

5 March 2018

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

Union Jack Oil Plc

("Union Jack" or the "Company")

**Proposed Farm-in for an Additional 10% Interest in the Drill-Ready Biscathorpe Prospect
Commercial Partnership Memorandum Signed with Humber Oil & Gas Limited
Oversubscribed Placing and Subscription to raise £1.25m**

The Directors of Union Jack Oil plc (AIM: UJO) are pleased to announce that the Company has agreed terms on a proposed Farm-in for a further 10% licence interest in PEDL253 ("**Proposed Farm-in**") increasing the Company's economic interest to 22%. PEDL253 is located in the South Humber Basin and contains the drill-ready Biscathorpe Prospect, where the Biscathorpe-2 conventional exploration well is planned to be drilled around mid-year 2018.

The Company has also entered into a Memorandum of Understanding ("**MOU**") with Humber Oil & Gas Limited ("**Humber**"), a private company incorporated in England and Wales, which forms the basis of an ongoing Commercial Partnership whereby both parties will seek to co-invest in UK onshore hydrocarbon opportunities going forward.

The Company has raised £1.25m by way of a placing and subscription of 1,470,588,226 new ordinary shares of 0.025p each ("**New Ordinary Shares**") at a price of 0.085p per New Ordinary Share (the "**Fundraising**"). The placing comprises 1,311,764,701 New Ordinary Shares ("**Placing**") and the subscription 158,823,525 New Ordinary Shares ("**Subscription**"). SP Angel Corporate Finance LLP acted as sole broker on the Placing.

The proceeds will be used as follows:

- to fund the Company's expanded drilling obligations in 2018;
- to progress the evaluation of opportunities within the Company's existing portfolio;
- to review new opportunities in collaboration with Humber under the MOU; and
- for general working capital purposes.

Commercial Partnership with Humber Oil & Gas Limited

Union Jack has entered into a Commercial Partnership with Humber, a company whose sole director, Frazer Lang, is also beneficially interested in 396,806,484 ordinary shares of the Company held by G.P. (Jersey) Limited (representing 9.16% of the issued ordinary shares prior to the Fundraising).

Union Jack and Humber have agreed to work together in good faith to progress the Commercial Partnership and will seek to co-invest in the UK conventional upstream onshore oil and gas sector.

The Parties will review investment opportunities that fall into two broad categories:

- direct equity participation in joint ventures encapsulating UK licence interests; and
- investments in the equity of private or listed entities.

The first commercial collaboration between Union Jack and Humber is the Proposed Farm-in for a combined 20% economic interest in PEDL253, with each of Union Jack and Humber acquiring a 10% interest.

As part of the commercial collaboration, G.P. (Jersey) Limited has also acquired a further 183,558,823 New Ordinary Shares in the Fundraising and will hold in aggregate 580,365,307 ordinary shares representing a 10% interest in the Company's share capital as enlarged by the Fundraising.

Further information on PEDL253 and the Proposed Farm-in

Pursuant to the Proposed Farm-in, UJO and Humber will each acquire individually 6% of Egdon Resources U.K. Limited's interest in PEDL253 by paying their pro-rata share of the Biscathorpe-2 well cost plus an additional £10,000 per percentage point interest acquired, both at the time of drilling. In addition, UJO and Humber will each acquire individually 4% of Montrose Industries Limited's interest in PEDL253 under the same terms. The Company is not required to make any immediate up-front cash payment.

The Proposed Farm-in, which will be progressed following completion of the Fundraising, is subject to contract and Oil & Gas Authority approval.

PEDL253 is within the proven hydrocarbon fairway of the South Humber Basin and contains the drill-ready Biscathorpe Prospect and is on trend with the Saltfleetby gas field, Keddington oil field and the Louth and North Somercotes prospects. The Biscathorpe-1 well drilled by BP in 1987 encountered a thin oil filled sandstone which is expected to thicken down-dip.

The Biscathorpe Prospect is a well-defined four way dip closed structure mapped from recently re-processed 3D seismic. The Biscathorpe-2 conventional exploration well is planned to be drilled around mid-year 2018.

