



# Production, Development, Exploration Drilling and Investment in the UK Onshore Hydrocarbon Sector

UNION JACK OIL plc

AIM: UJO

# Corporate Presentation

April 2016



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# Strategy – focused on value creation in a low oil price environment

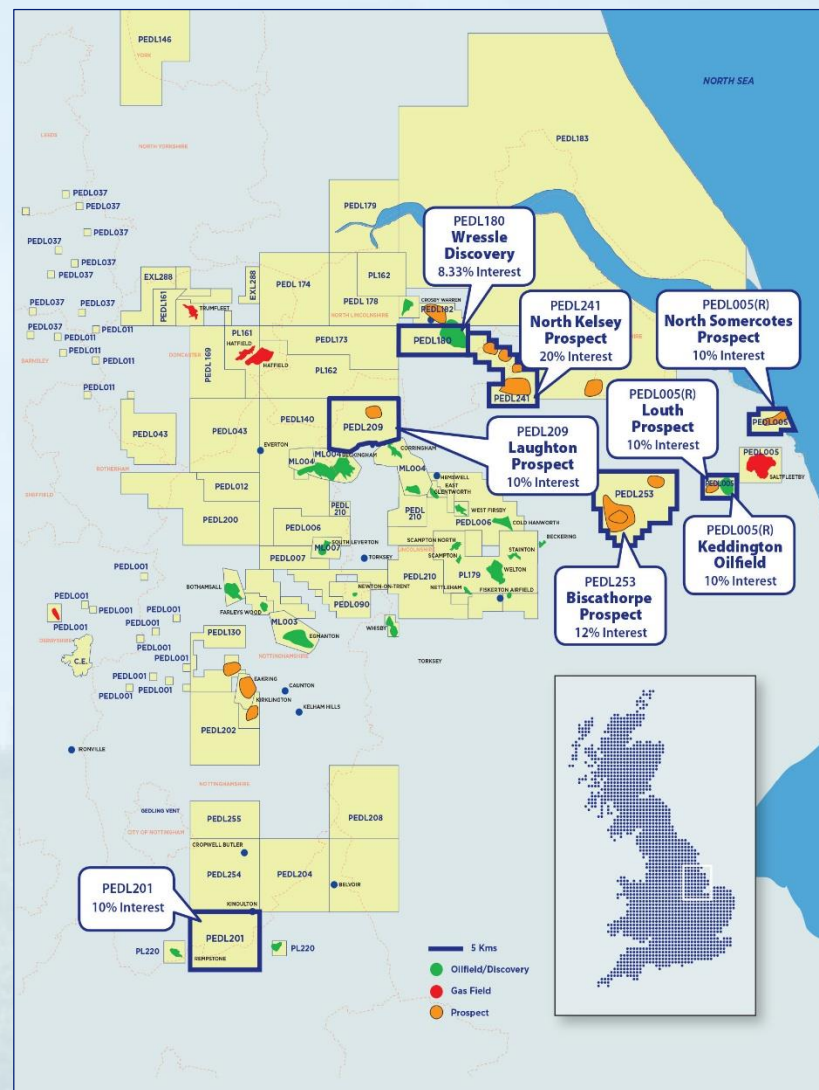


- **Strategic Objective: create shareholder value by building a successful UK onshore E&P company and growing risked asset value per share**
  - The Board believe the full-cycle costs associated with UK onshore E&P activity remain attractive in a low oil price environment
- **Focused on conventional low-cost onshore production, development, and exploration drilling: avoided early-stage and frontier exploration as high risk**
  - Conventional onshore projects are manageable and typically use straight forward development techniques
- **Assembled a portfolio of drill-ready exploration and appraisal targets**
  - Shortens lead times between acquisition and either exploration drilling or initial production from discoveries
- **Expand drill-ready portfolio selectively: open to production opportunities**
  - Asset farm-in, corporate activity and licence rounds: also targeting attractive low-cost producing assets
- **Apply strict financial and technical discipline to our activities**
  - Pride ourselves on having low general and administrative costs for the foreseeable future and remain debt free



# Conventional low-cost onshore production, development and exploration drilling

- Experienced corporate and technical team
- Listed on AIM: UJO
- Assembled a balanced portfolio of six licence interests all based in the East Midlands, an established producing province
  - Wressle-1 discovery (PEDL180) with combined ~710 boepd on test
  - Progressing Field Development Plan - for early oil production at Wressle during H2 2016
  - Acquired interest in Keddington oilfield (PEDL005(R)): side track well recently drilled and awaiting flow test
  - Contains the drill-ready and significant Louth and North Somercotes prospects (PEDL005(R))
  - Drill-ready Biscathorpe prospect (PEDL253) where oil bearing sandstone has previously been discovered
  - Drill-ready North Kelsey prospect (PEDL241)
  - Significant shale potential in PEDL201
- Cash of £2.8 million as at 1 March 2016: fully funded programme
- Strategy is asset value accretive: portfolio risked NPV of £18.3 million or 0.63p per share (6.8p unrisked)\*



\*Source: SP Angel Research (Date: 26 February 2016 – available on Company website)

# Experienced corporate and technical team



## **David Bramhill**, *Executive Chairman*

David has over forty years of experience in the natural resources industry. He has consulted for several companies including; Shell, Petrofina, British Petroleum, Premier Oil and Saxon Oil via Rotork plc. He has directed and managed several energy companies including Nighthawk Energy, Wessex Exploration and OilQuest Resources, an onshore UK exploration company that merged with EnCore Oil in 2006 and was subsequently acquired by Premier Oil plc in 2012.

## **Joseph O'Farrell**, *Executive Director*

Joseph has over thirty years of corporate experience in the hydrocarbon industry. He has managed several energy companies and is a former director of OilQuest Resources. He has assisted numerous companies, working in conjunction with corporate advisers in Pre-IPO fund raising and project acquisition.

## **Graham Bull**, *Non-Executive Director and Technical Adviser*

Graham is a geologist with 46 years of international oil and gas industry exploration experience. Following graduation from the University of Leicester in 1968 with a BSc Hons Geology he worked in Canada and held positions with Chevron, Dome Petroleum, Siebens Oil and Gas and Poco Petroleum and also provided exploration expertise to a Canadian drilling fund. He returned to the UK in 1982 taking the position as Chief Geologist to Sovereign Oil and Gas plc. In addition, Mr Bull has operated as a geological adviser for EnCore Oil plc (formerly OilQuest Resources plc), Premier Oil plc, Cirque Energy and DSM Energy. He is currently an exploration geological consultant working on Northwest Europe offshore and onshore United Kingdom and other international areas. Mr Bull is a member of the Petroleum Exploration Society of Great Britain, the American Association of Petroleum Geologists and a Fellow of the Geological Society of London.

## **Raymond Godson**, *Non-Executive Director*

Raymond is a Chartered Accountant with forty years of experience in the hydrocarbon sector. He is a former director of RTZ Oil & Gas, subsequently acquired by Elf in 1988 and has held positions with numerous energy related companies including, Ophir Energy, Fusion Oil & Gas, Aurelian and Teredo Petroleum.

