

## Chairman of Union Jack Oil plc (the "Company")

### Corporate Governance Statement

Last reviewed on 21 September 2018

The London Stock Exchange has recently introduced changes to the AIM rules requiring all AIM listed companies to adopt and comply with a recognised corporate governance code.

This corporate governance statement has been prepared by David Bramhill, the Executive Chairman of the Company and has been approved by the Company's board of directors (the "**Board**") in accordance with the recommendations of the QCA Corporate Governance Code 2018 (the "**Code**"), which the Company has adopted as its code of governance.

This statement explains how the 10 principles of the Code are applied by the Company, and where the Company departs from the Code, an explanation of the reasons for doing so is provided.

The Company's Board takes its adherence to effective corporate governance very seriously. In accordance with legal requirements, further information in relation to the Company's corporate governance procedures are available within the Company's latest Annual Report (available at: <http://unionjackoil.com/>).

	<b><i>QCA Code Recommendation</i></b>	<b><i>Application by the Company</i></b>
1.	<b>Principle 1</b> <b>Establish a strategy and business model which promotes long-term value for shareholders.</b> <ul style="list-style-type: none"><li>• The Board must be able to express a shared view of the Company's purpose, business model and strategy.</li><li>• It should go beyond the simple description of products and corporate structures and set out how the Company intends to deliver shareholder value in the medium to long-term.</li></ul>	<ul style="list-style-type: none"><li>• The primary objective of the Company is to build a sustainable and successful conventional onshore hydrocarbon exploration, development and production business, which the Board seeks to deliver through the acquisition of, and subsequent investment in, carefully selected licence interests in UK onshore. The Company undertakes this in conjunction with a number of joint-venture operating partners (including, but not limited to, Europa Oil &amp; Gas (Holdings) plc and Egdon Resources plc).</li><li>• The Company's strategy is the appraisal and exploitation of the assets currently owned. Simultaneous with this process, the Board expects to continue to use its expertise and cash resources to acquire further licence interests and production in the UK in the future.</li></ul>

	<ul style="list-style-type: none"> <li>It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the Company from unnecessary risk and securing its long-term future.</li> </ul>	<ul style="list-style-type: none"> <li>The Board is optimistic about the prospect of delivering shareholder value in the medium to long term via the acquisition and increased interest in various high impact licence areas with proven reserves, contingent resources and drill-ready prospects.</li> <li>The Company's strategy is underpinned by a well-balanced and diverse onshore UK asset portfolio, ensuring the relevant components of production, development, appraisal and discovery are all in place, as is adequate and prudently sourced funding for the Company's commitments going forward.</li> </ul>
2.	<p><b>Principle 2</b></p> <p><b>Seek to understand and meet shareholder needs and expectations.</b></p> <ul style="list-style-type: none"> <li>Directors must develop a good understanding of the needs and expectations of all elements of the Company's shareholder base.</li> <li>The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.</li> </ul>	<ul style="list-style-type: none"> <li>Since the Company's incorporation in January 2011, members of the Board have been very active in encouraging and participating in direct dialogue with shareholders in order to ensure the Company's shareholders are kept regularly updated and are able to discuss strategy and performance directly with the Board (subject always to compliance with legal and regulatory requirements, including the Market Abuse Regulations ("<b>MAR</b>")). This also allows the Board to obtain a clear understanding of shareholders' motivations and concerns.</li> <li>All shareholders are encouraged to attend the Company's Annual General Meeting and investors have access to current information on the Company through its website and via the <a href="mailto:info@unionjackoil.com">info@unionjackoil.com</a> email address.</li> <li>In addition, due to the volatility of the industry in which the Company operates, the Board recognises the particular importance of frequent and regular communications with shareholders, so they can keep abreast of major potential risks and uncertainties in the industry. Further detail is set out within the Company's latest Annual Report (available at: <a href="http://unionjackoil.com/">http://unionjackoil.com/</a>).</li> </ul>
3.	<p><b>Principle 3</b></p>	<ul style="list-style-type: none"> <li>As set out above, due to the specific nature of the Company's business, the Company currently relies on two key joint venture partners: Egdon Resources</li> </ul>

