

Union Jack plc/ Index: AIM / Epic: UJO/ ISIN: GB00B814XC94 / Sector: Oil & Gas

Union Jack plc ('Union Jack' or the 'Company')

First Day of Dealings on AIM

Union Jack plc (AIM: UJO), an onshore oil and gas exploration company with a focus on drilling, development and investment opportunities in the United Kingdom hydrocarbon sector, is pleased to announce the admission of its enlarged issued share capital to trading on AIM (“**Admission**”). Dealings will commence at 8.00 a.m. today. The Company has raised £800,000 before expenses (the “**Placing**”) by way of a placing, by Shore Capital Stockbrokers Limited, of 320,000,000 new Ordinary Shares at 0.25 pence per Ordinary Share (the “**Placing Price**”). The Company will have, on Admission, a market capitalisation of c.£2.1 million at the Placing Price.

The net proceeds of the Placing aggregated with the Company’s existing cash resources, as at 1 June 2013, are approximately £1.2 million. The Board intends to use the net proceeds to undertake the drilling of the Wressle-1 (c. £333,000) and the Burton on the Wolds-1 (c. £200,000) exploration wells and to meet the Company’s working capital requirements.

The Company’s main objective is the rapid appraisal and exploitation of the assets currently held. Simultaneous with this process, the Company’s management expect to continue to use their expertise to acquire further licence interests over areas where there is a short lead time between the acquisition of the interest and either exploration drilling or initial production from any oil or gas fields that may be discovered.

Shore Capital and Corporate Limited is the Company's Nominated Adviser and Shore Capital Stockbrokers Limited and Northland Capital Partners Limited are Joint Brokers to the Company.

Overview

- Strategy to build a conventional production and exploration company, primarily onshore UK by developing a portfolio of drill-ready exploration assets which provide significant potential upside
- Union Jack currently has interests in four Licences in the East Midlands Basin
 - Burton on the Wolds-1 and the Wressle-1 exploration wells are expected to be drilled in Q3 2013
 - Licence interests in Biscathorpe and North Kelsey where drilling is expected in Q2 2014, Union Jack intends to participate subject to securing additional funding
- Experienced management team with expertise in sourcing projects, raising finance and leading listed companies
- The Board intends to use their business contacts and knowledge to grow and diversify the Company’s asset portfolio to generate value for shareholders

Unless otherwise defined herein, defined terms used in this announcement have the meaning given to them in the Company's Admission Document.

David Bramhill, Executive Chairman of Union Jack plc, said:

“Union Jack’s admission to AIM, along with the funding secured, will support the Board’s strategy to build a conventional production and exploration company, primarily onshore UK,

by developing a portfolio of drill-ready exploration assets which provide significant potential upside. With a busy work schedule, the Board anticipates strong news-flow and looks forward to updating shareholders on continued progress.”

****ENDS****

For further information and the full Admission document visit www.unionjackoil.com or contact the following:

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Introduction

Union Jack was incorporated on 18 January 2011 and was admitted to the ISDX Growth Market on 20 December 2012. Since February 2013, Union Jack has farmed into four Licences onshore UK.

The Board considers that the UK, with its stable economy, well regulated hydrocarbon market and established licensing system is an attractive country for direct investment in hydrocarbon projects, both onshore and offshore. The Board's strategy is to:

- build a conventional production and exploration company, primarily onshore UK;
- develop a portfolio of drill-ready exploration assets which provide significant potential upside;
- maintain a low cost base with a focus on shareholder value; and
- consider, where appropriate, offshore ventures in the North Sea and Ireland.

Overview of existing projects and proposed acquisition

Union Jack currently has interests in four Licences in the United Kingdom: PEDL253, PEDL201, PEDL241 and PEDL180. It should be noted that the funds raised on Admission will only fund the drilling programmes for the Burton on the Wolds-1 exploration well and the Wressle-1 exploration well (further details on these assets are set out below). Further funding will be needed to participate in the drilling programmes in Biscathorpe (PEDL253) and North Kelsey (PEDL241). In July 2013, the Company entered into agreements giving it the option to withdraw from its commitments arising from its interests in PEDL253 and PEDL241 for a fee of £5,000 for each licence interest. On exercise of the option/s the Company's interest in the licence/s would be terminated.