# Assembled a balanced portfolio of six licence interests

– significant value creation and upside potential

Currency	NPV †			
	mm*		per share**	
	Unrisked	Risked	Unrisked	Risked
US Dollar	282.2	26.2	0.10	0.01
British Pounds*	196.7	18.3	6.81	0.63

\* FX: \$/£ = 1.43 and 2.887mm shares in issue

\*\* pence per share for British pounds per share data

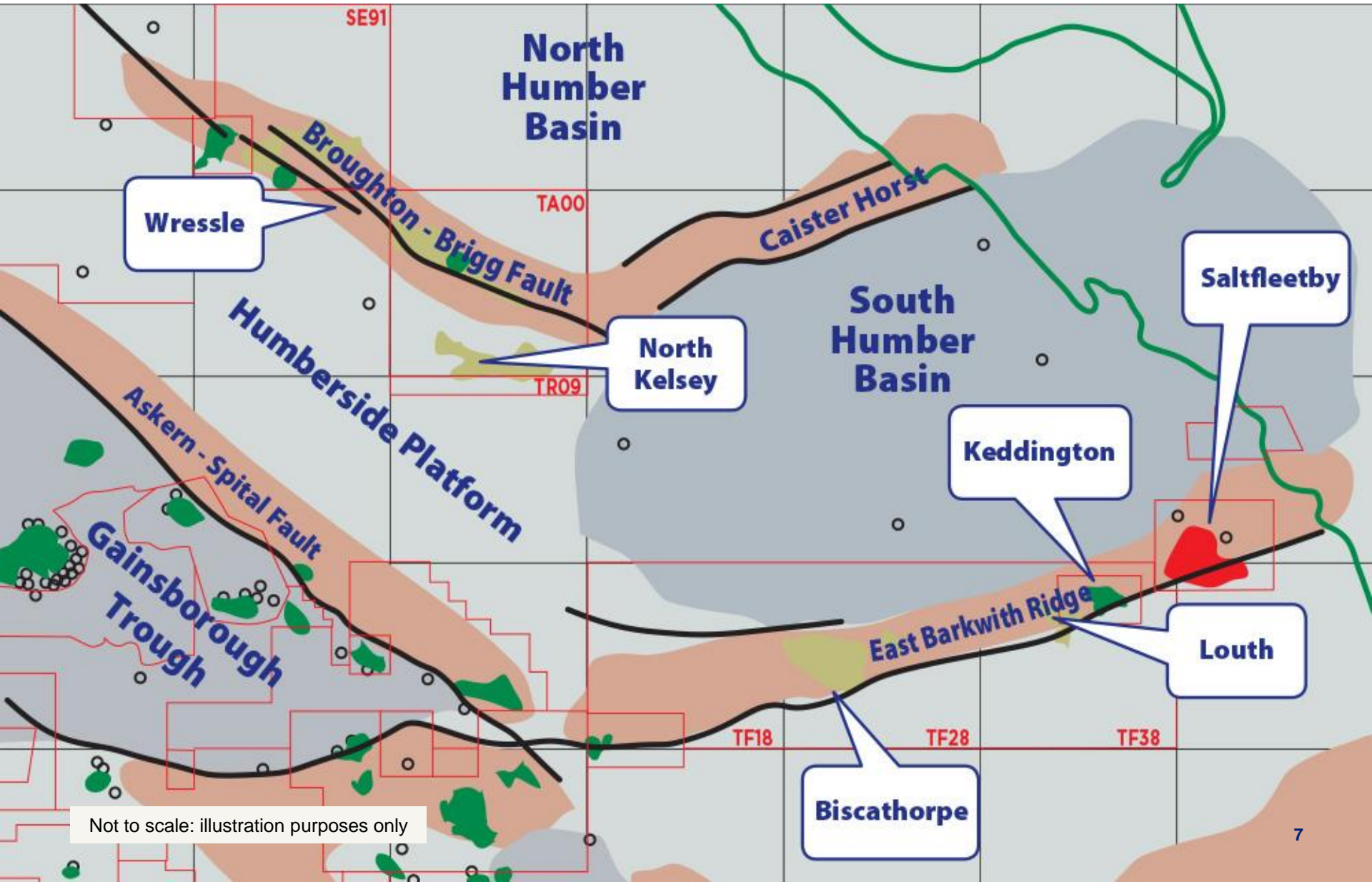
- Significant shareholder value created – risked NPV of £18.3 million††
- Cash £2.8 million as at 1 March 2016: fully funded drilling and testing programme and news flow
  - Progressing Field Development Plan for early oil production at Wressle during H2 2016
  - Side track well drilled at the producing Keddington oilfield in January 2016 awaiting flow test
  - Two exploration wells at Biscathorpe-2 and at North Kelsey-1 planned to be drilled during 2016

† Source: SP Angel Research (Date: 26 February 2016 – available on Company website)

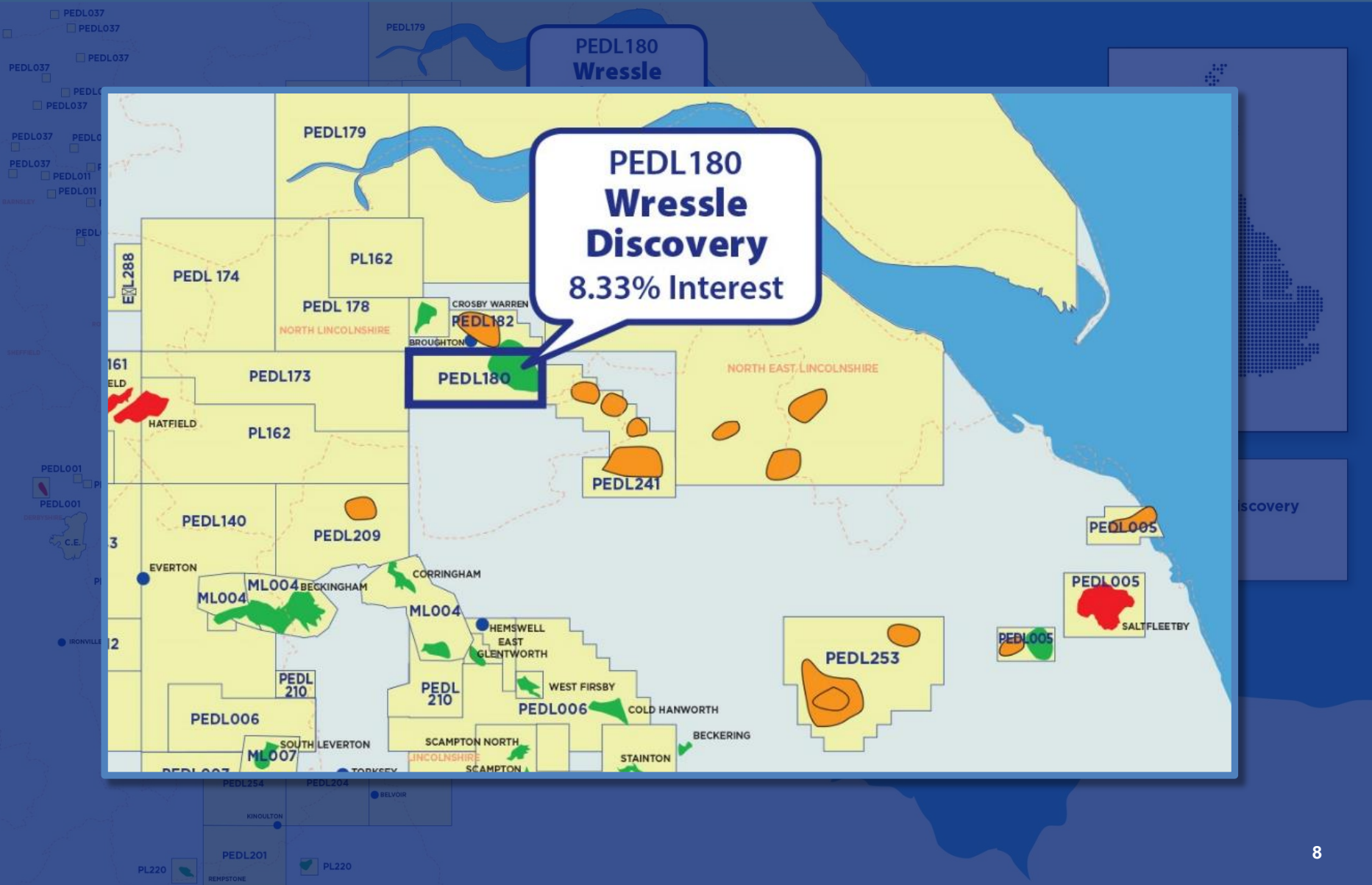
†† Source: SP Angel Research (Date: 26 February 2016 – available on Company website)



