

Union Jack Oil plc

Successful placing of new ordinary shares to raise £650,000

Proceeds to fund the investigation of the shale oil and gas opportunities on its existing licence interests and additional onshore UK licences

Notice of General Meeting

Union Jack Oil plc (“**Union Jack**” or the “**Company**”), an onshore oil and gas exploration company with a focus on drilling, development and investment opportunities in the United Kingdom hydrocarbon sector is pleased to announce that Shore Capital Stockbrokers Limited and Northland Capital Partners Limited, the Company’s joint brokers, have raised £650,000 (before expenses) through a placing of 288,888,889 new ordinary shares in the capital of the Company with new and existing investors at 0.225 pence per share (the “**Placing**”).

The net proceeds of the Placing will be used to accelerate progress in relation to its investigation of the shale oil and gas opportunities on its existing licence interests and additional onshore UK licences in the forthcoming 14th Onshore Licensing Round, which is expected during 2014. The Board is also exploring entry into two joint venture partnerships in licences, one of which has shale oil and gas potential.

Capital Reorganisation

The Existing Ordinary Shares have at times been trading on AIM at a price close to or below their nominal value of 0.25p per share (the mid-market price of the Existing Ordinary Shares as at the close of business on 25 February 2014 was 0.255p). The issue of new shares by a UK company at a price below their nominal value is prohibited by UK company law and accordingly the ability of the Company to raise funds by way of the issue of further equity could be inhibited. Accordingly the Directors are seeking Shareholders' authority to allow the Placing to proceed and to implement the Capital Reorganisation to create a clearer differential between the nominal value of the Existing Ordinary Shares and their market price in order to seek to protect the Company’s ability to make future share issues.

Notice of General Meeting

A General Meeting has been convened for 11.00 a.m. on 14 March 2014, at the offices of Osborne Clarke, 2 Temple Back East, Temple Quay, Bristol BS1 6EG, for the purpose of considering the Resolutions.

Unless otherwise defined herein, defined terms used in this announcement have the meaning given to them in the shareholder circular published today.

David Bramhill, Executive Chairman, commented:

“There have been significant developments in the dynamics of the onshore unconventional UK oil and gas sector including the recent entry of oil and gas majors taking serious interest in this arena. Union Jack intends to leverage industry interest by quantifying the unconventional prospectivity in its existing licence interests and to acquire further licence interests holding both conventional and unconventional potential.”

For further information please contact the following:

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Background to and reasons for the Placing

Union Jack Oil was admitted to AIM in July 2013 and has interests in four onshore exploration licences in the United Kingdom: PEDL253, PEDL201, PEDL241 and PEDL180. On admission to AIM the Company raised sufficient funds to participate in the drilling programmes for the Burton on the Wolds-1 (PEDL201) conventional exploration well and the Wressle-1 (PEDL180) conventional exploration well.

Over the past 12 months there has been growing industry interest in the potential shale gas and shale oil opportunity in the UK. The Board is of the belief that the Company is well positioned to generate shareholder value through the acquisition of additional interests in onshore UK licences with shale oil and gas potential both through applications to DECC in the forthcoming 14th Onshore Licensing Round and through entry into joint venture partnerships. The 14th Onshore Licensing Round is expected to occur in 2014. In addition, the Board intends to investigate the known shale oil and gas opportunities on its existing licence interests.

Current trading and prospects

Union Jack Oil is an early stage exploration company with no income generated to date. The Company has a portfolio of licence interests and is in a position to develop these assets through

value creating exploration work and conventional drilling programmes run by the licences' operator, Egdon. The Board expects drilling operations to commence at Burton on the Wolds (PEDL 201) and Wressle (PEDL180) in H1 2014.

Capital Reorganisation

The Existing Ordinary Shares have at times been trading on AIM at a price close to or below their nominal value of 0.25p per share (the mid-market price of the Existing Ordinary Shares as at the close of business on 25 February 2014 was 0.255p). The issue of new shares by a UK company at a price below their nominal value is prohibited by UK company law and accordingly the ability of the Company to raise funds by way of the issue of further equity could be inhibited. Accordingly the Directors are seeking Shareholders' authority to implement the Capital Reorganisation to allow the Placing to proceed and to create a clearer differential between the nominal value of the Existing Ordinary Shares and their market price in order to seek to protect the Company's ability to make future share issues. Accordingly, the Board has decided that a share reorganisation will be effected so that:

each Existing Ordinary Share will be sub-divided into one New Ordinary Share and one Deferred Share.

The Existing Ordinary Shares have been admitted to CREST. Application will be made for the Enlarged Share Capital to be admitted to CREST, all of which may then be held and transferred by means of CREST. It is expected that definitive share certificates in respect of the New Ordinary Shares arising as a result of the Capital Reorganisation from Existing Ordinary Shares held in certificated form will be dispatched to relevant Shareholders within seven days of Admission. No temporary documents of title will be issued. Share certificates in respect of Existing Ordinary Shares will cease to be valid on 17 March 2014 and, pending delivery of share certificates in respect of New Ordinary Shares, dealings will be certified against the register. The record date of the Capital Reorganisation is close of business on 14 March 2014, which will be the last day of trading in the Existing Ordinary Shares.