	<p><b>Take into account wider stakeholder and social responsibilities and their implications for long-term success.</b></p> <ul style="list-style-type: none"> <li>• Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The Board needs to identify the Company's stakeholders and understand their needs, interests and expectations.</li> <li>• Where matters that relate to the Company's impact on society, the communities within which it operates or the environment have the potential to affect the Company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the Company's strategy and business model.</li> <li>• Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</li> </ul>	<p>plc and Europa Oil &amp; Gas Holdings plc, who manage and operate the Company's licence interests on its behalf.</p> <ul style="list-style-type: none"> <li>• The Company takes its relationship with its joint venture partners and its third party professional advisors (both of whom it sees as its key stakeholders) very seriously. The manner in which the Company seeks to ensure the long term success of these relationships includes: <ul style="list-style-type: none"> <li>○ ensuring the Executive Chairman and other members of the Board continue to openly discuss any issues and queries their joint venture partners may have in an open, direct and constructive manner.</li> <li>○ adhering to the Company's policy of settling all invoices on return, as the Company regards its third party professional advisors as critical to the Company's continued success; and</li> </ul> </li> <li>• The Board is also keenly aware of the local environment and its inhabitants in which the Company's licence interests are situated. While the Company does not manage these investments directly on a day to day basis, the Board works with the Company's joint venture operating partners to ensure any queries or concerns any community members may have are swiftly addressed and, at the same time, all community members are treated with the respect and attention they deserve.</li> </ul>
4.	<p><b>Principle 4</b></p> <p><b>Embed effective risk management, considering both opportunities and threats, throughout the organisation.</b></p> <ul style="list-style-type: none"> <li>• The Board needs to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver</li> </ul>	<ul style="list-style-type: none"> <li>• The management of the business and the execution of the Company's strategy are subject to a number of risks. The Board ensures risks are mitigated as far as reasonably practicable by performing a detailed review of the issues pertaining to each significant decision. Significant decisions are reviewed by the Board having consulted the Company's professional third party advisers (be they legal, financial or technical).</li> </ul>

	<p>strategy; companies need to consider their extended business, including the Company's supply chain, from key suppliers to end-customer.</p> <ul style="list-style-type: none"> <li>• Setting strategy includes determining the extent of exposure to the identified risks that the Company is able to bear and willing to take (risk tolerance and risk appetite).</li> </ul>	<ul style="list-style-type: none"> <li>• As with the majority of companies within the energy sector, the business of oil and gas exploration and development includes varying degrees of risk. These risks include operating reliance on third parties, the ability to monetise discoveries, the price of products and the costs of exploration and/or production.</li> <li>• The principal risks to the Company as well as the mitigation actions by the Board are set out below: <ul style="list-style-type: none"> <li>○ <b>Strategic risk:</b> a weak or poorly executed acquisition and development process fails to create shareholder value. This risk is mitigated through performing a detailed technical review, both internally by management and externally by advisers, for each investment which includes valuation exercises on the potential return on capital invested.</li> <li>○ <b>Operational risk:</b> operational events can have an adverse effect. The main risk is the potential failure to obtain planning permission in respect of the Company's licence interests. This risk is mitigated by the appointment of specialist professional entities who work together to compile planning applications designed to achieve a positive result. On site operational risks and its mitigation are managed by the site operators, Egdon Resources plc and Europa Oil &amp; Gas Holdings plc, whom have to date safety records of the highest standard.</li> <li>○ <b>External Risk:</b> Lack of growth caused by political, industry or market factors. The Company operates exclusively within the UK and the Board considers that the UK onshore hydrocarbon arena offers political security and excellent value under a regime with a very clearly spelt out protocol giving the opportunity to develop assets unhindered.</li> <li>○ <b>Financial Risk:</b> the lack of ability to meet financial obligations. The Company raises its funds through the financial market by share issues</li> </ul> </li> </ul>
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5.	<p><b>Principle 5</b></p> <p><b>Maintain the Board as a well-functioning, balanced team led by the Chairman.</b></p> <ul style="list-style-type: none"> <li>● The Board have a collective responsibility and legal obligation to promote the interests of the Company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chairman.</li> <li>● The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</li> </ul>	<ul style="list-style-type: none"> <li>● The Board consists of two executive directors and two non-executive directors, who are responsible for the management of the Company.</li> <li>● No members of the Board have other commitments that would prevent them from spending as much time as required to ensure the aims and best interests of the Company are met. None of the directors of the Company are independent and the board will review this on an ongoing basis. Any changes to directors' commitments and interests will be reported to and, where appropriate, agreed with the rest of the Board.</li> <li>● The Board meets formally in person and by telephone multiple times during the year, attendance of which has always been 100%, since the Company's incorporation. The Board also holds numerous informal project appraisal and strategy discussions (sometimes on a daily basis), and plans to meet at least four times in each year to review trading performance and budgets, ensure adequate funding, set and monitor strategy, examine acquisition opportunities and report to the shareholders.</li> </ul>