# East Midlands Province: structural elements



# PEDL180 Wressle oil discovery (8.33%) – progressing Field Development Plan for early oil production during H2 2016

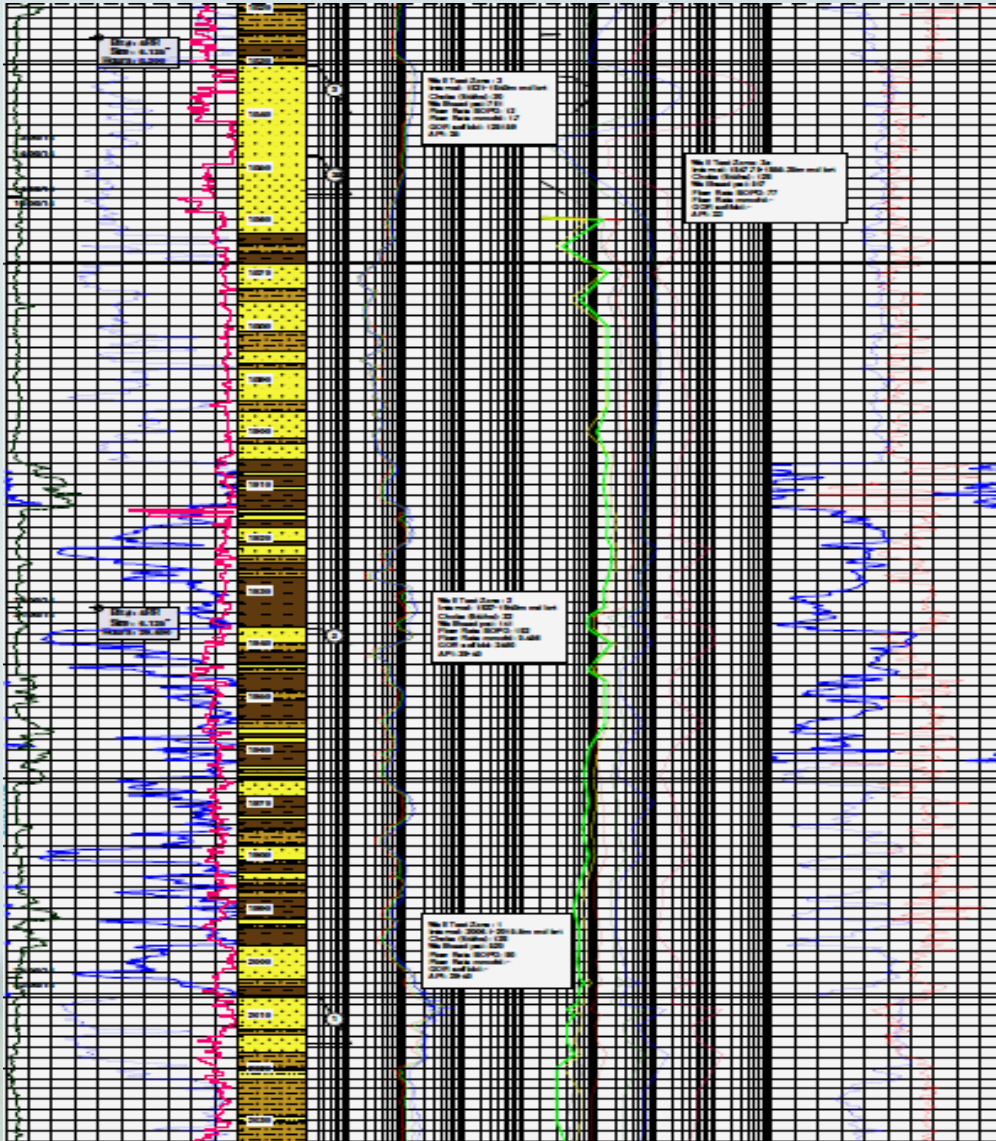




# Wressle discovery (8.33%) – progressing Field Development Plan for early oil production

- PEDL180 licence is in Lincolnshire in the established East Midlands producing province
  - On trend with nearby discoveries at Crosby Warren, Brigg and Broughton
- Licence contains the Wressle-1 discovery that produced at an aggregate of ~710 boepd from all zones tested
  - Pre-drill mean prospective resources estimated at 2.13 MMbbl oil gross\* (0.18 MMbbl net to UJO) under review following discovery well
- Commenced planning and permitting work in support of a Field Development Plan for early oil production at Wressle
  - Fast track early oil production at Wressle during H2 2016
  - 3D seismic data over the Wressle structure reprocessed in support of the Field Development Plan and to identify further prospectivity
- Significant value created by the drill bit at Wressle-1 discovery well
- UJO also has an option over adjoining PEDL182 if the Wressle structure extends into this licence that is exercisable at no cost to UJO

