

UNION JACK OIL PLC

(AIM: UJO)

Final Results for the Year Ended 31 December 2015

Union Jack Oil plc (“**Union Jack**” or the “**Company**”) an onshore exploration and production company with a focus on drilling, development and investment opportunities in the United Kingdom hydrocarbon sector, is pleased to announce its audited results for the year ended 31 December 2015.

Operational Highlights

- Successful hydrocarbon discovery at Wressle and decision to develop with a view to commencing commercial production during H2 2016
- The acquisition of a 10% interest in PEDL005(R) incorporating the Keddington Oilfield

Financial Highlights

- Cash balance in excess of £2.6 million as at 30 April 2016
- £800,000 before expenses raised in October 2015 to further expand the Company’s asset portfolio
- The Company remains debt free

David Bramhill, Executive Chairman, commented: “2015 has proved to be a successful year for the Company. Union Jack is in a sound position with an interest in a discovery at Wressle, which is moving closer to development, with a view to commencing commercial oil production during H2 2016, together with a healthy cash balance to progress its existing portfolio of drill-ready potentially high impact exploration prospects. In addition, Union Jack has firm intentions of expanding its interests in other areas of the UK.

I am enthusiastic in respect of the year ahead and I look forward to reporting progress with our projects and new acquisitions during 2016 and beyond.”

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In accordance with the AIM Rules - Note for Mining and Oil and Gas Companies, the information contained within this 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.

This announcement contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business. While the directors believe the expectation reflected within this announcement to be reasonable in light of the information available up to the time of approval of this announcement, the actual outcome may be materially different owing to factors either beyond the Company's control or otherwise within the Company's control, for example owing to a change of plan or strategy.

Accordingly, no reliance may be placed on the forward-looking statements.

CHAIRMAN'S STATEMENT

2015 has been a successful year for Union Jack in which two significant advances within our asset portfolio took place. A decision was made to develop the Wressle discovery with a view to commencing commercial hydrocarbon production during H2 2016 and the Company acquired a 10% interest of PEDL005(R) incorporating the Keddington oilfield. In addition, first income was generated from test production from Wressle and other income was received from the sale of oil at Keddington. Subject to obtaining the necessary consents and permissions, management also expects revenues to be generated from successful development of the Wressle discovery.

Our strategic objective remains focused on building a successful UK onshore production and exploration hydrocarbon company. We intend to continue to develop and expand our existing portfolio of drill-ready prospects, with a view to generating shareholder value by the drill bit. The Board is actively reviewing a number of further projects across the UK with a focus on acquiring attractive low-cost producing or appraisal assets that bring production upside or additional late stage exploration/appraisal prospects that fit our strategy.

PEDL180 - Wressle

The Wressle discovery on PEDL180 located in Lincolnshire, on the western margin of the Humber Basin, in which Union Jack holds an 8.33% interest, is moving closer to development with a view to commencing commercial oil production during H2 2016. Applications for the various consents such as planning and environmental and the compilation of a Field Development Plan (“**FDP**”) are currently being finalised for submission. Subject to receipt of these approvals it is anticipated that production will commence at rates of approximately 500 barrels of oil per day (“**bopd**”) gross from the Ashover Grit reservoir, with the development of the Penistone Flags to follow at a later time. In addition, a Competent Persons Report is being finalised which will highlight the reserves and resource volumes in place and will be a key component for use in finalising the FDP.

PEDL005(R) - Incorporating the Keddington Oilfield

In September 2015, Union Jack completed the acquisition of a 10% interest in the producing Keddington oilfield located within PEDL005(R) also located in Lincolnshire. This transaction gave the Company its first combined exposure to production, development and appraisal and provides a measure of increased balance to the portfolio by introducing production to its base. The acquisition of the interest in PEDL005(R) supports the Board's objectives of creating shareholder value and contributes a modest income toward the Company's aim of reaching a position of self-sustainability.

Keddington has to date produced in excess of 300,000 barrels of oil and the Keddington-3Z well is currently producing approximately 30 barrels a day gross. Union Jack owns a 10% interest in the production and the associated infrastructure and production facilities. In addition, PEDL005(R) incorporates the Louth and North Somercotes Prospects which could be drilled in the future. The Keddington-5 development well was drilled post year end and during the course of drilling, elevated gas readings, indicative of the presence of hydrocarbons, were recorded from a gross interval of 141 metres, containing 62 metres of net sand. Subsequent testing of Keddington-5 sidetrack has initially seen production dominated by water and plans are being considered to isolate the zone of water production.

