

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

18 September 2018

UNION JACK OIL PLC

(AIM: UJO)

Unaudited Results for the Six Months Ended 30 June 2018

Union Jack Oil plc (“**Union Jack**” or the “**Company**”), a UK focused, onshore oil and gas production, development and exploration company, is pleased to announce its unaudited results for the Half Year ended 30 June 2018.

Highlights

- Further acquisition to 27.5% in PEDL180 and PEDL182 containing the Wressle discovery providing additional proven reserves in an attractive appraisal and development project
- Further acquisition to 22% in PEDL253 containing the Biscathorpe-2 Prospect planned to be drilled following completion of construction of the wellsite
- Successful workover programme on production wells at Fiskerton Airfield Oilfield
- Commercial Partnership entered into with Humber Oil & Gas Limited

David Bramhill, Executive Chairman, commented:

“The addition of material interests in the Biscathorpe and Wressle projects during the period under review both materially enhance Union Jack’s oil reserves and resources and increase significantly the upside risk value potential in the fully funded prospective high impact conventional well at Biscathorpe-2 planned to be spudded following completion of construction of the wellsite”.

“The Company will benefit materially if either of these key projects is successful given the considerable upside value potential in each to Union Jack.”

“I look forward to commenting further on each of these drilling and development projects during the coming months.”

“The future of Union Jack remains bright.”

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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 by Graham Bull, Non-Executive Director, who has over 46 years of international oil and gas industry exploration experience.

CHAIRMAN'S STATEMENT

I am pleased to present this Half Yearly Report for the six months ended 30 June 2018 to the shareholders of Union Jack Oil plc ("**Union Jack**" or the "**Company**").

Key Activities in the Period

The past six months have seen a number of Company building events that include the acquisition of a further 12.5% of PEDL180 and PEDL182 containing the Wressle discovery, an acquisition of a further 10% of PEDL253 containing the Biscathorpe Prospect, planned to be drilled following completion of construction of the wellsite, a successful workover campaign on the production wells at Fiskerton Airfield, and the formation of a Commercial Partnership with Humber Oil & Gas Limited ("**Humber**").

Wressle Update

Wressle is currently the most valuable asset within Union Jack's portfolio that will propel the Company into a material revenue generating hydrocarbon production entity, following development approval. In pursuit of this, Union Jack and the other joint venture parties remain committed to utilising all available avenues to obtain the necessary planning approvals for the development of the Wressle discovery to proceed.

The acquisition of a further 12.5% of PEDL180 and PEDL182, from Celtique Energie Petroleum Limited in June 2018 increased Union Jack's interest to 27.5% and reaffirmed the Company's commitment to the Wressle development project.

The acquisition was completed on attractive terms and involved no initial cash consideration as the payment is deferred and conditional on establishing first oil production at Wressle. This acquisition had an immediate and positive effect on the Company by instantly increasing its reserves and resources base at Wressle by 83%.

When Wressle is in production, it will result in an initial constrained production rate anticipated to be 500 barrels of oil per day ("**bopd**"), adding net production to Union Jack in excess of 137 bopd. The economics of the project are robust and net asset value accretive down to US\$35 per barrel of oil.

In April and July 2018, the operator submitted two planning applications to the North Lincolnshire Council ("**NLC**") being the extension of the planning period for the wellsite for a one-year period and for the extraction and development of hydrocarbons from the Wressle discovery. The first application, which was recommended by the NLC Planning Officer, was denied by the NLC Planning Committee and this decision has now been promoted by the joint venture partners to an appeal process.

The operator's second application to the NLC is due to be heard following the end of a consulting period concluding in late September 2018. The updated application follows the culmination of a significant amount of detailed work by a committed team of specialist technical consultants and planning advisers. The updated application comprehensively deals with the findings of the prior appeal process contained in the Planning Inspector's report dated 4 January 2018, principally in respect of groundwater integrity.

Acquisition of Additional Interest in Biscathorpe

During March 2018, Union Jack acquired a further 10% in PEDL253 containing the Biscathorpe Prospect, one of the largest UK onshore conventional plays which is planned to be drilled following completion of construction of the wellsite, pro-rata from Egdon Resources plc and Montrose Industries Limited, increasing its interest to 22%.

PEDL253 is located within the proven hydrocarbon fairway of the South Humber Basin. The Biscathorpe Prospect is a well-defined four-way dip closed structure mapped from modern 3D seismic. The Biscathorpe-1 discovery well was drilled by BP in 1987 and encountered a thin oil filled sandstone, which is expected to thicken downdip.

