017	3,751,831	(1,418,437)	2,333,394
Loss for the year and total comprehensive income	-	(937,466)	(937,466)
Transactions with shareholders			
Issue of shares	4,040,000	-	4,040,000
Share issue costs	(171,869)	-	(171,869)
Share based payment transactions	-	18,942	18,942
At 30 June 2018	7,619,962	(2,336,961)	5,283,001

Upland Resources Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss from operations for the year		(4,322,875)	(904,649)
Adjustments to cash flows from non-cash items:			

Share-based payment expenses	9	-	18,942
Impairment of intangible assets	11	3,397,291	-
Operating cash flows before working capital movements		(925,584)	(885,707)
(Increase)/decrease in trade and other receivables		(36,442)	105,902
Increase in trade and other payables		52,275	53,321
Net cash flow used in operating activities		(909,751)	(726,484)
Cash flows from investing activities			
Interest received		-	553
Expenditures incurred on exploration and evaluation assets		(3,127,499)	(269,792)
Net cash flow used in investing activities		(3,127,499)	(269,239)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs	17	2,928,131	965,000
Finance costs		-	(46,429)
Net cash flow from financing activities		2,928,131	918,571
Net decrease in cash and cash equivalents		(1,109,119)	(77,152)
Cash and cash equivalents at beginning of period	14	2,173,720	2,250,872
Cash and cash equivalents at end of period	14	1,064,601	2,173,720

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