Following the results of the UK 14th Onshore Oil and Gas Licensing Round in December 2015, Egdon Resources plc (“**Egdon**”), the operator of PEDL005(R), and its application partners were offered Block TF38c, now known as PEDL339, located within the Humber

Basin. As part of the acquisition agreement for PEDL005(R), a 10% interest in any new licence block awarded to Egdon, containing a portion of the Louth Prospect, is to be transferred to Union Jack at no upfront cost. This transfer in respect of TF38c/PEDL339 is pending, subject to Oil and Gas Authority approval.

The Louth Prospect is planned to be drilled in late 2017, subject to partner approval, planning and other consents. Located on the margins of the Humber Basin and defined using re-processed 3D seismic data, the Louth Prospect is estimated by the operator to contain Stock Tank Oil Initially in Place of 5.5 million barrels and gross mean Prospective Resources of 1.4 million barrels of oil with an attractive geological chance of success of 37%.

PEDL201 - Burton on the Wolds

Drilling operations were completed in October 2014 on the Burton on the Wolds-1 well located on PEDL201, in which the Company has a 10% interest, following which the well was plugged and abandoned. Drill cutting samples of shale source rock collected at the well in 2015 were sent for analysis by experts in source rock evaluation. This analysis concluded that the Upper Bowland-Hodder shale interval is a very good source rock containing dominantly oil prone Type II organic matter though conditions at this location were not conducive to hydrocarbon generation. Regional well correlations show the Bowland Shale to be buried at much greater depth and is believed to be thermally mature for hydrocarbon generation in the north of the licence area. This supports the earlier work undertaken in 2014 that highlighted the unconventional potential within the licence area. The directors are continuing to evaluate the site with a view to future exploration and production.

Other Assets

Other assets within the Union Jack exploration portfolio include a 12% interest in PEDL253 containing the Biscathorpe Prospect and a 20% interest in PEDL241 containing the North Kelsey Prospect. Post year end the Company acquired a 10% conventional interest in PEDL209 which saw the drilling of the Laughton-1 exploration well in early 2016 which failed to discover commercial hydrocarbons.

A detailed review of Union Jack's asset base can be found in the Review of Operations section within the Annual Report and Financial Statements. This document can be accessed on the Company's website www.unionjackoil.com and a hard copy will be posted to shareholders in the near future.

CORPORATE AND FINANCIAL

The Company remains debt free and our cash balance as at 30 April 2016 stands in excess of £2.6 million, enough to cover the costs of our current planned production and development projects and to fund our existing exploration drilling programme over a 12 month period from the date of approving the financial statements.

In October 2015, the Company raised £800,000 before expenses of £104,000 by means of a placing. These funds are being used to take advantage of the current opportunities within the oil and gas market to further expand Union Jack's portfolio through the acquisition of interests in drill-ready projects onshore UK on attractive terms.

Administrative expenses for the year were 10% up on 2014 due to increased costs of some advisers and additional consulting fees. We apply strict financial and technical discipline to our activities and we pride ourselves on our low general and administrative costs. The Board intends to continue with the same low salary commitment going forward.

A further reduction in the Supplementary Tax rate from 20% to 10% in the March 2016 budget is constructive and positively impacts the economics of onshore hydrocarbon projects. This would reduce the effective tax rate from 50% to 40% going forward.

Our strategy of focusing on late stage drill-ready prospects helps to manage the portfolio from a technical perspective and shortens the lead time between the acquisition of an interest in an asset and drilling or initial production from any resulting discoveries. Union Jack is primarily involved in conventional hydrocarbon projects where costs are manageable and development of any discoveries can be achieved within a relatively short timeframe and on a cost effective basis by applying simple development techniques. We believe the full-cycle costs associated with onshore production, development and exploration in the UK remain attractive in the current low oil price environment.

Union Jack has been insulated somewhat from the low oil price environment which has been observed by the industry for the past 15 months due to low operating costs onshore in the UK and no material production to date. Our focus remains on relatively low cost projects and means our future growth plans have not been materially impacted. The search for new assets continues in tandem with our desire to develop our discovery at Wressle which, when on production, should transform cash flows to the Company.

I take this opportunity to thank the rest of my Board, Joe O'Farrell, Graham Bull and Ray Godson for their sound advice, technical support and expert guidance in respect of Company matters. The same comment applies to our advisors for their help in assisting the Company, all of whom diligently look after our interests.