PEDL201 – Burton on the Wolds

On 18 February 2013 Union Jack entered into an agreement with Egdon Resources, a wholly owned subsidiary of Egdon, and with privately controlled Celtique Energie to acquire a 10 per cent. interest in UK onshore PEDL201. Under the terms of the farm-in agreement, Union Jack is obliged to meet a total of 20 per cent. of the cost of the planned Burton on the Wolds-1 well to earn a 5 per cent. interest from each of Egdon Resources and Celtique Energie and will have a continuing obligation to pay 10 per cent. of the day-to-day operating costs (pro rata to its holding in PEDL201).

Interests in PEDL201

The percentage interest holdings are as follows:

Holders	Holding (%)
Egdon Resources (Operator)	32.5
Celtique Energie	32.5
Terrain Energy Limited	12.5
Corfe Energy Limited	12.5
Union Jack	10.0

Work programme

The subsurface target location to evaluate the exploration potential of the Burton on the Wolds Prospect has been defined and a surface drilling location has been identified from which a vertical well to the depth of 1,000m to evaluate the primary and secondary reservoir objectives has been planned for Q3 2013.

Location

PEDL201 contains the Burton on the Wolds Prospect, a four-way dip closed, footwall structure on the Hoton Fault system. The Burton on the Wolds Prospect has been mapped using new (2011) and reprocessed seismic data.

The Licence containing the Burton on the Wolds Prospect lies between the Rempstone and Long Clawson fields on the southern boundary of the Widmerpool Gulf.

The Rempstone oilfield, the first to open up this Nottinghamshire play, was discovered by BP in 1985. It is one of the few Namurian-age stacked turbidite reservoirs to be developed. To date, the field has produced 0.25 million barrels of 34.2° API oil through one horizontal well, but the latest reported production is 10 bopd with a high water cut.

PEDL180 – Wressle

On 7 May 2013, Union Jack entered into an agreement with Egdon Resources to acquire an 8.33 per cent. interest in UK onshore PEDL180. Under the terms of the agreement Union Jack will pay 16.66 per cent. of the cost of the planned Wressle-1 exploration well to earn an 8.33 per cent. interest from Egdon Resources, as well as its continuing obligation to pay the 8.33 per cent. of the day-to-day operating costs.

In the event that the first well on PEDL180 discovers Petroleum and that the discovery is developed as part of a field designated by the Secretary of State as extending into PEDL182, then within 30 days of such designation the Company shall have the option to require Egdon Resources to assign an 8.33 per cent. interest in the part of the designated field falling within PEDL182, such assignment to be on the same terms as the acquisition of the Company's interest in PEDL180 (other than in relation to the payment of costs of the first well).

Royalty agreement

The Company's interest in PEDL180 is subject to a 0.6248 per cent. net profit interest (based on Petroleum income less certain deductible expenditure) in favour of Egdon Resources (equivalent to 7.5 per cent. of the Company's percentage interest).

Interests in PEDL180

The percentage interest holdings in PEDL180 (subject to the net profit interest referred to above) are:

Holders	Holding (%)
Egdon Resources (Operator)	25.0

Celtique Energie	33.33
Europa Oil & Gas Limited	33.34
Union Jack	8.33
	100.0

Work programme

The subsurface target location to evaluate the exploration of the Wressle Prospect has been defined and a surface drilling location has been identified from which a vertical well can be drilled. The planned well will be drilled to a total depth of approximately 2,300m. A planning consent has been granted and it is intended that drilling of the Wressle-1 well will commence in Q3 2013.

Location

The Wressle Prospect lies in the Eastern Humberside Platform, a relatively un-structured area separating the North Humber Basin from the Gainsborough Trough to the South West. The Wressle Prospect was originally identified and mapped using vintage 2D seismic data and subsequently defined on proprietary 3D seismic acquired by Egdon in 2012. The Wressle Prospect is located on trend with a number of discoveries such as Crosby Warren, Broughton-1 and Brigg along a sequence of faults that trend generally in a North West – South East direction.

