Jersey Company number: 129667

UPLAND RESOURCES LIMITED

Interim Report and Accounts

for the Six-Month Period from 1 July 2020 to 31 December 2020

UPLAND RESOURCES LIMITED

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UPLAND RESOURCES LIMITED

REPORT OF THE DIRECTORS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2020

Upland Resources ("Upland" or the "Company" or the "Group") has made steady progress on licence activities in the second half of 2020.

On 14 July 2020, the Company announced a successful fund raise of £470,000 via a placing and subscription of ordinary shares. Associated warrants were also issued on a one for two ordinary share basis. These funds are being deployed to progress the technical studies in Tunisia and to develop the new licence opportunities to a negotiation stage.

In August 2020, the Company announced the execution of a Memorandum of Understanding with Viddacom (B) Sdn Bhd, a local Brunei oil services and logistics company. This agreement is consistent with a strategy to identify and evaluate new attractive opportunities offering significant potential for growth. Local partners are seen to be instrumental in the evaluation and closure of new licences and the Company continues to engage with other prospective companies in target regions.

Recent political developments have given cause for optimism in our pursuit of an exploration permit in Sarawak and together with positive findings from our initial geological studies have given encouragement to our selection of a possible licence. We now hope to be able to follow up with the relevant authorities.

On 10 September 2020, the Company announced that Mr Christopher Pitman relinquished his role as Chief Executive Officer to focus on sourcing and developing new business opportunities. Mr Pitman continues to serve as a director of the Company, with Mr Bolhassan Di assuming the role of interim Chief Executive Officer from that date.

The Company commissioned highly experienced external consultant GA.I.A. srl (GAIA Consulting) to undertake a detailed geological and geophysical study of the Saouaf Permit, Tunisia, in order to prepare a lead and prospect inventory and to assess the potential for de-risking through the application of seismic re-processing techniques using the existing data acquired by previous companies.

Following the appointment of GAIA Consulting, and as part of the approved Tunisian work programme within the Saouaf licence area, the Company's technical team have integrated geology, geophysics and geochemistry to complete a sound geological model of the subsurface of the Saouaf licence area. All the available vintage well and seismic data were ingested and loaded in state-of-the-art geoseismic interpretation software and a dedicated Geographic Information System (GIS).

Regional analyses of existing and new plays have been completed, identifying a promising sub-salt play, new for the Saouaf area but well proven in Algeria and Morocco. Comparisons were made with the giant gas field of Hassi R'Mel in Algeria (85 TCF of natural gas recoverable) and the recent gas discovery at Tendrara in North-Eastern Morocco (0.9 TCF recoverable + 8 TCF potential).

The sub-salt play is based on the presence within the Saouaf license area of an extensive Triassic salt formation acting as top seal and the presence of a light oil surface seep that indicates a mature, deep source rock active in the area, most likely the wide-spread and prolific Silurian "Hot Shale" formation.

The next phase will include reprocessing of existing ETAP seismic data in order to plan for the subsequent new data acquisition campaign. The technical work plan includes final selection of some 80-100 km of existing seismic lines for test reprocessing, which will now also specifically aim at improving the imaging of the deep "base of salt" reflector and at testing for the presence of any indirect indication of gas saturated porosity below the Triassic salt formation.

In the UK, the P2478 licence group comprised of Corallian Energy Limited (Operator), Upland Resources Limited and Baron Oil plc agreed an extension to the previously announced Work Sharing and Confidentiality Agreement with a large International E&P Company for the Inner Moray Firth licence from 30 September 2020 to 31 January 2021. This extension allowed additional time for the Interested Party to complete its regional studies and the P2478 Joint Venture Partners agreed to continue to cease marketing a joint farm-out until 31 January 2021.

Significant events since the end of the reporting period

On 20 January 2021, the Company announced that it had been informed by the Direction Générale des Hydrocarbures of the Ministry of Industry, Energy and Mines that the Saouaf Prospecting Permit duration will be extended for one year, expiring on 23 December 2022, following a request submitted by the Company in August 2020. It is expected that further formal notification of this approval will be conveyed within the Official Gazette of the Republic of Tunisia.

