

30 March 2020

Union Jack Oil plc
(“Union Jack” or the “Company”)
Biscathorpe Assessment Demonstrates Significant Commercial Upside

Union Jack Oil plc (AIM: UJO), a UK focused onshore hydrocarbon production, development and exploration company is pleased to announce an update in respect of the Biscathorpe project located within Lincolnshire licence, PED253. The Company holds a 27.5% economic interest in this licence.

Highlights

- Economic modelling indicates a financially robust project in the current oil price environment
- Break-even full-cycle economics estimated to be US\$18.07 per barrel of oil
- Principal Westphalian target has an unrisksed gross NPV10 of £55.6 million
- Secondary Dinantian Carbonate target a possible additional commercially viable play
- Accessible drill targets identified for a side-track from the suspended Biscathorpe-2 well following 3D seismic reprocessing

Biscathorpe is located within the proven hydrocarbon fairway of the Humber Basin, on-trend with the Saltfleetby gasfield and Keddington oilfield (Union Jack 55%*) which produces oil from a Carboniferous Westphalian aged reservoir, the principal target at Biscathorpe.

The PEDL253 Joint Venture partnership has now completed extensive and detailed studies of the Biscathorpe project, including the reprocessing and remapping of 264 square kilometres of 3-D seismic. This work has been integrated with the results of the Biscathorpe-2 well, resulting in a significantly enhanced understanding of the prospectivity in the Biscathorpe project area. The results of this extensive exercise concluded that a possible material and commercially viable hydrocarbon resource remains to be tested.

Accessible target areas have been identified where evidence for a thickened Westphalian sandstone reservoir interval is evident on the reprocessed 3-D seismic. These areas can be targeted by a side-track of the existing Biscathorpe-2 well which was suspended once drilling operations were concluded in 2019. The side-track will also target the oil column logged in the underlying Dinantian Carbonate in Biscathorpe-2 and as further described below.

The Mean Prospective Resources associated with the Westphalian target area are estimated by the Operator, Egdon Resources plc to be 3.95 million barrels of oil (mmbbls), with an upside case of 6.69 mmbbls. Preliminary economic modelling demonstrates that the Westphalian target is economically robust in the current oil price environment with break-even full-cycle economics estimated at \$US18.07 bbl and a gross NPV10 valuation of £55.6 million.

The Westphalian objective was absent at the Biscathorpe-2 well location, however, hydrocarbon shows with background gas and sample fluorescence were observed over the entire interval from the top of the Dinantian to the Total Depth (“TD”) of the well (an interval of over 157 metres) with a total of 57 metres interpreted as being oil bearing in the petrophysical analysis.

A geochemical analysis of the gas data and hydrocarbons extracted from drill cuttings was originally commissioned by Union Jack and carried out by Applied Petroleum Technology (UK) Limited (“APT”). The results of this analysis show a hydrocarbon column of 33-34 API gravity oil in the Dinantian Carbonate, comparable with that produced at the nearby Keddington oilfield.

An assessment of the Dinantian oil volumes has also been modelled with volumetric assumptions as being filled to spill and a proven likely live oil column following the results of the APT exercise.

Mean Stock Tank Oil Initially in Place within the Dinantian has been calculated to be 24.3 mmbbls with an upside case of 36 mmbbls.

Although the Dinantian is not considered to be the primary target, should there be effective permeability, or the presence of fractures within this section, there is the possibility of a further commercially viable play being present within the Biscathorpe licence area that would add considerable resource upside over and above the principal Westphalian target.

**On 9 March 2020, Union Jack announced the acquisition of a further 35% interest in Keddington from Terrain Energy Limited. This transaction is subject to the Oil and Gas Authority approval.*

David Bramhill, Executive Chairman of Union Jack Oil plc commented: *“We are highly encouraged by the conclusions of this detailed review of data in respect of Biscathorpe, particularly given the attractive resource volumes and values associated with the Westphalian and Dinantian targets.*

“The collective extensive technical information analysed over the past several months, combined with the APT conclusions on the likely presence of good quality oil have materially upgraded the resource potential and economic value of the project, upholding our opinion that PEDL253 remains one of the UK’s largest onshore un-appraised conventional hydrocarbon licences.

“We look forward to providing further updates to shareholders as the Biscathorpe project develops.”

Competent Person’s Statement

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 experience.

Evaluation of hydrocarbon volumes has been assessed in accordance with 2018 Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), the Society of Petroleum Evaluation Engineers (SPEE), the Society of Exploration Geophysicists (SEG), the Society of Petrophysicists and Well Log Analysts (SPWLA) and the European Association of Geoscientists & Engineers (EAGE).

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Glossary of Terms

Term	Description
3-D seismic	A set of numerous closely spaced seismic lines that provide a high spatially sampled measure of subsurface reflectivity. Typical receiver line spacing can range from 300m (1,000ft) to over 600m (2,000ft), and typical distances between shot points and receiver groups are 25m (82ft) (offshore and internationally) and 110ft or 220ft (34 to 67m) (onshore US, using values that are even factors of the 5,280ft in a mile).
API Gravity	An arbitrary scale expressing the density (gravity) of liquid petroleum products devised jointly by the American Petroleum Institute and the National Bureau of Standards. Oil with the lowest specific gravity at atmospheric conditions and 70 degrees Fahrenheit has the highest API gravity. The measuring scale is calibrated in terms of degrees API. API gravity is the industry standard for expressing the specific gravity (SG) of crude oils. A high API gravity means lower specific gravity and lighter oils.
Geochemical Analysis	The process through which the chemical compounds of the target substrate is assessed.
Mean	The sum of a set of numerical values divided by the number of values in the set
mmbbls	Million barrels of oil
NPV(10)	The present-day value of the cumulative cash flows from a project using a 10% annual discount rate.
Petrophysical Analysis	Computational analysis of the rock and fluid properties of a geological formation using measurements of the physical properties of the rock, such as its natural radioactivity, its density, the passage of sound waves and the electrical and other physical responses to define amongst

Term	Description
	other things the nature of the pores within the rock and the types of fluids (water, oil or gas) which are present in those pore spaces.
Prospective Resources	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
Reservoir	a rock formation capable of containing oil and gas in its natural pores and fractures. Typical reservoirs comprise sandstones or limestones (carbonates).
Side-Track	A well drilled directionally out of an existing wellbore
Stock Tank Oil Initially in Place	All estimated quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.