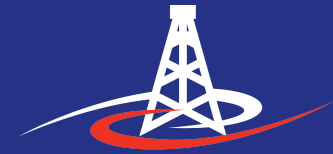


Acquisition of Claymore and Piper Complex Royalty Units



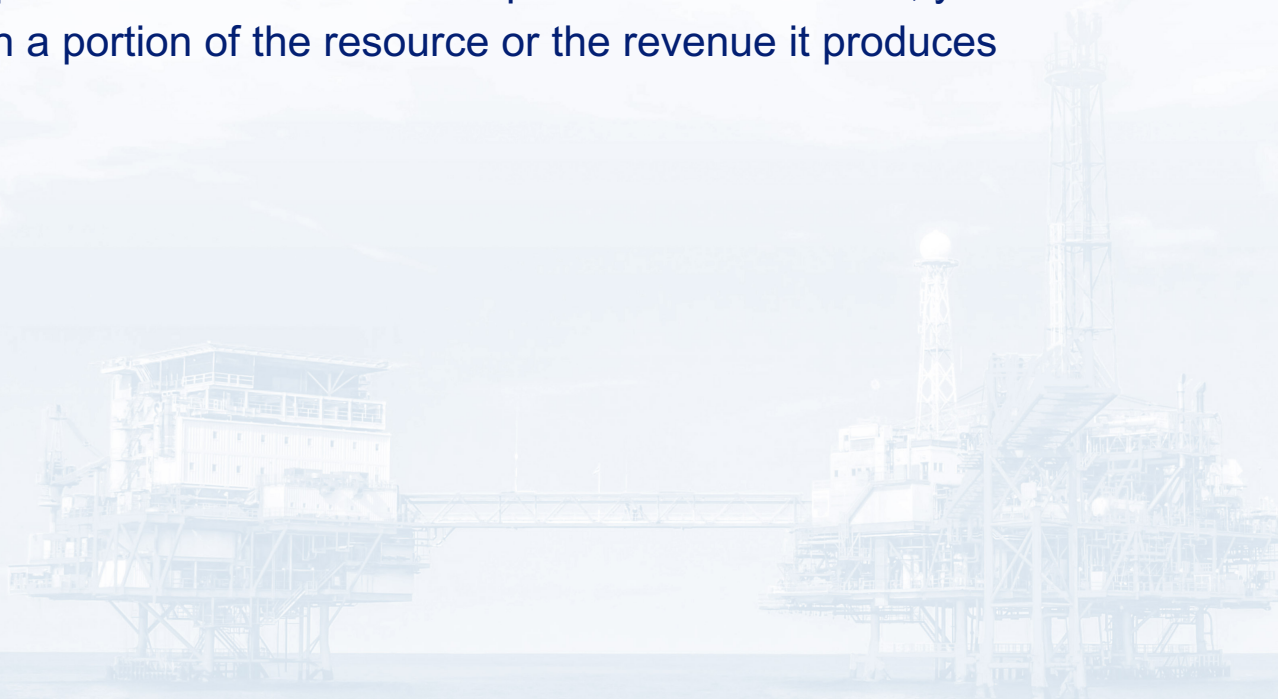
UNION JACK OIL



What is a Royalty Interest?

A royalty interest in the oil and gas industry refers to ownership of a portion of a resource, or the revenue it produces

A company or person that owns a royalty interest does not bear any of the operational costs needed to produce the resource, yet they still own a portion of the resource or the revenue it produces



The Claymore and Piper Complex Royalty

- The Claymore, Piper and Scapa oilfields are located in the Central North Sea (the “Claymore and Piper Complex”)
 - Produced to date: in excess of 1.7 billion barrels of oil and 262 billion cubic feet of gas
 - Approximately 6 million barrels of oil and 2 billion cubic feet of gas produced in 2020
- The Claymore and Piper Complex is subject to royalty units over 20% of its gross production and the revenues it generates that are owned by various parties
- Union Jack owns 2.5% of the Claymore and Piper Complex Royalty Units



Benefits of Ownership of the Royalty

- Generation of an annuity type cash flow
- No exposure of the royalty investor to:
 - Capital expenditure
 - Operating costs
 - Decommissioning costs
- Payments made to the royalty investor in cash and net of Petroleum Revenue Tax



Location of the Claymore and Piper Complex



Typical North Sea Production Installation



The Claymore and Piper Complex

Claymore Complex

- The Claymore complex is located within block 14/19 of the UK Continental Shelf in the Central North Sea, 161 kilometres north east of Aberdeen
- The development consists of two fixed, steel bridge-linked platforms in 110 metres of water
- This complex also includes the Scapa oilfield developed as a sub-sea tie-back to the Claymore platform, which produced first oil in 1985 and, Claymore also provides an up and over transportation service to Golden Eagle
- Hydrocarbons are transported via a 14 inch oil export pipeline from Golden Eagle and delivered to the Claymore pipeline which provides transportation services to the Golden Eagle Group