A 2021 work programme submitted to ETAP for approval includes the reprocessing of specific vintage seismic lines, the acquisition of a new 300 km 2D seismic survey and multidisciplinary geological and geochemical studies, aiming at de-risking the identified leads and prospects and increasing the Chance of Success.

On 15 February 2021, the Company announced that as a result of work done on the vintage exploration data, several leads had been identified, spread over a number of different exploration plays, namely the Eocene, Cretaceous, Jurassic and Pre-Salt plays. Studies are now ongoing to map and define a series of new prospects and leads.

The best-defined structure is a prospect named Pyrite, which is part of a large isolated carbonate platform developed at Lower Cretaceous–Jurassic level. This prospect is defined by thirteen seismic lines of good quality, most of which have been acquired in 2006 or in 2012 and subsequently reprocessed in 2013 by a previous operator. Pyrite is a large independent closure being part of a wide ring of carbonate build-ups of Early Cretaceous age (Ressas formation), which has been growing on top of a carbonate platform of Jurassic age (Nara formation). The top seal is represented by the shale-dominated Sidi Khalif and M'Cherga formations, which cap the carbonate build-up.

The Pyrite prospect is interpreted to contain between 0.7 and 1.6 TCF of recoverable gas (respectively Low=P_{90} and High=P_{10} of Prospective Resources), with a most likely value of 1.1 TCF (Best=P_{50}), equivalent to approx. 183 MBoe.

Two other structures were also identified close to Pyrite, belonging to the same Jurassic-Lower Cretaceous carbonate play, named respectively Galena and Marcasite.

The interpretation work will continue, also on the base of additional vintage seismic data received from ETAP after the TCM/OCM held on 12 January 2021.

The assessment of the potential of all the leads identified within the licence area will continue including the promising structural closures at Sub-Salt level, where four structural highs have been identified so far. Their areal extensions of these features range from 61 km^2 to 196 km^2, with the largest one (Halite lead) being the best defined on the basis of the seismic interpretation and a prominent Bouguer gravity anomaly.

In February 2021, the P2478 Joint Venture Partners (Corallian Energy, Baron Oil and Upland Resources) announced that the Interested Party had completed its regional and technical studies and communicated its decision not to enter into any subsequent farm-in discussions with the licence group. The Joint Venture Partners are now considering their options with regard to undertaking re-processing of the existing 3D seismic data prior to re-launching an industry farm-out campaign to seek a strategic partner willing to fund the continued de-risking work programme relating to the Dunrobin and Golspie prospects.

Results for the period

The financial results for the six-month period ended 31 December 2020 are appended to this report.

Upland made a pre-tax loss of £367,687 for the six months to 31 December 2020, compared to a £516,552 loss for the comparable six months to 31 December 2019. The principal reasons for the decreased costs in the six-month period are reduced overhead expenditure and lower costs due to the constraints on activity as a result of Coronavirus pandemic restrictions.

The Company plans to grow through the identification and closure of significant new business opportunities which should facilitate access to additional finance.

The Board of Directors expect that operating conditions in 2021 will improve as uncertainty due to the impact of the Coronavirus pandemic eases and the oil price continues to recover from its heavy fall in early 2020. The gradual lifting of travel restrictions may allow work related visits to resume during 2021. The resumption of business travel means that the Company is now well placed to pick up the continuation of studies and discussions during the previous lockdowns relating to identified new licence opportunities.

Risks and uncertainties

The Group has identified the following as key risks in the second six months of this financial year:

Subsurface risks

Risk (1): The success of the business relies on accurate and detailed analysis of the subsurface. This can be impacted by poor quality data, either historical or recently gathered, and limited 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 is considered and adequate 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 risks

Risk: The Group's success depends upon skilled management as well as technical and administrative staff. The loss of service 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 they are competitive.

Going concern risk

Risk: There is no guarantee that the required funding will be raised within the necessary timeframe, as a result there is an uncertainty on the Group’s ability to continue as a going concern.