Strategy

The Company's main objective is the rapid appraisal and exploitation of the assets currently owned.

Simultaneous with this process, the Company's management expect to continue to use their expertise to acquire further licence interests over areas where there is a short lead time between the acquisition of the interest and either exploration drilling or initial production from any oil or gas fields that may be discovered.

In implementing this overall strategy, the Company would expect to be looking for as many as possible of the following ingredients in any further acquisitions:

- identified drillable prospects;
- planning consents for drilling obtained or close to being obtained;
- potential leads capable of being rapidly matured into drillable prospects;
- an exploration programme aimed at the drill-bit rather than blue sky; and
- prospective resources which yield high rapid rates of return on modest capital outflows.

The Company's focus to date has been onshore UK but the scope may be extended to low risk offshore projects and possibly also to Ireland.

Use of proceeds

The net proceeds of the Placing aggregated with the Company's existing cash resources, as at 1 June 2013, are approximately £1.2 million. The Board intends to use the funds to undertake the drilling of the Wressle-1 (c. £333,000) and the Burton on the Wolds-1 (c. £200,000) exploration wells and to meet the Company's working capital requirements.

Reasons for Admission

The Board believes that Admission will assist the Company in its development by:

- enabling the Company to potentially raise finance through ongoing access to capital markets;
- raising its profile and status; and
- promoting the expansion of the Company's business.

Directors

David Bramhill, Executive Chairman (Aged 62)

Mr Bramhill has over 40 years' experience in the natural resources industry. Mr Bramhill has directed and managed several energy companies and was the former managing director of OilQuest Resources plc, subsequently acquired by EnCore Oil plc. Mr Bramhill was an executive director at the time of Nighthawk Energy plc's AIM flotation in March 2007 and a non-executive chairman of Wessex Exploration plc when that company floated on AIM in March 2011. He resigned from these companies in 2010 and 2012 respectively. Mr Bramhill had previously consulted in an engineering capacity for over 20 years on projects for Shell, ExxonMobil, Petrofina, BP and numerous other international energy companies.

Joseph O'Farrell, Executive Director (Aged 62)

Mr O'Farrell has over 30 years' corporate experience in the hydrocarbon and mining industry. He has managed several energy companies and is a former director of OilQuest Resources plc and Nighthawk Energy plc, having been a director of these two companies at the time of their respective flotations on AIM. He has assisted a number of companies working in conjunction with corporate advisers in pre- IPO fundraising and project acquisition.

Martin Durham, Non-Executive Director (Aged 56)

Mr Durham is a geologist with thirty years of international oil and gas industry experience and has held senior geological positions with several companies including the Louisiana Land and Exploration Company, Lasmo PLC and Eni S.p.A. He is currently a member of the Executive Management Committee for Northern Petroleum Plc where he holds the position of Exploration Manager.

He holds a Bachelor of Science Honours degree in geology from Swansea University and a Master of Science degree in Petroleum Geology from Imperial College of Science and Technology, University of London. Mr Durham is a member of the Petroleum Exploration Society of Great Britain (PESGB) and a Fellow of the Geological Society.

Raymond Godson, Non-Executive Director (Aged 69)

Mr Godson is a chartered accountant with 40 years' experience in the provision of oil and gas related services to energy companies. Mr Godson joined the Rio Tinto group in 1973 where he spent 16 years rising to become the financial and commercial director of the oil and gas subsidiary RTZ Oil & Gas Limited. In 1988 he joined Teredo Petroleum PLC ("Teredo") where he became the managing director in 1992. Following the takeover of Teredo in 1993, he became a full time accountant in general practice, where the majority of his business has been oil and gas related.

Mr Godson acted as Company Secretary for Fusion Oil & Gas plc from IPO to its takeover by Sterling Energy Plc. He was subsequently company secretary for both Ophir Energy Plc and Aurelian Oil & Gas Plc. He is currently an executive director of Montrose Industries Limited, Excalibur Exploration Limited and Trajan Oil & Gas Limited.