# Wressle- 1 composite log



## Penistone Flags

15.9 metre pay  
DST 89 bopd, 35 API and 1.7 mmcf/d  
EWT 180 bopd

## Wingfield Flags

5.1 metre pay  
DST 182 bopd, 39 API and 0.46 mmcf/d

## Ashover Grit

6.1 metre pay  
DST 80 bopd, 39 API and 0.47 mmcf/d

# Wressle well site testing operations





# Testing at Wressle-1 discovery

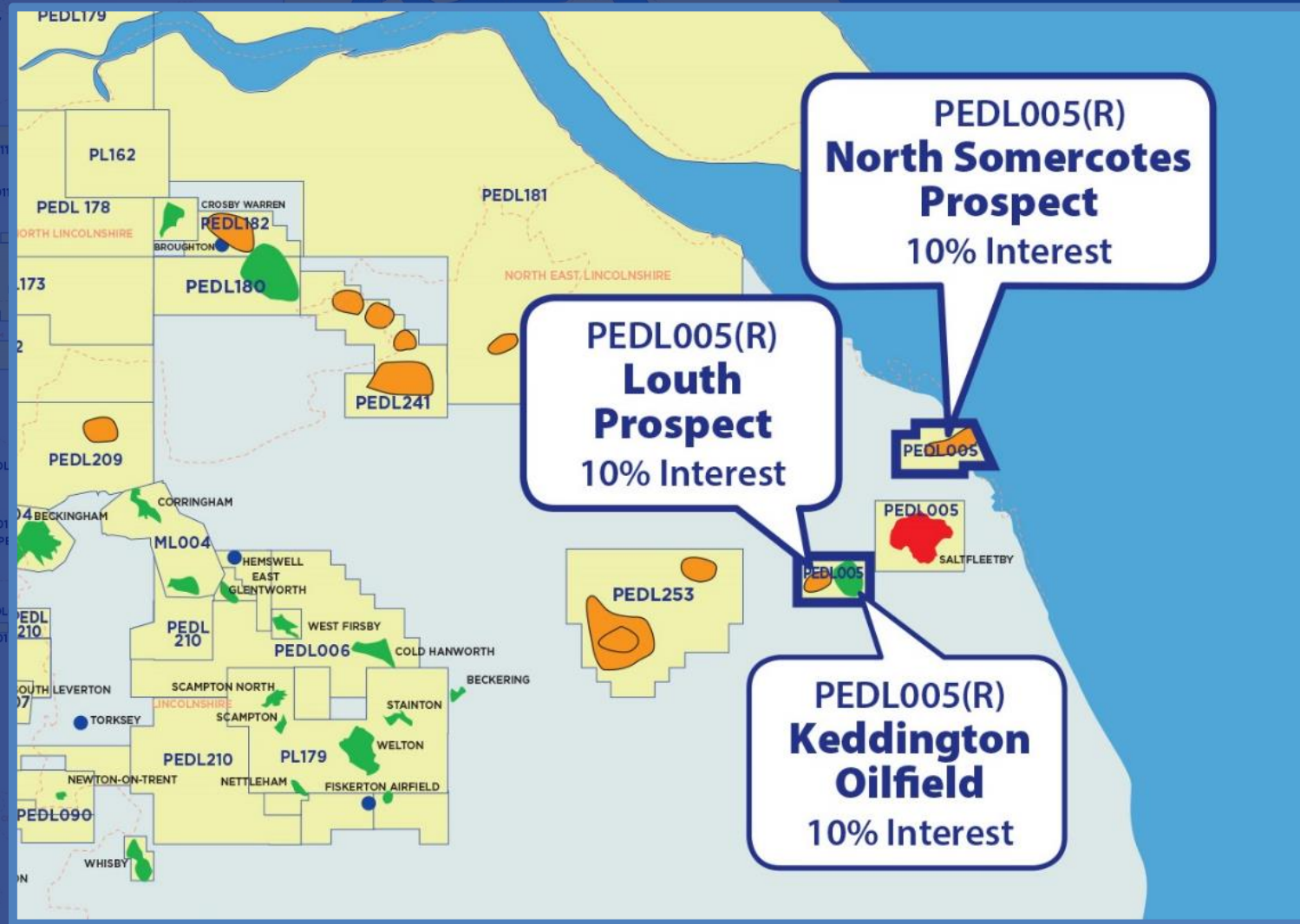




# Flaring at Wressle-1 discovery



# PEDL005(R) Keddington oilfield (10%) – producing asset with recently drilled side track well awaiting flow test





# PEDL005(R) Keddington oilfield (10%)



- Union Jack's first production asset interest acquired in September 2015
  - Own 10% interest in Keddington, associated infrastructure and production facilities
  - Has produced in excess of 300,000 bbls of oil to date
- Keddington-5: side track well drilled in January 2016 awaiting flow test
- Will look to maximise the value of the “Greater Keddington” area
  - Licence has significant potential with two additional drill-ready prospects identified
- Louth Prospect: oil prospect is defined on reprocessed 3D seismic data
  - Estimated to contain OIIP of 5.5 MMbbl and mean prospective resources of 1.4 MMbbs (gross)\* with an attractive  $COS_{geo}$  of 37%†
- North Somercotes Prospect: gas prospect located north of the Saltfleetby gasfield
  - Estimated to contain Mean Prospective Resources of 11.0 Bcf (gross)\*\* and a  $COS_{geo}$  of 25%††
- Under the terms of the farm-in agreement, UJO will pay
  - 20% of the cost of the Keddington-5 well drilled in January 2016
  - 20% of the costs of the Louth-1 exploration well planned for 2016 or 2017

\* Source: Egdon Resources plc  
† Source: Egdon Resources plc

\*\* Source: Egdon Resources plc  
†† Source: Egdon Resources plc

# Keddington production facilities



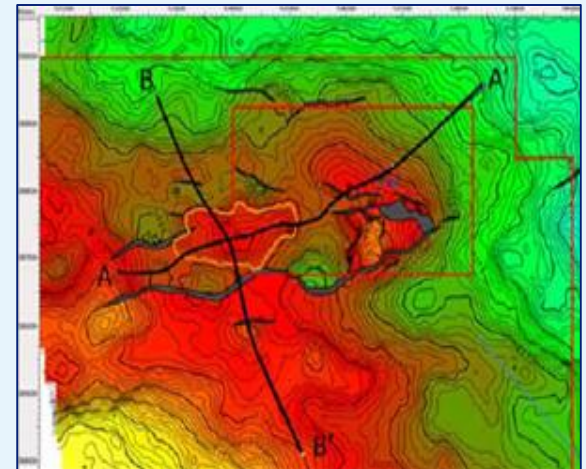
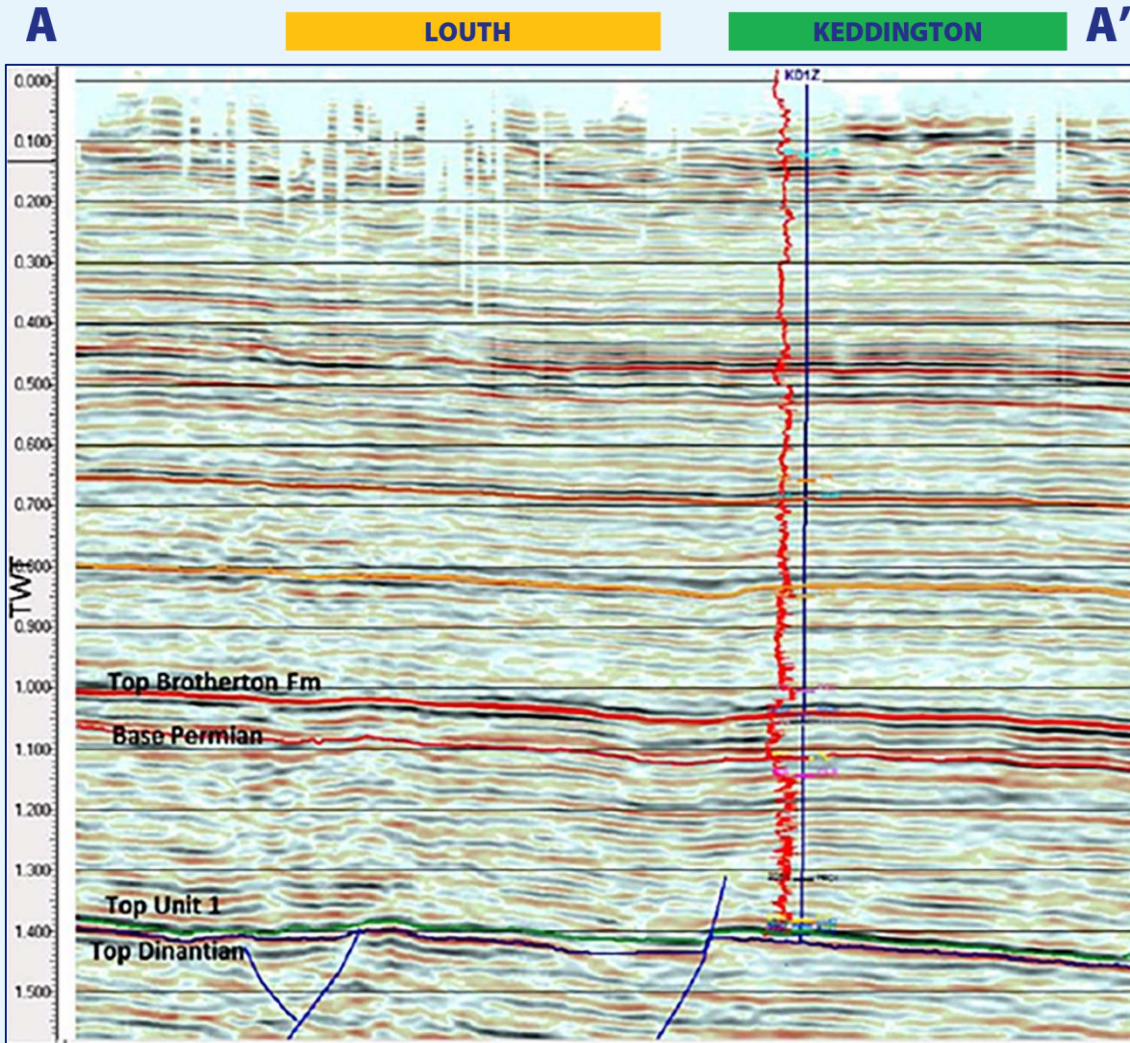