Mitigation: The Group regularly monitors funding requirements, including the requirement to raise additional capital, to ensure there is sufficient working capital to enable it to continue its operations.

Going Concern

The interim accounts have been prepared on a going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. The Group meets its current day to day working capital requirements through existing cash reserves.

The Group raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods only and further funding will be required from time to time to finance those activities as well as ongoing administrative expenses. The Group held cash balances of £763,700 as at 31 December 2020, although £731,948 of this is held on deposit as a condition of the Saouaf licence.

The Directors believe that the Group will be able to raise, as required, sufficient cash or reduce its commitments to enable it to continue its operations, including the pursuit of future exploration opportunities, and to continue to meet its liabilities, as and when they fall due.

However, as there can be no guarantee that the required funds will be raised within the necessary timeframe, consequently a material uncertainty exists that may cast doubt on the Group's ability to continue to operate as planned and to be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of approval of these interim accounts. The interim accounts do not include the adjustments that would result if the Group was unable to continue in operation.

Auditing

This interim report and accounts for the six-month period ended 31 December 2020 (the "**Interim Report and Accounts**") has not been audited or reviewed pursuant to the Financial Reporting Council guidance on 'Review of Interim Financial Information''.

Statement of Directors' Responsibilities

The Interim Report and Accounts is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report and Accounts in accordance with the Disclosure and Transparency Rules (the "**DTRs**") of the United Kingdom's Financial Conduct Authority (the "**FCA**"). The DTRs require that the accounting policies and presentation applied to the half yearly figures must be consistent with those applied in the latest published annual accounts.

The Directors confirm that, to the best of their knowledge, the set of financial statements contained in the Interim Report and Accounts, which have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, as required by DTR 4.2.2 and in particular include a fair review of:

- the important events that have occurred during the half of the financial year and their impact on the set of financial statements contained in the Interim Report and Accounts, as required by DTR 4.2.7R;
- the principal risks and uncertainties for the remaining half of the year as required by DTR 4.2.7R; and
- related party transactions that have taken place in the first half of the current financial year.

The Directors of Upland Resources Limited are Bolhassan Di (*Chairman and interim Chief Executive Officer*), Christopher Pitman (*Non-Executive*), Dixon Kit Seng Wong (*Non-Executive*), Aimi Nasharuddin (*Non-Executive*) and Jeremy King (*Non-Executive*).

Bolhassan Di
Chairman and interim CEO

28 March 2021

UPLAND RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE INTERIM SIX-MONTH PERIOD ENDED 31 DECEMBER 2020

	6 months to 31 December 2020 £	**6 months to 31 December 2019 £**
Revenue	-	-
Exploration and evaluation expenditure	-	(3,922)
Administrative expenses	(367,687)	(512,630)
Operating loss	(367,687)	(516,552)
Loss before taxation	(367,687)	(516,552)
Taxation	-	-
Loss and Total Comprehensive Income for the Period Attributable to Equity Owners of the Parent Company	(367,687)	(516,552)
Loss per share in pence – basic and diluted	(0.05)	(0.09)

The results above derive wholly from continuing operations.

UPLAND RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 December 2020 £	30 June 2020 £
Non-Current assets			
Intangible assets	2	141,027	79,417
Current assets			
Trade and other receivables	3	7,159	11,541
Cash and cash equivalents		763,700	823,127
		770,859	834,668
Total assets		**911,886**	**914,085**
Equity			
Share capital		-	-
Share premium		8,440,232	7,989,832
Retained earnings		(7,769,685)	(7,450,830)
Total equity		670,547	539,002
Current liabilities			
Trade and other payables	4	241,339	375,083
Total equity and liabilities		**911,886**	**914,085**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM SIX-MONTH PERIOD ENDED 31 DECEMBER 2020

	Premium on shares £	Retained earnings £	Total equity £
At 1 July 2020	7,989,832	(7,450,830)	539,002
Issue of shares	450,400	-	450,400
Share-based payment transactions	-	48,832	48,832
Loss for the period	-	(367,687)	(367,687)
At 31 December 2020	8,440,232	(7,769,685)	670,547

