

Market Abuse Regulation (MAR) Disclosure
Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

9 October 2017

UNION JACK OIL PLC
(AIM: UJO)

Acquisition of Nautical Petroleum's UK Onshore Hydrocarbon Licence Portfolio

Union Jack Oil plc ("**Union Jack**" or the "**Company**"), a UK-focused, onshore oil and gas production and exploration company is pleased to announce the acquisition of the entire onshore hydrocarbon portfolio interest of Nautical Petroleum Limited, a wholly owned subsidiary of Cairn Energy PLC.

The portfolio comprises:

- PEDL005(R) containing the producing Keddington oilfield ("**Keddington**") (10%)
- PEDL339 containing the Louth Prospect ("**Louth**") with an estimated Stock Tank Oil Initially in Place ("**STOIP**") of 5.5 million barrels (10%)
- PEDL203 containing the Kirklington 3-Z well which will be production ready once remedial works to site equipment are carried out should a future production decision be made (16.67%)
- PEDL118 containing the de-commissioned Dukes Wood oilfield where unproduced reserves are believed to exist (16.67%)

The consideration for the acquisition is £25,000 and Union Jack has assumed all further financial costs for the above assets with immediate effect. The cost of the transaction will be financed from existing cash resources.

Union Jack will receive Keddington production proceeds from the Economic Date of 1 September 2017.

The turnover attributable to the Company's existing 10% interest in PEDL005(R) in the year to 31 December 2016 was £22,119, generating a gross loss of £577. The acquisition of a further 10% interest in the licence would, on a pro rata basis, double turnover and the gross loss attributable to the interest. However, the enlarged 20% interest will produce a higher level of turnover, resulting in a gross profit for the remainder of the current financial year, given expected higher oil prices compared to the same period last year.

The Oil and Gas Authority has approved the transaction and the licence interests will be transferred to Union Jack on completion, subject to satisfaction of the completion conditions.

The licences are all operated by Egdon Resources plc ("**the Operator**").

PEDL005(R) – Keddington

As a result of this transaction Union Jack who previously held a 10% interest in PEDL005(R) now holds a 20% interest in PEDL005(R) and will receive 20% of all production revenues from Keddington, currently producing approximately 30 barrels of oil per day from Carboniferous age sandstone reservoirs from the Keddington 3-Z well.

Recent mapping of the 3-D seismic over Keddington has indicated areas of potentially unswept oil within structural closure. Comprehensive geophysical and geological evaluation is ongoing to better define the greater Keddington area.

Keddington is located along the highly prospective East Barkwith Ridge, an east-west structural high on the southern margin of the Humber Basin. The Saltfleetby gasfield is located at the east of this ridge. The Biscathorpe Prospect (Union Jack 12%), is located to the west and the Operator's Best Estimate of gross Prospective Resources is 14 million barrels of oil and with an attractive geological chance of success ("COS") of 40%. A conventional well at Biscathorpe is expected to be drilled in early 2018.

Additionally, there is also the potential for stratigraphic trapping at Biscathorpe, which, if present, could increase the expected gross Prospective Resources to 41 million barrels of oil.

PEDL005(R) also contains a portion of Louth and the entire North Somercotes gas prospect. The latter is estimated by the Operator to contain gross mean Prospective Resources of 11 billion cubic feet of gas with a COS of 25%.

The interests held in PEDL005(R) following the transaction are as follow:

	Keddington Oilfield	PEDL005(R) Ex. Keddington
Egdon Resources U.K. Limited	45%	65%
Terrain Energy Limited	35%	15%
Union Jack Oil plc	20%	20%

PEDL339 – Louth

Louth is located immediately west of, and along trend from, Keddington and extends into PEDL005(R). As a result of this transaction, Union Jack now holds a 20% interest in PEDL339. 10% was previously acquired at no cost from the Operator due to its award to the existing Joint Venture group in the UK 14th Landward Oil and Gas Licensing Round.

Louth is defined on reprocessed 3-D seismic data and is estimated by the Operator to contain STOIP of 5.5 million barrels of oil and gross mean Prospective Resources of 1.4 million barrels of oil with an attractive COS of 37%.

The interests held in PEDL339 following the transaction are as follow:

Egdon Resources U.K. Limited	65%
Union Jack Oil plc	20%
Terrain Energy Limited	15%

PEDL203 – Kirklington

The currently shut-in Kirklington oilfield is located in Nottinghamshire, situated in the East Midlands Province immediately south and along trend with the Eakring oilfield.

Kirklington was originally discovered by BP in 1985 and produced oil from two Carboniferous reservoirs, the Crawshaw sandstone and the Chatsworth Grit.

The Kirklington-3 and the Kirklington 3-Z sidetrack wells were drilled by the Operator in 2010 and produced from only one of nine potential pay zones until mid-2013. The STOIP is believed to be approximately 4.23 million barrels of oil with circa 1% of this figure having been produced to date.

The 3-Z well is currently shut in and production facilities have been preserved as part of a care and maintenance programme and will be production ready once remedial work has been conducted to site equipment should a future production decision be made.

Various studies are ongoing to evaluate completion and enhanced recovery options, both mechanical and chemical which could be applied to the unswept oil reservoirs present to enable further production from Kirklington.

The interests held in PEDL203 following this transaction are as follow:

Egdon Resources U.K. Limited	55.55%
Terrain Energy Limited	27.78%
Union Jack Oil plc	16.67%

PEDL118 – Dukes Wood

The currently de-commissioned historic Dukes Wood oilfield, also located within the East Midlands Province was discovered in 1939 by the D`Arcy Company (now BP). Dukes Wood played a very important part supporting the war effort during WWII and produced throughout this period. The oilfield was abandoned in 1966 having produced approximately 6.5 million barrels of oil from a mapped 25.6 million barrels of oil in place.

The current Operator drilled the Dukes Wood-1 well in 2010 and encountered three reservoir zones, the Ashover Grit, Crawshaw sandstone and the Loxley Edge Rock, all of which were flow tested.

Studies are ongoing to identify reservoir zones containing previously undrained oil resources.

The interests held in PEDL118 following this transaction are as follow:

Egdon Resources U.K. Limited	55.55%
Terrain Energy Limited	27.78%
Union Jack Oil plc	16.67%

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

“The opportunity for Union Jack to acquire Cairn Energy’s UK onshore hydrocarbon portfolio which comprise assets we hold in high regard, at nominal cost is an excellent result.

The assets acquired are all located in Union Jack’s core area of interest in the East Midlands which include additional interests in the producing Keddington oilfield and the drill-ready prospects, subject to planning, at Louth and North Somercotes.

This acquisition is a perfect fit to the Company’s existing portfolio at minimum cost while allowing Union Jack to focus on growing its production and exploration business.”

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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 47 years of international oil and gas industry experience.