

## UNION JACK OIL PLC

(AIM: UJO)

### Acquisition of Interest in PEDL143 incorporating the Holmwood Prospect

Union Jack Oil plc (“**Union Jack**” or the “**Company**”), an onshore oil and gas exploration and production company with a focus on, exploration, production, development and investment opportunities in the United Kingdom (“**UK**”) hydrocarbon sector, is pleased to announce it has reached agreement with Europa Oil & Gas Limited (“**Europa**” or the “**Operator**”) to acquire a 7.5% economic interest in PEDL143 located within the Weald Basin, located in southern England and containing the drill-ready Holmwood Prospect (the “**Acquisition**”).

The Acquisition is consistent with the Company’s stated strategy of identifying attractive drill-ready opportunities. The Company will participate in the drilling of the planned Holmwood-1 exploration well, which obtained planning consent during 2015 that will test the Holmwood Prospect’s identified Portlandian and Corallian sandstone reservoirs and the same Jurassic section that tested oil from Kimmeridge limestones at Horse Hill.

#### Highlights

- The Acquisition brings the first Weald Basin licence interest to Union Jack’s expanding UK onshore portfolio
- Holmwood-1 is a high impact exploration well with planning consent and is expected to be drilled late 2016/H1 2017
- Europa estimates the unrisks gross mean prospective resources to be 5.6 million barrels with a geological chance of success (“**COS**”) of 33% from the shallower sandstone reservoirs only
- Net well cost expected to be £480,000 and will be financed from Union Jack’s existing cash resources
- The drill site is 12 kilometres immediately west and of similar stratigraphy to the Horse Hill-1 discovery
- Further upside resource potential exists from the Jurassic Kimmeridge limestones
- Presence of multiple payzones

#### Terms of Acquisition

Union Jack is not paying any up-front cash consideration to earn a 7.5% economic interest in PEDL143.

Under the terms of the Acquisition Union Jack, has agreed to pay to Europa:

- 15% of the costs of the Holmwood-1 exploration well up to a gross well cost of £3.2 million (£480,000 net cost for Union Jack)
- Union Jack to contribute 7.5% of the costs in respect of any well costs incurred in excess of £3.2 million

- Should there be a commercial discovery and subsequent development on the licence, Union Jack will pay to Europa back costs of £159,375
- Any payment of back costs are to be made from the net proceeds of the sale of production from any future development of a discovery on PEDL143

Union Jack's contribution towards the cost of the drilling of the Holmwood -1 exploration well will be financed from the Company's existing cash resources.

### **Holmwood Prospect**

During 2015 planning permission was obtained for both the surface well location and underground wellpath for the Holmwood-1 exploration well expected to be drilled during late 2016/H1 2017.

The Holmwood Prospect is a conventional oil prospect first identified by BP in 1988, and is estimated by the Operator to hold gross mean unrisks prospective resources of 5.6 million barrels of oil in the Portlandian and Corallian sandstones with a geological COS of 33%. The P90 - P10 range of prospective resources is 1 to 11 million barrels of oil which is the typical range for the Weald Basin, based on the 14 oil and gas fields that have been discovered and produced in the Weald Basin to date.

The Holmwood Prospect lies 12 kilometres immediately to the west of, and on trend with the Horse Hill-1 discovery well in PEDL137 where earlier in 2016 UK Oil & Gas Investments PLC and their partners reported excellent flow rates from test production from the Upper Portland sandstone reservoir and the Upper and Lower Kimmeridge limestone reservoirs. The Holmwood Prospect also lies approximately 5 kilometres south of the Brockham oilfield that produces from the Portland sandstone reservoir.

The Holmwood-1 exploration well will penetrate similar stratigraphy to Horse Hill-1 discovery including the possibility that oil may be encountered in the Jurassic Upper and Lower Kimmeridge Limestones, in addition to its principal targets in the Corallian and Portlandian sandstone. Possible resources within the Jurassic limestones, equivalent to those discovered at Horse Hill-1 discovery well have not been estimated in the Operator's mean unrisks prospective resources forecast of 5.6 million barrels of oil and so offer further upside potential.

On completion of this agreement and subsequent transfer of interests, which are subject to Oil and Gas Authority approval the interests in PEDL143 will be:

Europa Oil & Gas Limited	32.5%
UK Oil & Gas Investments PLC	30.0%
Egdon Resources UK Limited	18.4%
Warwick Energy Exploration Limited	10.0%
Union Jack Oil plc	7.5%
Altwood Petroleum Limited	1.6%

**David Bramhill, Executive Chairman of Union Jack, commented:** “Participation in the Holmwood-1 exploration well is a strategic opportunity for Union Jack and wholly consistent with adding to our portfolio, high impact, drill-ready prospects.

Encouragingly, the Operator rates the Holmwood Prospect highly and believes it to be one of the best undrilled prospects in the UK.

We are pleased to be involved with another quality Operator and look forward to working with Europa and our new partners in this venture.”

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In accordance with the AIM Rules – Note for Mining and Oil and Gas Companies, the information contained within the announcement has been reviewed and signed off by Graham Bull, Non Executive Director, who has over 46 years of international oil and gas industry exploration experience.