

Union Jack Oil plc

£2.0 million Placing and Notice of General Meeting

Union Jack Oil plc ("**Union Jack**" or the "**Company**"), an onshore oil and gas exploration company with a focus on drilling and development opportunities in the United Kingdom hydrocarbon sector is delighted to announce that Shore Capital Stockbrokers Limited and SP Angel Corporate Finance LLP have raised £2.0 million (before expenses) through the conditional placing (the "**Placing**") of 666,666,641 new ordinary shares of 0.025p (the "**Placing Shares**") in the capital of the Company with new and existing investors at 0.3 pence per Placing Share (the "**Placing Price**").

Use of proceeds

The Directors intend that the net proceeds of the Placing will be used to acquire entry into a number of later stage exploration projects where drilling is planned.

Notice of General Meeting

A General Meeting has been convened for 11.00 a.m. on 25 September 2014, at the offices of Osborne Clarke, 2 Temple Back East, Temple Quay, Bristol BS1 6EG, at which shareholder approval of the Placing will be sought.

Unless otherwise defined herein, defined terms used in this announcement have the meaning given to them in the shareholder circular ("**Circular**") published today.

David Bramhill, Executive Chairman, commented:

"We are delighted by the performance of Shore Capital and SP Angel who were joint brokers to the Placing. This additional funding will provide us with the opportunity to expand our portfolio of drill targets beyond our existing projects.

We will be reviewing a number of onshore opportunities, all of which will be advanced, drill ready prospects with the objective of participating in a number of additional exploration or appraisal wells during 2015."

For further information please contact the following:

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Background to and reasons for the Placing

Union Jack Oil was admitted to AIM in July 2013 and has interests in four onshore exploration licences in the United Kingdom: PEDL253, PEDL201, PEDL241 and PEDL180. On admission to AIM the Company raised sufficient funds to participate in the drilling programmes for the Burton on the Wolds-1 (PEDL201) conventional exploration well and the Wressle-1 (PEDL180) conventional exploration well.

The Board is of the belief that the Company is well positioned to generate shareholder value through the acquisition of additional interests in later stage onshore UK exploration projects where drilling is planned.

Current trading and prospects

Union Jack Oil is an exploration company with no income generated to date. The Company has a portfolio of licence interests and is in a position to develop these assets through value creating exploration and conventional drilling programmes operated by Egdon.

On 2 September 2014 the Company announced the preliminary results of the Wressle-1 conventional exploration well located to the east of Scunthorpe. The well was logged using measurement whilst drilling (MWD) logging tools run on the drill string. Preliminary petrophysical evaluation of the log data has indicated the presence of potential hydrocarbon pay in three main intervals:

- Penistone Flags – up to 19.8 metres measured thickness (15.9 metres vertical thickness);
- Wingfield Flags – up to 5.64 metres measured thickness (5.1 metres vertical thickness); and
- Ashover Grit – up to 6.1 metres measured thickness (5.8 metres vertical thickness).

The well is currently being completed with a 4 ½" liner to enable selective and sequential testing of these intervals as part of an extended well test, for which planning consent has already been received. These test operations, which will be designed to determine the flow rates, hydrocarbon type and hence commerciality of the Wressle-1 well, will be undertaken using a work-over rig and are expected to commence during October 2014. Union Jack Oil has an 8.33 per cent. interest in the well.

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 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 costs of the first well).

The Board expects drilling operations to commence at Burton on the Wolds (PEDL201) during Q4 2014. The Company will be releasing its interim results for the six months to 30 June 2014 during the course of September 2014.

The Placing

The Company has conditionally raised approximately £2.0 million (before commissions and expenses) through the conditional placing of the Placing Shares at the Placing Price. The Placing Shares, when issued, will represent approximately 28 per cent. of the Company's Enlarged Share Capital immediately following Admission. The Placing Price represents a discount of 9.1 per cent. to the closing middle market price of an Ordinary Share of 0.33p on 5 September 2014, being the latest Dealing Day prior to the publication of the Circular. The Placing Shares will rank in full for all dividends with a record date on or after the date of Admission and otherwise equally with the Ordinary Shares currently in issue from the date of Admission. It is expected that the Placing Shares will be admitted to trading on AIM on 26 September 2014. The Placing (which is not being underwritten) is conditional, amongst other things, upon:

- (a) the Placing Agreement becoming unconditional in all respects (save for Admission) and not having been terminated in accordance with its terms prior to Admission;
- (b) the Resolution numbered 1 set out in the Notice of General Meeting forming part of this Circular being approved by the Shareholders; and
- (c) Admission of the Placing Shares becoming effective on or before **8.00 am on 26 September 2014** or such later date as the Company, Shore Capital and SP Angel may agree, being no later than **8.00 am on 31 October 2014**.