Piper Complex

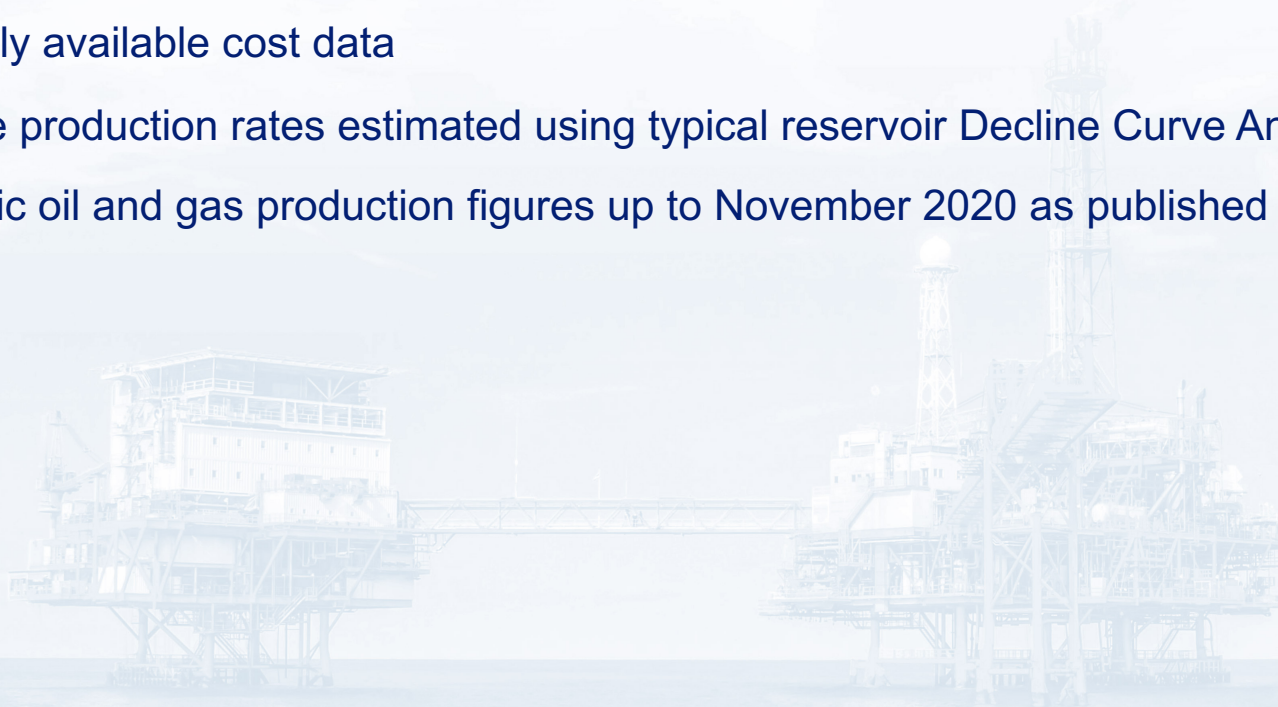
- Piper was initially authorised for development in 1974 and lies within block 15/17 of the UK Continental Shelf in the Central North Sea, 193 kilometres north east of Aberdeen.
- The Piper B platform was installed in 1992 and production commenced in 1993 and Piper B's process facilities separate production from the Piper, Saltire, Chanter and Tweedsmuir reservoirs into oil, natural gas liquids and dry gas

Scapa Field

- The Scapa Field is located in UK North Sea Block 14/19 in the Witch Ground Graben, 112 miles northeast of Aberdeen and production from this sub-sea tie-back to Claymore is exported through the existing Claymore and Piper infrastructure
- The field was discovered in 1975 by the 14/19-9 well which tested 32° API crude from the Scapa Sandstone Member of the Early Cretaceous Valhall Formation

Claymore and Piper Complex Economic Production Estimate

- Independent analysis estimates a minimum 10 years remaining economic production life in the Claymore and Piper Complex
- Observed financial characteristics applied:
 - Forward curves for future price of oil and gas
 - Publicly available cost data
 - Future production rates estimated using typical reservoir Decline Curve Analysis
 - Historic oil and gas production figures up to November 2020 as published by the OGA



Royalty Generates Superior Financial Returns



- An attractive, cash generating and high yielding investment, consistent with Union Jack's wider strategy and objectives to invest in the UK oil and gas sector
- Offers superior financial returns from North Sea oil and gas production over a minimum of 10 years
- Generates a compelling estimated Internal Rate of Return ("IRR") of approximately 129%
- Cash generating investment with an annual compound yield estimated at 16.5% over the life of the Royalty, superior to high street banks, other fixed interest or treasury investment alternatives
- Payback of the original investment, including working capital adjustments, is estimated to be less than 12 months
- No exposure to ongoing capital investment or field operating, decommissioning and joint venture operating costs
- Represents the first such royalty investments in the Claymore and Piper Complex by Union Jack
- Further transactions planned during 2021: a second material transaction is at an advanced stage

Internal Rate of Return or IRR	<p>The internal rate of return is a financial metric used to assess the attractiveness of a particular investment opportunity. The IRR for an investment effectively estimates the rate of return of that investment after accounting for the initial investment and all its projected cashflows and taking into account the time value of money.</p> <p>The internal rate of return is also a discount rate that makes the net present value (“NPV”) of all future cash flows equal to zero in a discounted cash flow analysis.</p>
Petroleum Revenue Tax or PRT	<p>A tax on the profits from oil and gas production from the UK Continental Shelf. Unlike Corporation Tax, which is charged on the aggregate profit arising from all oil fields owned by a company, PRT is charged on each owner’s share of the profits of each individual oil field. PRT was permanently zero rated in 2016.</p>
Subsea Tieback	<p>The subsea tieback is an engineering solution connecting a well head to an existing production centre via a pipeline laying on, or buried beneath, the seafloor.</p>
Yield	<p>Yield refers to the earnings generated and realized on an investment over a particular period of time and is expressed as a percentage based on the invested amount, current market value, or face value of the security. It includes the interest earned or dividends received from holding a particular security.</p>

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