	<ul style="list-style-type: none"> <li>• The Board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a Board judgement.</li> <li>• The Board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</li> <li>• Directors must commit the time necessary to fulfil their roles.</li> </ul>	<ul style="list-style-type: none"> <li>• The Board's culture is one of collaboration regarding decisions, to ensure each decision reached is always in the Company's (and by extension, its shareholders') best interest and that one individual opinion never dominates decision making. The Board seeks, so far as possible, to achieve decisions by consensus and all directors are encouraged to use their independent judgement and to challenge all matters whether strategic or operational. To date all decisions have been unanimous.</li> <li>• The Company's two non-executive directors hold shares (but not options) in the Company. The Board are satisfied that these shareholdings are not "significant" and therefore such shareholdings do not contravene the provisions of the Code.</li> <li>• The Board delegates certain decisions to an Audit Committee and a Remuneration Committee. The Audit Committee has joint responsibility for reviewing the year end accounts with the Auditor. The Remuneration Committee annually review the remuneration of the executive directors. Further details of these committees and internal financial control systems are covered within the Company's latest Annual Report (available at: <a href="http://unionjackoil.com/">http://unionjackoil.com/</a>).</li> </ul>
6.	<p><b>Principle 6</b></p> <p><b>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.</b></p> <ul style="list-style-type: none"> <li>• The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The Board should understand and challenge its own diversity, including gender balance, as part of its composition.</li> </ul>	<ul style="list-style-type: none"> <li>• The current Board composition of the Company is available within the Company's latest Annual Report, (available at: <a href="http://unionjackoil.com/">http://unionjackoil.com/</a>) and each director's experience is set out at <a href="http://unionjackoil.com/about-us-2/directors-and-corporate-governance/">http://unionjackoil.com/about-us-2/directors-and-corporate-governance/</a> . The Board's view is that the directors have a variety of complimentary experiences and skillsets, including experience in: industry specific technical, financial and public capital markets sectors.</li> <li>• The directors are mindful of the need to ensure the Company has in place a diverse Board that encompasses the right skills required to ensure the Company's continued success, including creating an atmosphere of</li> </ul>

	<ul style="list-style-type: none"> <li>• The Board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.</li> <li>• As companies evolve, the mix of skills and experience required on the board will change, and Board composition will need to evolve to reflect this change.</li> </ul>	<p>constructive challenge and consensus for any decision reached. As such, and given the current size of the Company, the Board is of the opinion its current composition and skillset is currently sufficient to maintain and drive the long term success for the Company's shareholders.</p> <ul style="list-style-type: none"> <li>• Each director takes their continued professional and technical development seriously, so in order to ensure the Board keeps abreast of the current challenges faced by the industry the Company operates in, the directors attend both trade shows and technical sessions during the course of any given year.</li> <li>• The Board ensures it is well advised and supported by utilising a range of external experts in various fields, and employs external: accountants, legal counsel, a company secretary and a nominated adviser in accordance with the AIM rules. On the industry specific front, it also employs two technical consultancies: Sotwell Exploration Ltd and Calderdale Geoscience Limited.</li> </ul>
7.	<p><b>Principle 7</b></p> <p><b>Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.</b></p> <ul style="list-style-type: none"> <li>• The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.</li> <li>• The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.</li> <li>• It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital</li> </ul>	<ul style="list-style-type: none"> <li>• While the Board is very much aware of the needs of the Company in ensuring effectiveness of Board performance and the periodic refreshment of the composition of the Board, the Board believes that due to the Company's current size and its current corporate culture of constructive challenge and consensus on each decision reached, the procedures already in place are sufficient for monitoring Board performance and no external performance reviews are required at this time. This will be kept under review.</li> <li>• The Board is also of the opinion that the Company has appropriate measures in place to ensure any refreshment of the Board occurs in a timely manner, and always with the best interests of the shareholders in mind.</li> </ul>

	<p>task for boards. No member of the Board should become indispensable.</p>	
<p>8.</p>	<p><b>Principle 8</b></p> <p><b>Promote a corporate culture that is based on ethical values and behaviours.</b></p> <ul style="list-style-type: none"> <li>• The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</li> <li>• The policy set by the Board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the Company.</li> <li>• The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the Company.</li> <li>• The corporate culture should be recognisable throughout the disclosures in the Annual Report, website and any other statements issued by the Company.</li> </ul>	<ul style="list-style-type: none"> <li>• The directors recognise that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board seeks to embody and promote a corporate culture that is based on sound ethical values as it believes the tone and culture set by the Board impacts all aspects of the Company, including the way that employees and other stakeholders behave.</li> <li>• The Company has adopted a share dealing code which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of MAR which came into effect in 2016.</li> <li>• The Board believes that evidenced through the disclosures made throughout this statement, its corporate governance regime and culture are at the core of its operations and are appropriate given the current size of the Company.</li> <li>• Furthermore, through its interaction with its stakeholders and in the communities in which it operates in (described above), it maintains a collaborative and constructive dialogue that embodies a dynamic, accessible, open door and vibrant corporate culture.</li> <li>• The Company's corporate culture is monitored/assessed regularly taking on board immediately any changes made by AIM Rule 26 and where advisors may advise. All financial transactions are reviewed independently by Berkeley Hall Marshall Limited. An anti-bribery policy is in place.</li> <li>• As such, and taking into account the Board interaction with each of its professional advisors described above, the Board is satisfied that its governance regime is more than adequate given the size of the Company, its shareholder base and business pipeline.</li> </ul>