Following the Capital Reorganisation, the number of New Ordinary Shares held by Shareholders immediately following the Capital Reorganisation becoming effective will be the same as the number of Existing Ordinary Shares held by them on the Record Date.

The rights attaching to the New Ordinary Shares will be identical in all respects to those of the Existing Ordinary Shares.

The Deferred Shares created will be effectively valueless as they will not carry any rights to vote or dividend rights. In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding-up of the Company after each of the holders of New Ordinary Shares has received a payment of £10,000,000 on each such share. The Deferred Shares will not be listed or traded on AIM and will not be transferable without the prior written consent of the Board. No share certificates will be issued in respect of the Deferred Shares, nor will CREST accounts of shareholders be credited in respect of any entitlement to Deferred Shares.

The Placing

The Company has conditionally raised approximately £650,000 (before commissions and expenses) through the issue of the Placing Shares at the Placing Price. The Placing Shares will represent approximately 25.8 per cent. of the Company's Enlarged Share Capital immediately following Admission. The Placing Price represents a discount of 11.8 per cent. to the closing middle market price of 0.255p per Existing Ordinary Share on 25 February 2014, being the latest Dealing Day prior

to the publication of this document. The Placing Shares will rank in full for all dividends with a record date on or after the date of Admission and otherwise equally with the New Ordinary Shares from the date of Admission. It is expected that the Placing Shares will be admitted to trading on AIM on 17 March 2014.

The Placing (which is not underwritten) is conditional, amongst other things, upon:

- a) the Placing Agreement becoming unconditional in all respects (save for Admission) and not having been terminated in accordance with its terms prior to Admission;
- b) Resolutions numbered 1 and 2 set out in the Notice of General Meeting forming part of this Circular being approved by the Shareholders; and
- c) Admission of the Placing Shares becoming effective on or before **8.00 am on 17 March 2014** or such later date as the Company and Shore Capital may agree, being no later than **8.00 am on 30 April 2014**.

The Placing Agreement

Pursuant to the terms of the Placing Agreement, Shore Capital has conditionally agreed to use its reasonable endeavours, as agent for the Company, to place 288,888,889 Placing Shares with certain institutional and other investors. The Placing has not been underwritten.

The Placing Agreement contains warranties from the Company and the Directors in favour of Shore Capital in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Shore Capital in relation to certain liabilities it may incur in respect of the Placing. Shore Capital has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties given to Shore Capital in the Placing Agreement, the failure of the Company to comply in any material respect with its obligations under the Placing Agreement, the occurrence of a *force majeure* event which in Shore Capital's opinion may be materially adverse to the Company or the Placing, or a material adverse change affecting the financial position or business or prospects of the Company or the Placing.

Settlement and dealings

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 17 March 2014.

The Placing Shares will, when issued, rank *pari passu* in all respects with the New Ordinary Shares including the right to receive dividends and other distributions declared following Admission.

Use of proceeds

The Directors intend that the net proceeds of the Placing will be used to accelerate progress in relation to its investigation of the shale oil and gas opportunities on its existing licence interests and of additional onshore UK licences in the forthcoming 14th Onshore Licensing Round, which is expected during 2014. The Board are also exploring entry into two joint venture partnerships in licences, one of which has shale oil and gas potential. As a result of the Placing, the Company will have sufficient working capital for at least 12 months from the date of this document.

The General Meeting

Set out at the end of this document is a notice convening the General Meeting to be held at 11.00 a.m. on 14 March 2014 at the offices of Osborne Clarke, 2 Temple Back East, Temple Quay, Bristol BS1 6EG, at which the Resolutions will be proposed as ordinary or special resolutions as indicated below.

Resolution 1, which will be proposed as a special resolution, is to approve the Capital Reorganisation described in paragraph 4 above.

Resolution 2, which will be proposed as a special resolution and which is subject to and conditional upon the passing of Resolution 1, is to authorise the Directors to allot the Placing Shares in connection with the Placing otherwise than in accordance with Shareholders' statutory pre-emption rights (which would otherwise apply in the case of new issues of New Ordinary Shares for cash), provided that such authority shall expire on 30 April 2014.

Resolution 3, which will be proposed as an ordinary resolution and which is subject to and conditional upon Admission occurring on or before 30 April 2014, is to authorise the Directors generally to allot relevant securities having an aggregate nominal amount of up to £280,142.32 value (representing 100 per cent. of the Enlarged Share Capital) following Admission, provided that such authority shall expire on the conclusion of the annual general meeting of the Company to be held in 2015.

Resolution 4, which will be proposed as a special resolution and which is subject to and conditional upon Admission occurring on or before 30 April 2014 and the passing of Resolution 3 grants to the Directors authority to allot equity securities for cash on a non-pre-emptive basis following Admission up to an aggregate nominal amount of £140,071.16 (representing 50 per cent. of the Enlarged Share Capital), provided that such authority shall expire on the conclusion of the annual general meeting of the Company to be held in 2015.

Action to be taken

The Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 12 March 2014. Alternatively, CREST members who wish to appoint a proxy or proxies via CREST may do so in accordance with the procedures set out in the Notice of General Meeting and the Form of Proxy. **The completion and return of the Form of Proxy or appointment of a proxy via CREST will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.**

Recommendation

The Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 171,528,760 Existing Ordinary Shares, representing approximately 20.6 per cent. of the existing issued ordinary share capital of the Company.