The Biscathorpe-2 conventional well will be located in a direction towards a potentially thicker sand development within the structural closure of the trap.

The current Mean Prospective Resource at Biscathorpe-2 is estimated at 14 million barrels of oil gross with a geological Chance of Success of 40%.

Internal financial evaluations in respect of Biscathorpe are compelling with a current pre-drill Expected Monetary Value of £12.6 million, significantly in excess of our risk capital of approximately £1 million and an Internal Rate of Return on success of up to 328%.

The Biscathorpe-2 well will involve conventional drilling techniques and for clarity the site operations will not, either now, or in the future, involve the process of hydraulic fracturing (“fracking”) for shale gas or shale oil.

Union Jack is fully funded for its share of drilling costs for Biscathorpe-2.

Successful Workover Campaign at Fiskerton

In November 2017, the Company acquired a 20% economic interest in EXL294 containing the producing Fiskerton Airfield oilfield (“**Fiskerton**”), located approximately seven miles East of the City of Lincoln.

As a result of underinvestment by its previous operator, Fiskerton represented an opportunity for the joint venture partners to enhance cash flows and profitability by executing low cost well interventions, including the installation of new tubing, pumps and the isolation of water producing zones. This initial well workover programme was completed in April 2018.

Production operations have resumed at Fiskerton and field production, prior to further optimisation and operations during the coming months including the increasing of the pump rate, is approaching 30 bopd of good quality oil, a significant increase on the pre-workover rate of 16 bopd gross.

Additional intervention is being considered in the FA-1 well for early 2019.

The Company’s initial review of historic 3D seismic data and drill logs suggested upside potential in the oil resources at Fiskerton. Union Jack is funding a 3D seismic re-processing exercise on behalf of the joint venture to assist in re-mapping the surrounding area to identify further production opportunities. The results from initial interpretations from the re-processing are expected to be available during Q4 2018.

Holmwood Update

Union Jack holds a 7.5% interest in PEDL143 for which the licence term has been extended until 30 September 2020 and contains the Holmwood exploration prospect.

The recent news that the Secretary of State for Environment, Food and Rural Affairs did not renew the lease for the proposed Holmwood-1 exploratory well was disappointing, especially considering the efforts made by the operator and joint venture partners to make it happen, however, this decision will have minimal effect on Union Jack’s ongoing business activity.

Union Jack, along with its joint venture partners in this prospective licence in the Weald Basin, intend to work together in undertaking a full evaluation of alternative drill sites and other prospects in an area which is highly prospective following the Horse Hill discovery.

Other Portfolio Interests

Other project interests within the Company’s portfolio include the producing Keddington oilfield which we are particularly optimistic on the potential upside, Louth, North Kelsey, North Somercotes, Dukes Wood, Kirklington, the Widmerpool Gulf where Bowland potential exists, Kirklington and the Humber Basin.

A detailed review of Union Jack’s asset base can be found in the Review of Operations section within the Half Yearly Report which will be posted to shareholders and which can also be viewed on the Company’s website www.unionjackoil.com.

Corporate and Financial

In March 2018, the Company raised £1.25 million, before expenses, from an oversubscribed placing and subscription to fund the additional drilling costs associated with the Biscathorpe-2 well.

Since entering into the Commercial Partnership with Humber, Union Jack and Humber have co-invested in a number of projects which include Wressle and Biscathorpe. A director of Humber is also beneficially interested in 754,482,736 ordinary shares of Union Jack representing 13% of the issued share capital of the Company.

I would like to take this opportunity to thank our supportive shareholders, my fellow directors and our team of advisers, all of whom work closely to ensure a smooth running entity going forward.

Summary

I expect a very active six months for Union Jack with the drilling of the economically compelling Biscathorpe-2 conventional well and the upcoming planning processes to allow the Wressle discovery to move to development where we and our joint venture partners believe we have comprehensively addressed all previous technical concerns. The Wressle joint venture partners remain committed to pursuing all avenues to progress the Wressle development.

Success with either of these activities would have a transformational effect on Union Jack.

In addition, the Company continues to review exciting late-stage or near-production projects that will complement our attractive current UK onshore portfolio.

The Board continues to apply strict financial and technical discipline to the Company's activities and endeavours to ensure that our administrative costs are kept under control.

We believe our onshore focus and low-cost business model, combined with actively managing the risk profile of each asset, ensures that eventually we will achieve our ambitions of becoming a mid-tier cash generating entity.

I look forward to reporting further on progress in due course.

The future of Union Jack remains bright.