SUMMARY

I am enthusiastic in respect of the year ahead. Union Jack is in a sound position with an interest in a discovery at Wressle, which is moving closer to development, with a view to commencing commercial oil production during 2016, together with a healthy cash balance to progress projects and fund its existing portfolio of drill-ready potentially high impact exploration prospects.

In addition, Union Jack has firm intentions of expanding its interests in other areas of the UK.

I look forward to reporting progress with our projects and new acquisitions during 2016 and beyond.

David Bramhill

Executive Chairman

16 May 2016

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	31.12.15 £	31.12.14 £
Revenue	–	–
Administrative expenses	(605,742)	(551,056)
Operating loss	(605,742)	(551,056)
Other income	12,713	–
Finance income	6,569	4,702
Loss before taxation	(586,460)	(546,354)
Taxation	(841)	(902)
Loss for the financial year	(587,301)	(547,256)
Attributable to:		
Equity shareholders of the Company	(587,301)	(547,256)
Loss per share		
Basic and diluted loss per share (pence)	(0.02)	(0.04)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	31.12.15 £	31.12.14 £
Loss for the financial year	(587,301)	(547,256)
Other comprehensive income	–	–
Total comprehensive loss for the financial year	(587,301)	(547,256)

BALANCE SHEET

AS AT 31 DECEMBER 2015

	31.12.15 £	31.12.14 £
Assets		
Non-current assets		
Exploration and evaluation assets	1,165,077	832,100
Investments	40,000	20,000
	1,205,077	852,100
Current assets		
Trade and other receivables	27,232	33,238
Cash and cash equivalents	3,078,311	3,474,320
	3,105,543	3,507,558
Total assets	4,310,620	4,359,658
Liabilities		
Current liabilities		
Trade and other payables	85,649	260,974
Provisions	18,000	–
Total liabilities	103,649	260,974
Net assets	4,206,971	4,098,684
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	2,593,458	2,475,811
Share premium account	4,042,698	3,282,848
Share-based payments reserve	167,924	349,833
Retained earnings	(2,597,109)	(2,009,808)
Total equity	4,206,971	4,098,684

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £	Retained earnings £	Share premium £	Share-based payment reserve £	Total £
Balance at 1 January 2014	2,079,201	(1,462,552)	–	284,263	900,912
Changes in equity					
Issue of share capital	396,610	–	3,847,302	–	4,243,912
Share issue costs	–	–	(564,454)	–	(564,454)
Total comprehensive income	–	(547,256)	–	–	(547,256)
Share-based payment charge	–	–	–	65,570	65,570
Balance at 31 December 2014	2,475,811	(2,009,808)	3,282,848	349,833	4,098,684
Balance at 1 January 2015	2,475,811	(2,009,808)	3,282,848	349,833	4,098,684
Changes in equity					
Issue of share capital	117,647	–	682,353	–	800,000
Share issue costs	–	–	(104,412)	–	(104,412)
Expiry of share-based payments	–	–	181,909	(181,909)	–
Total comprehensive income	–	(587,301)	–	–	(587,301)
Balance at 31 December 2015	2,593,458	(2,597,109)	4,042,698	167,924	4,206,971

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	31.12.15	31.12.14 (restated)
	£	£
Cash flow from operating activities	(543,846)	(574,154)
Cash flow from investing activities		
Purchase of intangible assets	(534,320)	(568,463)
Purchase of investments	(20,000)	–
Interest received	6,569	4,702
Net cash used in investing activities	(547,751)	(563,761)
Cash flow from financing activities		
Proceeds on issue of new shares	800,000	4,243,912
Cost of issuing new shares	(104,412)	(498,884)
Net cash generated from financing activities	695,588	3,745,028
Net (decrease) / increase in cash and cash equivalents	(396,009)	2,607,113
Cash and cash equivalents at beginning of financial year	3,474,320	867,207
Cash and cash equivalents at end of financial year	3,078,311	3,474,320

Amounts in 2014 have been restated to classify £219,343 of accrued evaluation and exploration expenditure previously classified as a cash flow from operating activities into cash flow from investing activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 ACCOUNTING POLICIES

Basis of Preparation

The financial information in this announcement, which was approved by the Board of Directors on 16 May 2016, does not constitute the Company's statutory accounts for the year ended 31 December 2014 and 2015, but is derived from those statutory accounts.

Statutory accounts for 31 December 2014 have been delivered to the Registrar of Companies and those for 31 December 2015 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

Whilst the financial information in this announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS"), this announcement does not itself contain sufficient information to comply with IFRSs.