Warrants

In connection with the Placing, the Company has granted to Shore Capital and SP Angel, conditional on Admission, warrants to subscribe for, in aggregate, 39,999,999 Ordinary Shares in the Company at the Placing Price. The warrants expire on the fifth anniversary of Admission.

Dilution

Following the issue of the Placing Shares pursuant to the Placing, a Shareholder who is not participating in the Placing will suffer a dilution of approximately 28 per cent. to his economic interests in the Company. This figure has been calculated based on the issued ordinary share capital of the Company and excludes warrants outstanding over Ordinary Shares at the date of the Circular.

The Placing Agreement

Pursuant to the terms of the Placing Agreement, Shore Capital and SP Angel have conditionally agreed to use their reasonable endeavours, as agents for the Company, to procure subscribers for the Placing Shares with certain institutional and other investors. The Placing is not being underwritten.

The Placing Agreement contains warranties from the Company in favour of Shore Capital and SP Angel in relation to, *inter alia*, the accuracy of the information in the Circular and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Shore Capital and SP Angel in relation to certain liabilities they may incur in respect of the Placing. Shore Capital and SP Angel have the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties given in the Placing Agreement, the failure of the Company to comply in any material respect with its obligations under the Placing Agreement, the occurrence of a *force majeure* event which in Shore Capital's opinion may be material and adverse to the Company or the Placing, or a material adverse change affecting the financial position or business or prospects of the Company.

Settlement and dealings

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on 26 September 2014.

The Placing Shares will, when issued, rank *pari passu* in all respects with the existing issued Ordinary Shares including the right to receive dividends and other distributions declared on the Ordinary Shares following Admission.

Use of proceeds

The Directors are of the opinion that the Company currently has sufficient working capital for at least 12 months from the date of the Circular. The Directors intend that the net proceeds of the Placing will be used to acquire entry into a number of later stage exploration projects where drilling is planned.

The General Meeting

Set out at the end of the Circular is a notice convening the General Meeting to be held at 11.00 a.m. on 25 September 2014 at the offices of Osborne Clarke, 2 Temple Back East, Temple Quay, Bristol BS1 6EG, at which the Resolutions will be proposed as ordinary or special resolutions as indicated below.

Resolution 1, which will be proposed as a special resolution, is to authorise the Directors to allot Ordinary Shares and to grant to SCS and SP Angel warrants to subscribe for Ordinary Shares in connection with the Placing otherwise than in accordance with Shareholders' statutory pre-emption rights (which would otherwise apply in the case of an issue of Ordinary Shares for cash), provided that such authority shall expire on 31 October 2014. The Placing is conditional on the passing of this Resolution.

Resolution 2, which will be proposed as an ordinary resolution and which is subject to and conditional upon Admission occurring on or before 31 October 2014, is to authorise the Directors generally to allot relevant securities having an aggregate nominal value of up to £594,605.15 (representing approximately 100 per cent. of the Enlarged Share Capital) following Admission, provided that such authority shall expire on the conclusion of the annual general meeting of the Company to be held in 2015. This Resolution has been proposed to refresh the allotment authority granted at the Company's last annual general meeting.

Resolution 3, which will be proposed as a special resolution and which is subject to and conditional upon Admission occurring on or before 31 October 2014 and the passing of Resolution 2, grants to the Directors authority to allot equity securities for cash on a non-pre-emptive basis following Admission up to an aggregate nominal value of £297,302.58 (representing approximately 50 per cent. of the Enlarged

Share Capital), provided that such authority shall expire on the conclusion of the annual general meeting of the Company to be held in 2015. This Resolution has been proposed to refresh the disapplication of pre-emption rights granted at the Company's last annual general meeting.

Action to be taken

The Form of Proxy for use at the General Meeting has been posted with the Circular. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 23 September 2014. Alternatively, CREST members who wish to appoint a proxy or proxies via CREST may do so in accordance with the procedures set out in the Notice of General Meeting and the Form of Proxy. **The completion and return of the Form of Proxy or appointment of a proxy via CREST will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.**

Recommendation

The Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 177,528,760 Ordinary Shares, representing approximately 10.37 per cent. of the issued ordinary share capital of the Company.