# Keddington-5 drilling operations

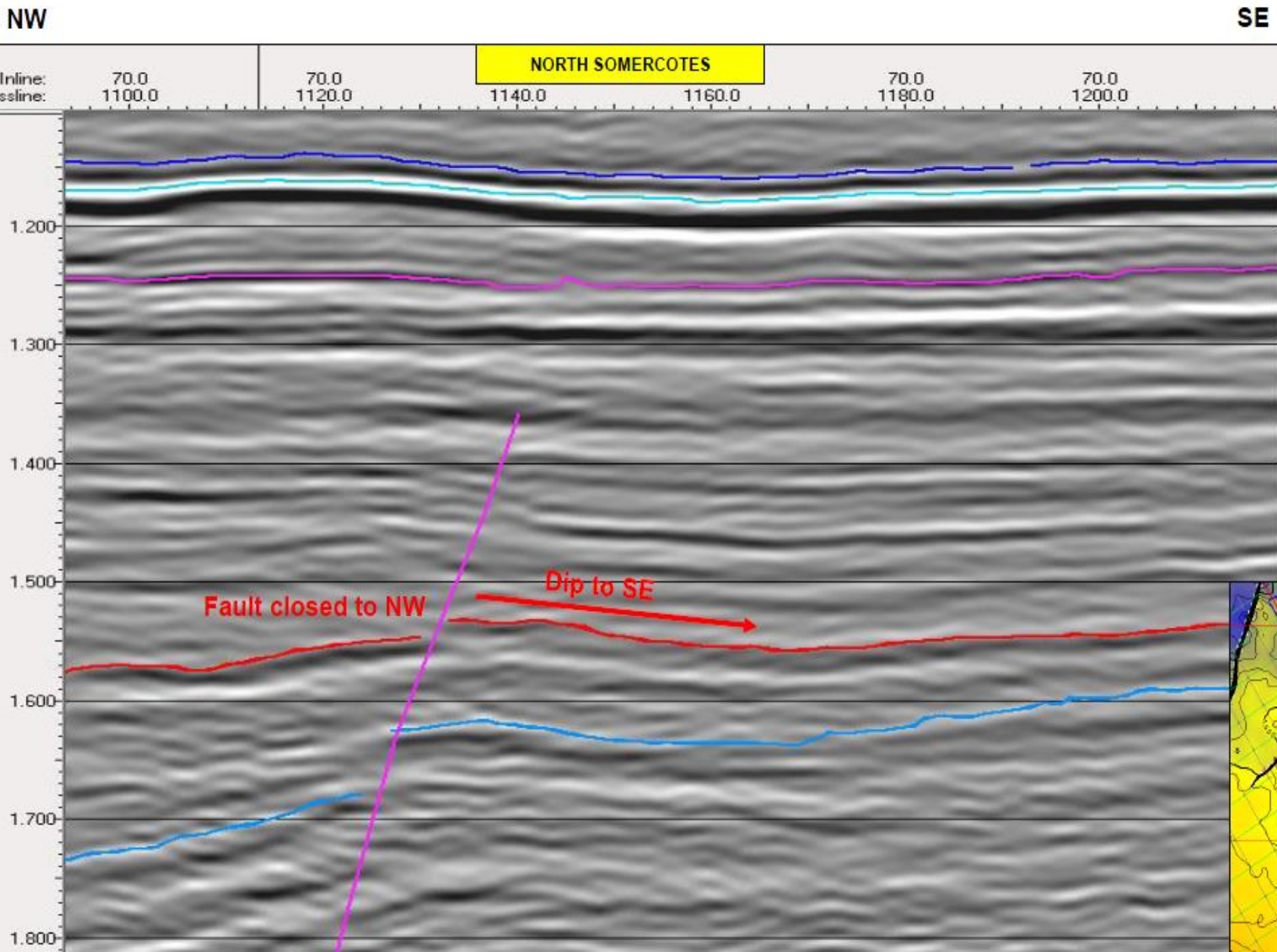




# Louth Prospect (10%)

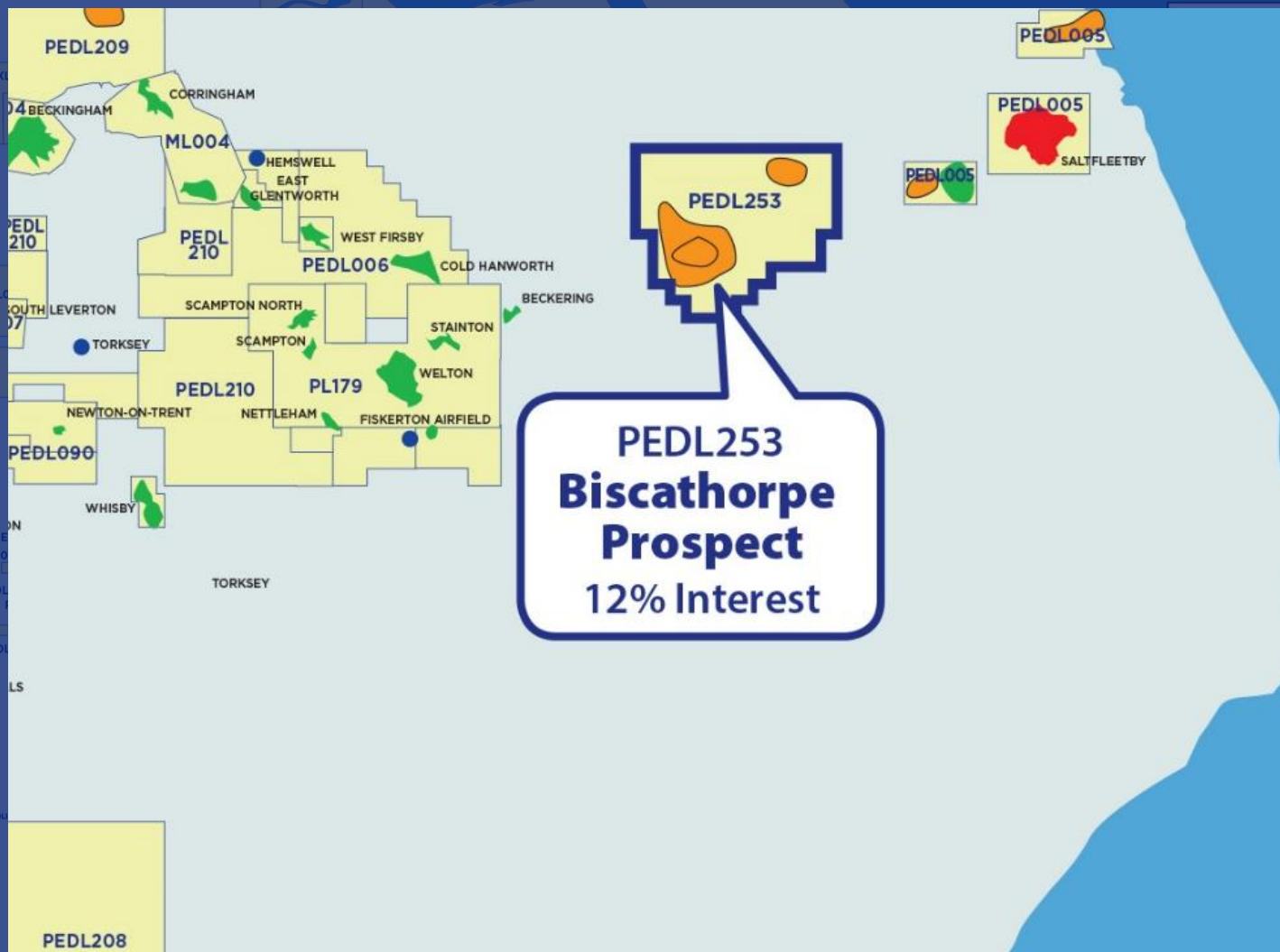


# North Somercotes Prospect (10%)





# PEDL253 Biscathorpe Prospect (12%) – large drill-ready prospect with planning consent



# Biscathorpe Prospect (12%)

– large drill ready prospect with planning consent

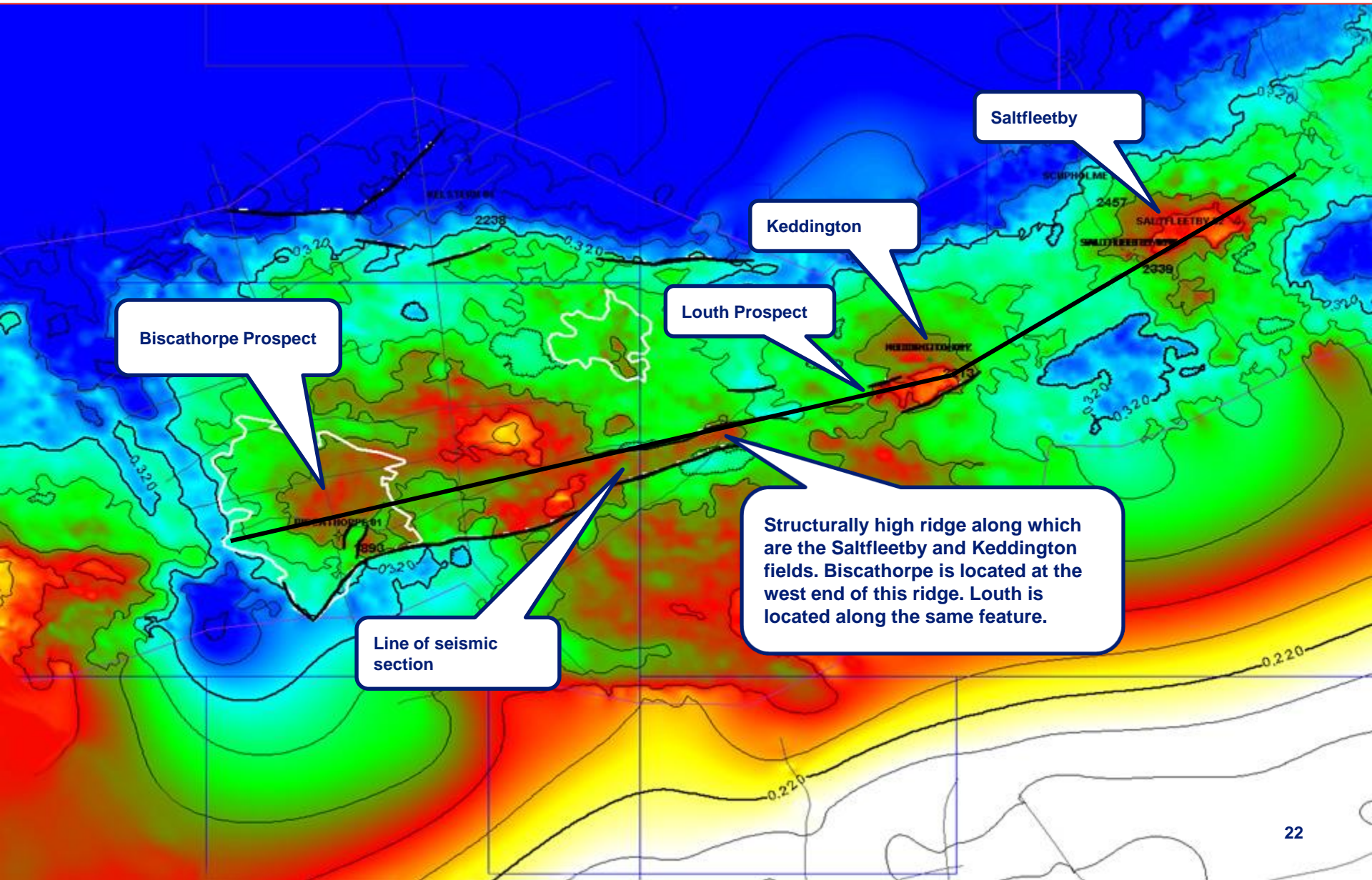
- PEDL253 is within the proven hydrocarbon fairway of the South Humber Basin
  - On trend with the Saltfleetby gasfield, Keddington oilfield and the Louth and North Somercotes prospects (where UJO has a 12% interest)
- The Biscathorpe-1 well drilled by BP in 1987 encountered a thin oil filled sandstone which is expected to thicken down-dip
- Biscathorpe Prospect is a well defined four way dip closed structure mapped from recently reprocessed 3D seismic