The Biscathorpe-2 conventional well will be located in a direction towards a potentially thicker sand development within the structural closure of the trap and partner approval has been granted to drill the conventional well. The current Best Estimate Prospective Resource is 14 million barrels of oil (gross) with a geological Chance of Success of 40%.

During 2017, Union Jack commissioned an independent review of the Biscathorpe 3D seismic survey which was conducted by geophysical consultants Sotwell Exploration Ltd ("**Sotwell**"). Sotwell's findings were encouraging, confirming the Biscathorpe 'concept' with good evidence from seismic attributes of the sand thickening away from the Biscathorpe-1 well location, with the Biscathorpe-2 location, in the opinion of Sotwell, appearing to be optimal to appraise the prospect. In addition, Sotwell's opinion is that the whole area, within PEDL253, is attractive for hydrocarbon exploration and that significant upside may exist due to potential stratigraphic trapping.

The proposed Biscathorpe-2 well will involve conventional drilling for oil trapped in a sandstone reservoir and for clarity the operations at the site will not either now or in the future involve the process of hydraulic "fracking" for shale gas or shale-oil.

Details of the Director Subscriptions

David Bramhill and Joseph O'Farrell intend, following this announcement, to subscribe for a total of 70,588,234 New Ordinary Shares at a price of 0.085p per share ("**Director Subscriptions**").

Of this, Joseph O'Farrell, Executive Director of Union Jack, intends to subscribe £50,000 for 58,823,529 New Ordinary Shares, following which he will have a beneficial interest in 177,693,592 ordinary shares, representing approximately 3.06 per cent. of the enlarged ordinary share capital of the Company.

David Bramhill, Executive Chairman of Union Jack, intends to subscribe £10,000 for 11,764,705 New Ordinary Shares, following which he will have a beneficial interest in 65,962,285 ordinary shares, representing approximately 1.14 per cent. of the enlarged ordinary share capital of the Company.

Fundraising and Admission

Completion of the Fundraising is conditional, inter alia, upon admission of the New Ordinary Shares to trading on AIM.

The New Ordinary Shares will rank pari passu in all respects with the existing ordinary shares. Application has been made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM and admission is expected to take place on or around 8 March 2018.

Total Voting Rights

Following admission, the Company's share capital and total voting rights will comprise 5,803,651,431 ordinary shares of 0.025p each. The Company does not hold any shares in treasury. Consequently, 5,803,651,431 is the figure which may be used by shareholders as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure and Transparency Rules.

David Bramhill, Executive Chairman of Union Jack, commented:

"We are grateful for the continuing support of our existing shareholders and new investors who have participated in this oversubscribed Fundraising. The funds raised will allow us to acquire an additional 10% interest in PEDL253, on attractive farm-in terms, and progress the drilling of the potentially high-impact Biscathorpe-2 conventional exploration well. The Fundraising also enables us to progress existing opportunities within the Company's portfolio and evaluate further acquisition opportunities, in partnership with Humber.

"We look forward to working with Humber on the Biscathorpe-2 well, and to a constructive and value-adding relationship with them in identifying new accretive acquisition opportunities going forward on which we can work together.

"The Company is now in an even stronger position to deliver growth in reserves, production and asset value, while adhering to our principles of strict financial and technical discipline."

Frazer Lang, Executive Director of Humber, commented:

"We are delighted to be associated with Union Jack, both as a commercial partner and as a 10% shareholder. In Humber's opinion, Union Jack holds a highly attractive UK onshore portfolio of conventional producing, appraisal and drill-ready projects and we hold in high regard what the team has assembled. We look forward to working with Union Jack and the other joint venture partners on the much anticipated Biscathorpe-2 well as our first joint project together and in evaluating and acquiring other attractive conventional UK onshore opportunities in due course."

Related Party Transaction

David Bramhill and Joseph O'Farrell are related parties to Union Jack, as defined in the AIM Rules for Companies and the Director Subscriptions are related party transactions for the purposes of Rule 13 the AIM Rules ("**Related Party Transactions**").

Raymond Godson and Graham Bull, being the independent Directors for the purposes of the Related Party Transactions, consider, having consulted with the Company's nominated adviser, SP Angel Corporate Finance LLP, that the terms and conditions of the Director Subscriptions are fair and reasonable insofar as the shareholders of the Company are concerned.

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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.