David Bramhill

Executive Chairman

18 September 2018

UNAUDITED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2018

| | Notes | Six Months ended 30 June 2018 Unaudited £ | Six Months ended 30 June 2017 Unaudited £ | Year ended 31 December 2017 Unaudited £ |
|--|-------|---|---|---|
| Revenue | | 73,044 | 17,331 | 46,203 |
| Cost of Sales | | (90,566) | (16,803) | (65,949) |
| Gross profit (loss) | | (17,522) | 528 | (19,746) |
| Administrative expenses (excluding impairment charge) | | (402,469) | (310,152) | (722,502) |
| Impairment | | – | (6,078) | (5,078) |
| Total administrative expenses | | (402,469) | (316,230) | (744,902) |
| Operating loss | | (419,991) | (315,702) | (747,326) |
| Finance income | | 1,232 | 95 | 504 |
| Loss before taxation | | (418,759) | (315,607) | (746,822) |
| Taxation | 3 | – | – | – |
| Loss for the period / year | | (418,759) | (315,607) | (746,822) |
| Attributable to: | | | | |
| Equity shareholders of the Company | | (418,759) | (315,607) | (746,822) |
| Loss per share | | | | |
| Basic and diluted loss per share (pence) | 2 | (0.01) | (0.01) | (0.02) |

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

| | Six Months ended 30 June 2018 Unaudited £ | Six Months ended 30 June 2017 Unaudited £ | Year ended 31 December 2017 Unaudited £ |
|---|--|---|---|
| Loss for the period / year | (418,759) | (315,607) | (746,822) |
| Other comprehensive income | - | - | - |
| Total comprehensive loss for the period / year | (418,759) | (315,607) | (746,822) |

UNAUDITED BALANCE SHEET

AS AT 30 JUNE 2018

| | Notes | As at 30 June 2018 Unaudited £ | As at 30 June 2017 Unaudited £ | As at 31 December 2017 Unaudited £ |
|---|-------|---|---|---|
| Assets | | | | |
| Non-current assets | | | | |
| Exploration and evaluation assets | | 3,044,232 | 2,829,249 | 2,806,278 |
| Property, plant and equipment | | 535,409 | – | 496,859 |
| Investments | | 40,000 | 40,000 | 40,000 |
| | | 3,619,641 | 2,869,249 | 3,343,137 |
| Current assets | | | | |
| Trade and other receivables | | 109,969 | 65,843 | 65,872 |
| Cash and cash equivalents | | 1,827,229 | 2,015,448 | 1,578,514 |
| | | 1,937,198 | 2,081,291 | 1,644,386 |
| Total assets | | 5,556,839 | 4,950,540 | 4,987,523 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 113,606 | 53,799 | 310,079 |
| Non-current liabilities | | | | |
| Provisions | | 264,854 | 18,000 | 229,918 |
| Total liabilities | | 378,460 | 71,799 | 539,997 |
| Net assets | | 5,178,379 | 4,878,741 | 4,447,526 |
| Capital and reserves attributable to the Company's equity shareholders | | | | |
| Share capital | 4 | 3,322,194 | 2,954,546 | 2,954,547 |
| Share premium | | 6,161,633 | 5,561,579 | 5,379,670 |
| Share-based payment reserve | | 61,438 | 167,924 | 61,438 |
| Accumulated deficit | | (4,366,886) | (3,805,308) | (3,948,129) |
| Total assets | | 5,178,379 | 4,878,741 | 4,447,526 |

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

| | Six months ended 30 June 2018 Unaudited £ | Six months ended 30 June 2017 Unaudited £ | Year ended 31 December 2017 Unaudited £ |
|---|---|---|---|
| Cash outflow from operating activities | (648,332) | (344,280) | (503,331) |
| Cash flow from investing activities | | | |
| Purchase of intangible assets | (203,018) | (755,986) | (872,482) |
| Purchase of property, plant and equipment | (50,777) | – | (161,797) |
| Interest received | 1,232 | 95 | 504 |
| Net cash used in investing activities | (252,563) | (755,891) | (1,033,775) |
| Cash flow from financing activities | | | |
| Proceeds on issue of new shares | 1,250,000 | 1,393,997 | 1,393,997 |
| Cost of issuing new shares | (100,390) | (140,342) | (140,342) |
| Net cash generated from financing activities | 1,149,610 | 1,253,655 | 1,253,655 |
| Net increase / (decrease) in cash and cash equivalents | 248,715 | 153,484 | (283,450) |
| Cash and cash equivalents at beginning of period / year | 1,578,514 | 1,861,964 | 1,861,964 |
| Cash and cash equivalents at end of period / year | 1,827,229 | 2,015,448 | 1,578,514 |

NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2018

1 Accounting Policies

Basis of Preparation

These financial statements are for the six month period ended 30 June 2018.