  - Biscathorpe-2 well will be located in a direction towards a potentially thicker sand development within the structural closure of the trap
  - Subsurface target location defined and planning consent granted for the drilling and any subsequent testing
- Mean prospective resources estimated at 11.73 MMbbl oil (gross)\* with  $COS_{geo}$  40%†
  - 1.4 MMbbl net to UJO with additional exploration upside potential in the licence
- Biscathorpe-2 vertical appraisal well expected to be drilled during 2016
- Under the farm-in, UJO will pay a total of 24% of the cost of the well

\* Source: Egdon Resources plc

† Source: Egdon Resources plc



# Biscathorpe Prospect



Biscathorpe Prospect

Keddington

Louth Prospect

Saltfleetby

Line of seismic section

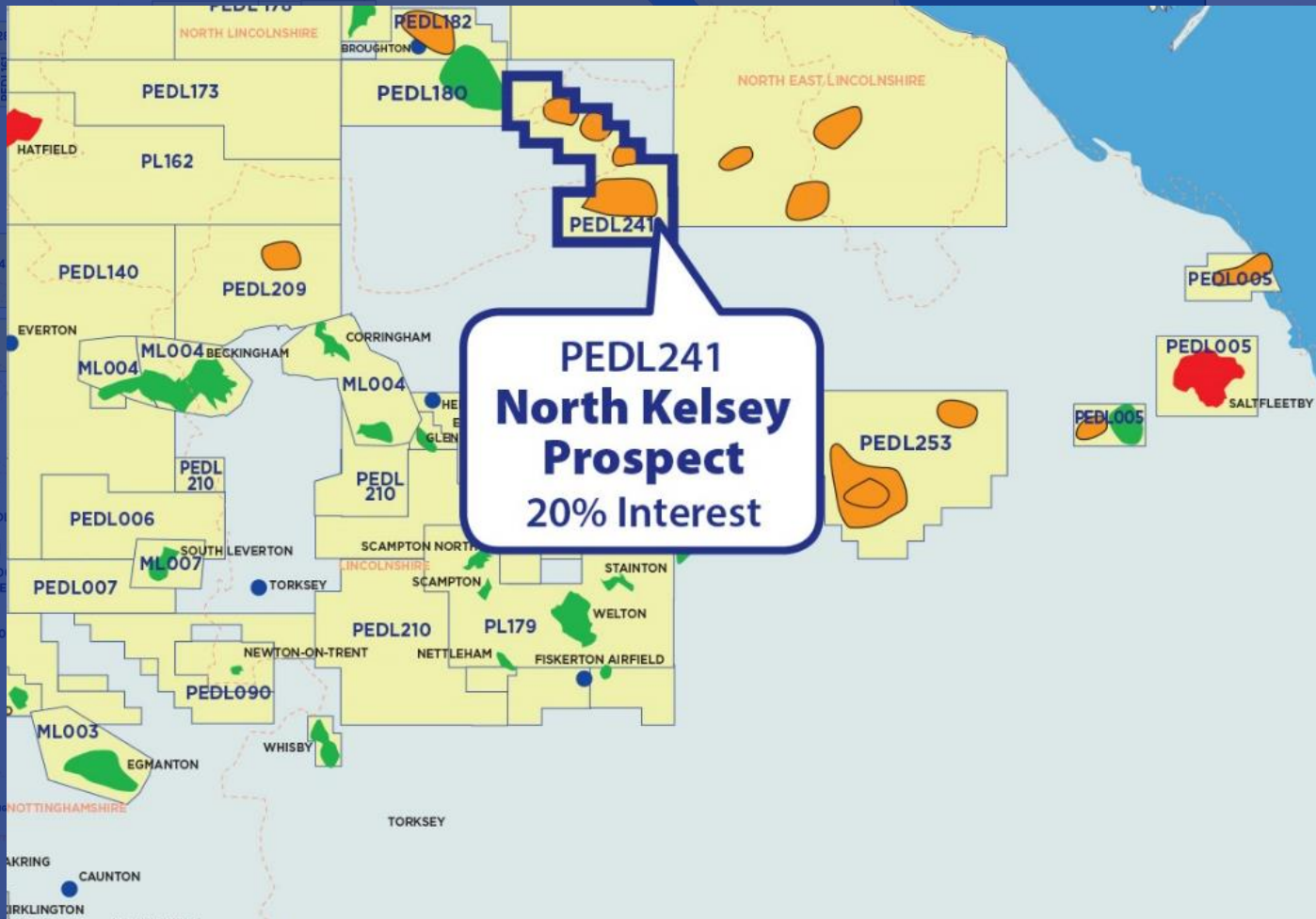
Structurally high ridge along which are the Saltfleetby and Keddington fields. Biscathorpe is located at the west end of this ridge. Louth is located along the same feature.



