

Union Jack Oil PLC

(AIM: UJO)

Wressle Oil and Gas Discovery: Update

Union Jack Oil plc ("**Union Jack**" or the "**Company**"), an onshore oil and gas production and exploration company with a focus on production, drilling, development and investment opportunities in the United Kingdom hydrocarbon sector, notes that Egdon Resources PLC ("**Egdon**") has released a positive update in respect of the Wressle oil and gas discovery in licence PEDL180, located to the east of Scunthorpe.

Union Jack holds an 8.33% interest in PEDL180.

Highlights

- Plan to progress to an agreed Field Development Plan with a view for readiness to submit to the Oil and Gas Authority during Q1 2016;
- Focus on delivering the required consents to enable commercial production from the Ashover Grit in H2 2016; and
- Reservoir engineering analysis of the well test pressure and production data indicates that initial production rates from the Ashover Grit in excess of 500 barrels of oil per day could be anticipated by successfully countering skin effects.

Egdon's RNS contained the following information:

As announced previously, it had been the PEDL180 joint venture (JV) partners' intention to undertake further well test operations on both the Ashover Grit and Penistone Flags intervals. However, since completion of the Extended Well Test ("EWT") operations in early September 2015, the group has completed a detailed review of the data gathered to date and are now sufficiently comfortable to continue working towards compiling a field development plan ("FDP") without requiring further time-consuming and costly testing operations.

As previously reported, flow rates from the Ashover Grit measured in the initial testing phase (80 barrels of oil per day ("bopd")) were affected by localised near well bore formation damage (high "Skin" factor) and so are not representative of the flow rates that could be attained from this interval. Reservoir engineering analyses of the well test pressure and production data indicates that initial production rates in excess of 500bopd could be anticipated if the effects of the "Skin" can be successfully countered. It is therefore the JV's intention that plans for the development of Wressle will include a comprehensive suite of operations and procedures, designed to mitigate the impact of the "Skin" on production rates, which form part of the initial workover programme for the well to prepare it for long-term production.

Egdon and the PEDL180 partners now plan to progress to an agreed FDP for Wressle with a view to it being ready in Q1 2016 for submission to the Oil and Gas Authority ("OGA") for approval. The FDP will be compiled using drilling and test data from the well together with reprocessed 3D seismic data to quantify the developable resource volumes attributable to Wressle. In addition, planning and permitting applications will also be required to be submitted to North Lincolnshire Council and the Environment Agency.

Production from Wressle is currently expected to be phased, with initial development focused on the Ashover Grit oil reservoir.

Commenting on the update, Mark Abbott, Managing Director of Egdon Resources said:

"We are delighted that the petroleum engineering and geotechnical work conducted to date has given the PEDL180 joint venture sufficient confidence to move directly towards FDP preparation for Wressle, without further costly and time-consuming testing. We are now focussed on delivering the required consents to enable us to commence commercial oil production from the Ashover Grit in H2 2016."

David Bramhill, Executive Chairman of Union Jack Oil plc commented:

“Union Jack’s first venture with the drill bit has created significant value resulting in a discovery where field development leading to commercial production is anticipated during H2 2016.

The Board looks forward to updating shareholders in due course”

For further information please contact the following:

Union Jack Oil plc +44 (0) 77871 60682
David Bramhill

Shore Capital +44 (0) 20 7408 4090
Nominated Adviser
Bidhi Bhoma
Edward Mansfield
Corporate Broking
Jerry Keen

SP Angel +44 (0) 20 3470 0470
Joint Broker
Richard Hail

Yellow Jersey PR Limited
Public Relations
Dominic Barretto +44 (0) 7768 537 739
Aidan Stanley +44 (0) 7799 003 220

Notes to Editors:

The Wressle Oil Discovery -The Wressle Prospect was defined on proprietary 3D seismic data, which was acquired by Egdon in February 2012. The structure is located on trend with the producing Crosby Warren oil field and the Broughton-B1 oil discovery, both to the immediate northwest, and the Brigg-1 oil discovery to the immediate southeast. All contain oil in various different sandstone reservoirs within the Upper Carboniferous succession. The pre-drill gross mean Prospective Resources at Wressle, as calculated by Egdon, were estimated to be 2.1 million barrels (“bbl”) of oil. This will be updated following a review of the drilling and test data together with the results of the interpretation and mapping of the re-processed 3D seismic data.

The Wressle-1 well reached a total depth (TD) of 2240 metres measured depth (MD) (1814 metres true vertical depth below OS datum (TVDSS)) on 23 August 2014. Elevated mud gas readings were observed over large parts of the interval from the top of the Penistone Flags reservoir target (1831.5 metres MD) to TD. The interests in the Wressle-1 well are:

Egdon Resources U.K. Limited	25.00% (Operator)
Celtique Energie Petroleum Limited	33.33%
Europa Oil & Gas Limited	33.34%
Union Jack Oil plc	8.33%

The well was logged using measurement whilst drilling (MWD) logging tools run on the drill string. Petrophysical evaluation of the log data 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)
- Ashover Grit – up to 6.1 metres measured thickness (5.8 metres vertical thickness)

On 9 February 2015, shareholders were updated on the successful Ashover Grit Flow Test, which recorded flow rates of 80 barrels of oil per day and 47 thousand cubic feet of gas per day during a 16 hour main flow period. No appreciable volumes of water were observed. The oil is of good quality with a gravity of 39-40° API.

On 19 February 2015, shareholders were updated on the successful Wingfield Flags Flow Test, which recorded flow rates of up to 182 barrels of oil per day of good quality 39-40° API oil on free flow, along with up to 456 thousand cubic feet of gas per day.

On 27 February 2015, shareholders were updated on the initial successful Penistone Flags test, which produced gas at facilities-restricted flowrates of up to 1.7 million cubic feet of gas per day with associated oil of up to 12 barrels of oil per day and no free water.

On 27 March 2015, shareholders were updated on the second successful Penistone Flags test. Zone 3A in the Penistone Flags was perforated over a 7.5 metre interval and produced good quality oil with a gravity of 33o API. A total of 98.5 barrels of oil were recovered during the test (of which flow induced by swabbing operations produced 34.3 barrels of oil). This equates to a rate of approximately 77 barrels of oil per day (bopd).

During the current EWT the Zone 3A perforations were produced for a total of 254hrs over a 13 day period from the 5th to 17th July 2015. Zone 3A was initially produced by sucker rod pump and was then allowed to free flow to surface after the wellbore and perforations had fully cleaned-up. Over the full 13 day period the following separator cumulative volumes were produced: - 1,127 barrels ("bbl") of oil, 147 bbl of kill brine and 2,790 Mscf of gas.

Operations at the Wressle site will not involve the process of high volume hydraulic fracturing ('fracking') for shale gas.