The information for the year ended 31 December 2017 does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006.

A copy of the statutory financial statements for that period has been delivered to the Registrar of Companies. The Auditor's Report was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The interim financial statements for the six months ended 30 June 2018 are unaudited.

The interim financial information in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The principal accounting policies have been consistently applied to all periods presented.

Significant Accounting Policies

The accounting policies and methods of computation followed in the interim financial statements are consistent with those as published in the Company's Annual Report and Financial Statements for the year ended 31 December 2017.

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. Due to the simple nature of the Company's revenue from oil sales, it has been determined that no change in the Company's accounting policy for revenue recognition is required. In accordance with the transition provisions in IFRS 15, the Company has adopted the new rules retrospectively, however as no adjustments arise from the application of these new rules, no restatement of comparatives for the 2017 financial year is required.

The Company has also adopted IFRS 9 Financial Instruments from 1 January 2018. The application of this standard has no impact on the Company's financial statements.

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 interim 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.

2 Loss per Share Attributable to the Equity Shareholders of the Company

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

Given the Company's reported loss for the period, warrants are not taken into account when determining the weighted average of ordinary shares in issue during the period and therefore the basic and diluted earnings per share are the same.

| Basic loss per share | Six months ended 30 June 2018 pence | Six months ended 30 June 2017 pence | Year ended 31 December 2017 pence |
|---|---|---|---|
| Loss per share from continuing operations | (0.01) | (0.01) | (0.02) |

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

| | Six months ended 30 June 2018 £ | Six months ended 30 June 2017 £ | Year ended 31 December 2017 £ |
|--|---------------------------------------|---------------------------------------|-------------------------------------|
| Loss used in the calculation of total basic and diluted earnings per share | (418,759) | (315,607) | (746,882) |

| Number of Shares | Six months ended 30 June 2018 | Six months ended 30 June 2017 | Year ended 31 December 2017 |
|---|----------------------------------|----------------------------------|--------------------------------|
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share | 5,267,414,840 | 3,962,243,702 | 4,149,180,372 |

3 Taxation

There was no tax charge for the half yearly period due to the loss incurred. A deferred tax asset in respect of trading losses and share-based payments has not been recognised due to the uncertainty of timing of future profits. The trading tax losses are recoverable against suitable future trading profits.

4 Share Capital

In March 2018, 1,470,588,226 new ordinary shares were issued for cash at 0.085 pence per share raising approximately £1,250,000 before expenses of £100,390.

At 30 June 2018, there were 5,803,651,431 ordinary shares of a nominal value of 0.025 pence in issue.

At 30 June 2018, there were 831,680,400 deferred shares of 0.225 pence nominal value in issue.

At 30 June 2018, there were 51,407,842 warrants outstanding and exercisable.

5 Events after the Balance Sheet Date

In July 2018, 120,000,000 share options were granted to David Bramhill, Executive Chairman and 60,000,000 share options were granted to Joe O'Farrell, Executive Director.

The share options have an exercise price of 0.09 pence, being the mid-market closing price as of 17 July 2018.

The share options granted represent approximately 3.1% of the issued share capital.

In August 2018, North Lincolnshire Council declined to extend planning permission for the Wressle site planning extension. This decision has gone to appeal by the operator.

In September 2018, the operator of PEDL143 was notified by the Minister of Environment, Food and Rural Affairs that he had decided not to renew the lease for the site of the proposed well, Holmwood-1 to test the conventional target. Union Jack holds a 7.5 interest in the licence, which remains valid for further exploration until 30 September 2020.

6 Related Party Transactions

Charnia Resources (UK), an unincorporated entity owned by Graham Bull, non-executive director, received from the Company the sum of £24,800 during the period under review in respect of consulting fees.

Jayne Bramhill, spouse of David Bramhill, received from the Company the sum of £3,000 during the period under review in respect of IT maintenance and administration costs.

In March 2018, Joe O'Farrell, Executive Director, purchased 58,823,529 new ordinary shares at a price of 0.085 pence.

In March 2018, David Bramhill, Executive Chairman purchased 11,764,705 new ordinary shares at a price of 0.085 pence.

7 Copies of the Half Yearly Report

A copy of the Half Yearly Report will shortly be posted to shareholders, and is now available on the Company's website www.unionjackoil.com.