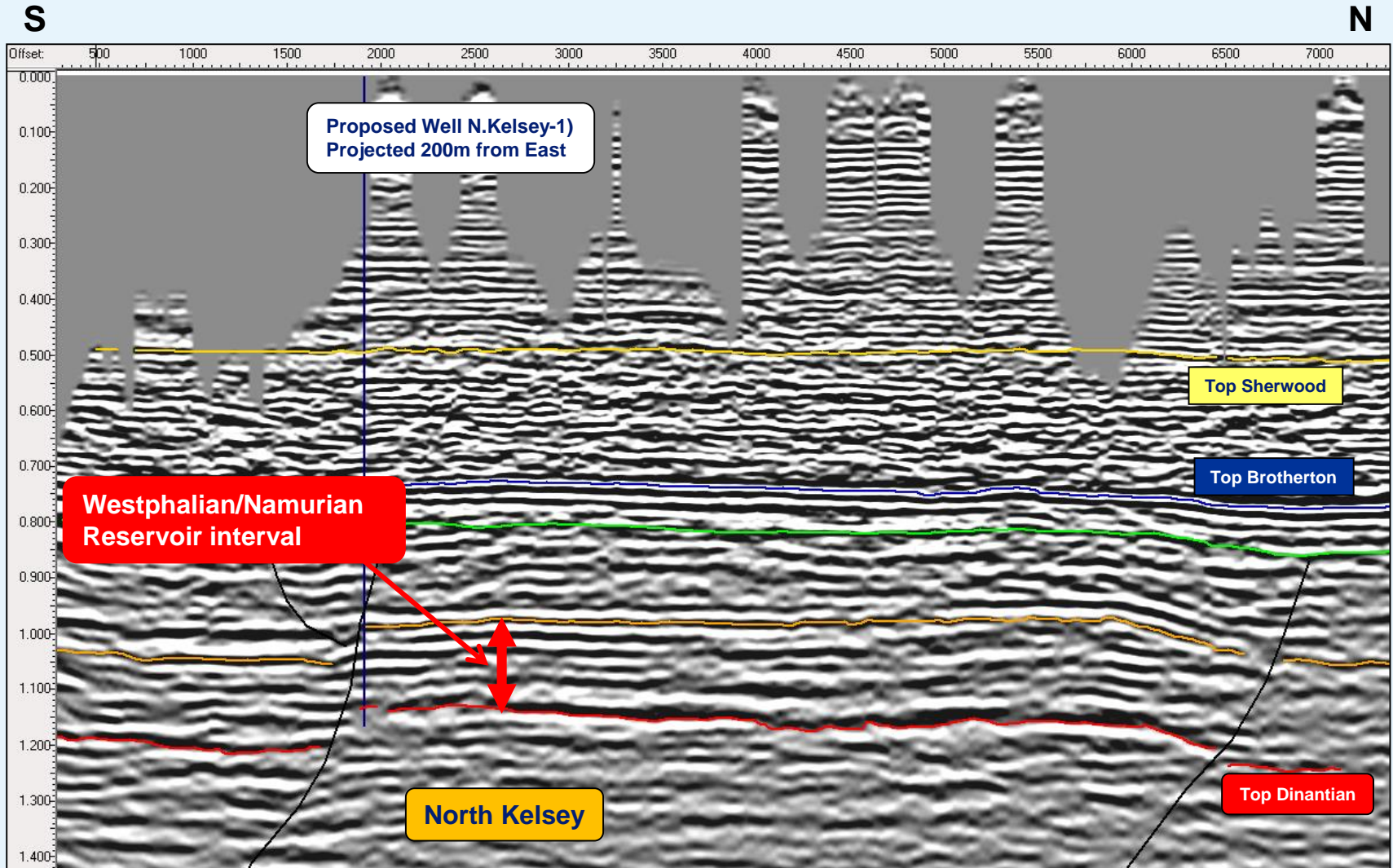




# PEDL241 North Kelsey Prospect (20%) – drill-ready prospect with planning consent



# North Kelsey Prospect





# North Kelsey Prospect (20%)

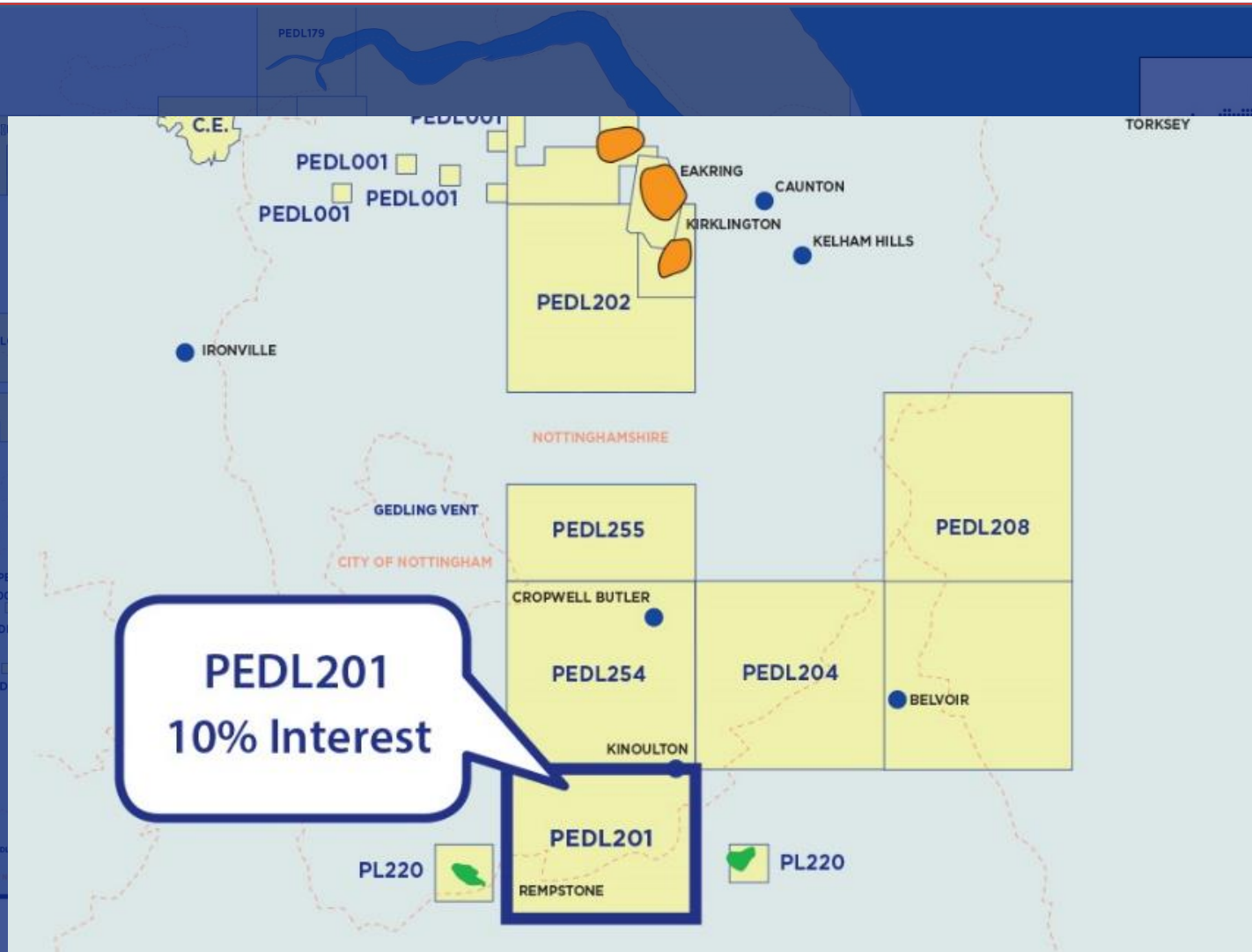
## – drill ready prospect with planning consent