<p>9.</p>	<p><b>Principle 9</b></p> <p><b>Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.</b></p> <ul style="list-style-type: none"> <li>• The Company should maintain governance structures and processes in line with its corporate culture and appropriate to its: <ul style="list-style-type: none"> <li>○ size and complexity; and</li> <li>○ capacity, appetite and tolerance for risk.</li> </ul> </li> <li>• The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>• As disclosed throughout this statement, the Company maintains and employs robust corporate governance practices to support an effective and collaborative Board, always working in the best interests of its shareholders.</li> <li>• Details of board committees, under Principle 5 above, are covered within the Company's latest Annual Report (available at: <a href="http://unionjackoil.com/">http://unionjackoil.com/</a>).</li> <li>• The Board intends that the Company's governance structures evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Company.</li> </ul>
<p>10.</p>	<p><b>Principle 10</b></p> <p><b>Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</b></p> <ul style="list-style-type: none"> <li>• A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Company.</li> <li>• In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base.</li> </ul>	<ul style="list-style-type: none"> <li>• As set out above, the Company ensures: <ul style="list-style-type: none"> <li>○ a printed annual and half year report is delivered to each shareholder, and also made available on the Company's website;</li> <li>○ all RIS announcements are released in a timely manner, while also ensuring all announcements are drafted in a clear and concise fashion; and</li> </ul> </li> <li>• In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. The outcomes of all shareholder votes are disclosed in a clear and transparent manner via a RIS.</li> </ul>

	<ul style="list-style-type: none"> <li>• This will assist: <ul style="list-style-type: none"> <li>○ the communication of shareholders' views to the Board; and</li> <li>○ the shareholders' understanding of the unique circumstances and constraints faced by the Company.</li> </ul> </li> <li>• It should be clear where these communication practices are described (Annual Report or website).</li> </ul>	<ul style="list-style-type: none"> <li>• The Company includes historical annual reports, notices of general meetings and RIS announcements over the last five years on its website. The Company also lists contact details on its website, should shareholders wish to communicate with the Board.  The Company intends to include, where relevant, in its annual report, any matters of note arising from the audit or remuneration committees.</li> <li>• each shareholder is actively encouraged to both attend the Company's annual general meeting and throughout the year to contact the Chairman to discuss any queries or concerns they may have<sup>1</sup>.</li> <li>• Given the size of the Company, the Board is of the opinion that no formal communication structures are required at this time. The Company does however: <ul style="list-style-type: none"> <li>○ ensure continued disclosure of all items in conjunction with AIM Rule 26 on its website;</li> <li>○ disclose the results of all shareholder votes once held, in conjunction with the Company's annual general meeting; and</li> <li>○ keeps in constant communication and dialogue with its key stakeholders and joint-venture partners through an accessible and open door policy, with the Chairman acting as the key conduit.</li> </ul> </li> <li>• The Company's communication practices are set out on its website at: <a href="http://unionjackoil.com/company-information/aim-rule-26/">http://unionjackoil.com/company-information/aim-rule-26/</a></li> </ul>
<b>Other</b>	Consider relationship agreement where there is a dominant shareholder.	The Company has no dominant shareholder, however the Company does have two "Significant Shareholders" (as defined under the AIM Rules).

<sup>1</sup> **Note:** for avoidance of doubt, it is important to note that any conversations shareholders and the Chairman may have are always in accordance of what is permissible under MAR.

		<p>One of these Significant Shareholders is G.P. (Jersey) Limited, which holds 13% of the issued share capital of the Company. A Related Party (again, as defined under the AIM Rules) to G.P. (Jersey) Limited is a director of Humber Oil &amp; Gas Limited, a commercial joint venture partner of the Company.</p> <p>It is important to note that the above disclosure does not represent any conflict of interest from the Company's perspective, and as such no relationship agreement is in place between the Company and Humber Oil &amp; Gas Limited regarding this matter.</p> <p>Further details of Humber Oil &amp; Gas Limited can be found on its website: <a href="https://humberoilandgas.co.uk/">https://humberoilandgas.co.uk/</a></p>
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