Significant Accounting Policies

The accounting policies and methods of computation followed in these financial statements are consistent with those as published in the Company's Annual Report and Financial Statements for the year ended 31 December 2015.

The Annual Report and Financial Statements are available from the Company Secretary at the Company's registered office, 6 Charlotte Street, Bath BA1 2NE or on the Company's website www.unionjackoil.com.

Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement, Review of Operations and the Strategic Report. The directors' forecasts demonstrate that the Company will meet its day to day working capital and share of estimated drilling costs over the forecast period from the cash held on deposit. The principal risk to the Company's working capital position is drilling cost overruns. The Company has sufficient funding to meet planned drilling expenditures and a level of contingency. Taking account of these risks, sensitised forecasts show that the Company should be able to operate within the level of funds currently held. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2 LOSS PER SHARE

The Company has issued warrants over ordinary shares which could potentially dilute basic earnings per share in the future.

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

During the current and prior year the Company had warrants in issue. At 31 December 2015 the company has 55,052,548 warrants in issue. These warrants have not been taken into account when calculating the diluted loss per share as their impact was anti-dilutive. Therefore the basic and diluted loss per share are the same.

Loss per share	2015 Pence	2014 Pence
Loss per share from continuing operations	(0.02)	(0.04)

The loss and weighted average number of ordinary shares used in the calculation of loss per share are as follows:

Loss per share	2015 £	2014 £
Loss used in the calculation of total basic and diluted earnings per share	(587,301)	(547,256)

Number of shares	2015	2014
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,492,898,974	1,558,344,760

The Company has 831,680,400 deferred shares. These have not been included within the calculations of basic shares above on the basis that IAS 33 defines an ordinary share as an equity instrument that is subordinate to all other classes of equity instruments. Any residual interest in the assets of the Company would not currently, on liquidation, go to the deferred shareholders, hence they are not currently considered subordinate. These deferred shares, being potential ordinary shares, have not been taken into account when calculating the diluted loss per share as their impact was anti-dilutive.

3 RECONCILIATION OF LOSS TO CASH GENERATED FROM OPERATIONS

	31.12.15	31.12.14 (restated)
	£	£
Loss before taxation	(586,460)	(546,354)
Finance income	(6,569)	(4,702)
Income taxes paid	(841)	(902)
	(593,870)	(551,958)
Decrease in trade and other receivables	6,006	7,435
Increase / (Decrease) in trade and other payables	44,018	(29,631)
Cash used in operations	(543,846)	(574,154)

Amounts in 2014 have been restated to classify £219,343 of accrued evaluation and exploration expenditure previously classified as a cash flow from operating activities into cash flow from investing activities.

4 EXPLORATION AND EVALUATION ASSETS

	31.12.15	31.12.14
	£	£
At 1 January	832,100	44,294
Costs incurred during the year	314,977	787,806
Provision for site restoration	18,000	-
At 31 December	1,165,077	832,100

Intangible assets includes amounts capitalised for Wressle (PEDL180) of £723,703 (2014: £486,057), Burton on the Wolds (PEDL201) £340,877 (2014: £285,195) and other licences £100,497 (2014: £60,848).

5 SHARE CAPITAL

Allotted and issued: Number	Class	Nominal value	31.12.15 £	31.12.14 £
2,888,708,805 (31 December 2014: 2,418,120,570)	Ordinary	0.025p	722,177	604,530
831,680,400 (31 December 2014: 831,680,400)	Deferred	0.225p	1,871,281	1,871,281
Total			2,593,458	2,475,811

Allotments during the year

In October 2015, 470,588,235 new ordinary shares with a par value of 0.025 pence were issued at 0.17 pence per share and are fully paid.

Total consideration received was £800,000, of which £682,353 has arisen in share premium. All amounts were fully paid.

Issue costs of £104,412 have been recognised in the share premium account.

6 EVENTS AFTER THE BALANCE SHEET DATE

The following events have taken place after the year end:

In January 2016, a 10% interest in PEDL209 containing the Laughton Prospect was acquired from Egdon Resources plc.

In January 2016, the Keddington-5 sidetrack well was drilled. The well has initially seen production dominated by formation water and plans are being considered to isolate the zone of water production in the well.

In March 2016 the Laughton-1 conventional well was drilled. This well was subsequently plugged and abandoned as the amount of hydrocarbons discovered was deemed to be uncommercial. No costs have been capitalised with regards to this well to date.

7 COPIES OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Annual Report and Financial Statements will shortly be posted to shareholders and is now available on the Company's website www.unionjackoil.com.