- PEDL241 is within the proven hydrocarbon fairway of the Humber Platform
- Prospect is based on offset well data and structure is a well-defined tilted fault-block mapped from 3D seismic
  - Potential for multiple reservoir targets as up to four separate stacked reservoir sequences
- Subsurface target location has been defined and surface drilling site has been identified
- Planning consent granted December 2014
- Mean prospective resources estimated at 6.7 MMbbl oil (gross)\* with  $\text{COS}_{\text{geo}} 25\%$ †
  - 1.34 million barrels net to UJO
- Drilling of North Kelsey-1 is expected during 2016
- Under the terms of the farm-in agreement, UJO will pay a total of 30% of the cost of the exploration well

\* Source: Egdon Resources plc

† Source: Egdon Resources plc

# PEDL201 Burton on the Wolds (10%) – significant unconventional prospectivity



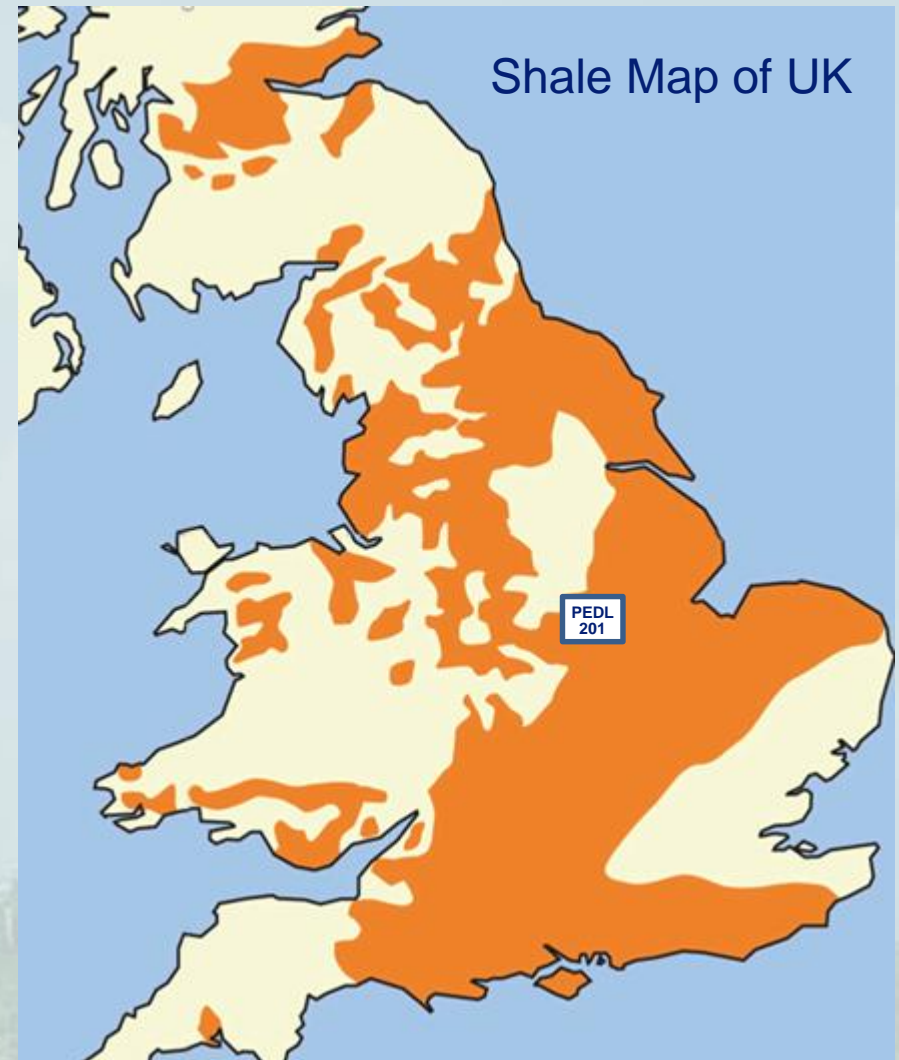
PEDL201  
10% Interest



# Burton on the Wolds (10%)

## – significant unconventional prospectivity

- PEDL201 is in the onshore UK East Midlands Petroleum Province
  - Situated on the southern margin of the Widmerpool Gulf
- Molten Limited completed a report reviewing the shale resource potential of PEDL201
  - Mean deterministic un-risked in-place volumes within that shale area of approximately 5.4 Bbbl oil and over 2.7 Tcf gas (gross)
  - Mean un-risked in-place volumes of 540 MMbbl OIIP and 270 Bcf GIIP (net to UJO)
- Internationally, horizontal drilling and hydraulic fracturing technologies have permitted extensive shale developments, most notably in the United States
  - Developments such as the Bakken oil play in the US have been producing for over 19 years
  - Shale oil recovery factors in the US have ranged from approximately 1% to nearly 10%.
- Potential in-place volumes could represent significant economic value
  - Even if recovery factors at the low end of those in the US can be achieved in the UK





# Union Jack investment summary



- Low-risk onshore strategy and a balanced portfolio of six licence interests
- Portfolio positioned to deliver asset value growth under low oil price environment
- Early commercialisation planned for Wressle-1: Field Development Plan underway for first oil in H2 2016
  - Three formations successfully tested under free flow (combined ~710 boepd)
- Planned drilling and testing activity in 2016 that will generate ongoing news flow
- Planned activities all fully funded: Cash of £2.8m as at 1 March 2016
- Actively evaluating a number of opportunities created by volatile markets
- Apply strict financial and technical discipline and remain debt free
- Strategy is asset value accretive: portfolio risked NPV of £18.3 million or 0.63p per share (6.81p unrisksed)\*

*\*Source: SP Angel Research (Date: 26 February 2016 – available on Company website)*

# Corporate information

- Listed on AIM: 31 July 2013
- Shares in Issue:
  - 2,888,708,805 ordinary shares of 0.025p each
  - 55,052,548 warrants in issue
- Contact  
info@unionjackoil.com
- Website  
www.unionjackoil.com

- Advisers

	– <b>Shore Capital:</b> NOMAD and Broker
	– <b>SP Angel:</b> Broker and O&G Advisers
	– <b>Deloitte:</b> Auditors
	– <b>Osborne Clarke:</b> Solicitors
	– <b>Yellow Jersey:</b> PR Consultant
	– <b>RBS:</b> Bankers
	– <b>Computershare:</b> Registrars



## **3D Seismic**

A set of numerous closely-spaced seismic lines that provide a high spatially sampled measure of subsurface reflectivity

## **B/Bcf**

Billion ( $1 \times 10^9$ ) / billion cubic feet of gas

## **boe/boepd**

Barrels of oil equivalent (6,000 cf = 1 boe)/barrels of oil equivalent per day

## **bbl/bopd**

Barrels of oil / barrels of oil per day

## **cf**

Cubic feet of gas

## **COS<sub>geo</sub>**

Geological chance of success

## **DST**

Drill Stem Test

## **EWT**

Extended Well Test

## **Farm-in**

The process of buying into a licence block held by another licensee by paying a proportion of the costs, normally in excess to the interest that is finally earned, e.g., earning a 10% interest on a 2:1 basis means that 20% is paid by the party farming in to earn a 10% interest

## **GIIP**

Gas initially In place

## **M/Mbbbl/Mboe**

Thousand ( $1 \times 10^3$ ) / thousand barrels of oil / thousand barrels of oil equivalent

## **mcfd**

Thousand cubic feet of gas per day

## **MM/MMbbbl/MMboe**

Million ( $1 \times 10^6$ )/million barrels of oil/million barrels of oil equivalent

## **mmcf**

Million cubic feet of gas per day

## **NPV**

Net present value typically discounted at 10%

## **OIIP**

Oil initially In place

## **Prospective resources**

Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations

## **Recovery factor**

The fraction of hydrocarbons that can or has been produced from a well, reservoir or field; also, the fluid that has been produced in comparison to the original hydrocarbons in place

## **Working interest**

A company's equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms

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