	Premium on shares £	Retained earnings £	Total equity £
At 1 July 2019	7,684,962	(6,731,466)	953,496
Issue of shares	82,370	-	82,370
Loss for the period	-	(516,552)	(516,552)
At 31 December 2019	7,767,332	(7,248,018)	519,314

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM SIX-MONTH PERIOD ENDED 31 DECEMBER 2020

	6 months to 31 December 2020 £	6 months to 31 December 2019 £
Cash Flows from Operating Activities		
Loss from operations	(367,687)	(516,552)
Share-based payment expenses	48,832	-
Decrease in trade and other receivables	4,382	97,489
(Decrease)/increase in trade and other payables	(133,744)	64,679
Net cash used in operating activities	(448,217)	(354,384)
Cash Flows from Investing Activities		
Expenditures incurred on exploration and evaluation assets	(61,610)	-
Net cash used in investing activities	(61,610)	-
Cash Flows from Financing Activities		
Proceeds from issue of ordinary shares, net of issue costs	450,400	82,370
Net cash generated from financing activities	450,400	82,370
Net (decrease) in cash and cash equivalents	**(59,427)**	**(272,014)**
Cash and cash equivalents at the beginning of the period	823,127	1,064,601
Cash and cash equivalents at the end of the period	**763,700**	**792,587**

UPLAND RESOURCES LIMITED

NOTES TO THE INTERIM ACCOUNTS

1 Accounting policies

The same accounting policies and methods of computation are followed in these interim accounts as compared with the most recent annual financial statements.

2 Intangible assets

	Exploration and evaluation costs £
Cost	
At 1 July 2019	3,397,291
Expenditure	79,417
At 1 July 2020	3,476,708
Expenditure	61,610
At 31 December 2020	3,538,318
Impairment	
At 1 July 2019	(3,397,291)
Charge for the year	-
At 1 July 2020	(3,397,291)
Charge for the year	-
At 31 December 2020	(3,397,291)
Carrying amount	
At 31 December 2020	141,027
At 30 June 2020	79,417

3 Trade and other receivables

	31 December 2020 £	30 June 2020 £
Other debtors	620	6,036
Prepayments	6,539	5,505
	7,159	11,541

4 Trade and other payables

	31 December 2020 £	30 June 2020 £
Trade payables	116,273	147,001
Other payables	25,353	18,571
Accrued expenses	99,713	209,511
	241,339	375,083

5 Related party transactions

The Directors are considered to be the key management personnel of the Company. During the interim period, the Company paid fees to Directors amounting to £71,082 (year ended 30 June 2020 - £191,122).

During the interim period, the Company was charged fees and commission of £32,942 (year ended 30 June 2020 - £35,000) by a company of which a Director of the Company is also a director and shareholder.

During the interim period, the Company was charged consultancy fees of £18,000 (year ended 30 June 2020 - £36,000) by a Director of the Company.

6 Commitments and post balance sheet events

Upland's wholly-owned subsidiary, Upland (Saouaf) Limited ("Upland Saouaf"), has a 50% interest in the exclusive Saouaf hydrocarbon exploration and appraisal licence ("the Licence"). The other 50% interest is held by ETAP (the Tunisian state oil company). The Licence is to be operated by Upland Saouaf. The terms of the Licence commit Upland Saouaf to carry out a minimum work programme including the acquisition of 300 km of new 2D seismic data. A $1 million bank guarantee has been put in place by Upland, which will be reimbursed as elements of the work programme are completed. The Licence's initial term of two years has been extended by one year expiring on 23 December 2022, and may be converted and thereby extended in term at Upland Saouaf's option, providing the work commitments of the initial term have been fulfilled within the initial period.

In addition, at the reporting date, Upland's wholly-owned subsidiary, Upland Resources (UK Onshore) Limited ("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 (INEOS Upstream and Europa Oil & Gas). However, it is the Board's opinion that under that arrangement, the Company will not incur any costs over the remaining term of the licence.

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