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If you have sold or transferred your Existing Ordinary Shares in the Company you should send this document at once to the purchaser or transferee or the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This document is an admission document in relation to AIM. It has been drawn up in accordance with the AIM Rules for Companies published by London Stock Exchange plc and has been issued in connection with the proposed admission to trading on AIM of the Ordinary Shares. This document does not constitute a prospectus for the purposes of the Prospectus Rules and has not been approved by or filed with the Financial Conduct Authority. Any offer of Ordinary Shares is being made only to qualified investors for the purposes of and as defined in section 86 of FSMA and accordingly this document does not constitute, and the Company is not making an offer to the public within the meaning of sections 85 and 102B of FSMA.

The Board, whose names appear on page 3 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Board and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors, Proposed Director and the Company are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

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Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings for normal settlement in the Enlarged Share Capital will commence on 30 July 2013.



UNION JACK OIL

UNION JACK OIL PLC

(Incorporated in England and Wales under the Companies Act 2006 with registration number 07497220)

Placing of 320,000,000 new Ordinary Shares at 0.25 pence and Admission of the Enlarged Share Capital to trading on AIM Cancellation of trading on ISDX Growth Market

Nominated Adviser

Shore Capital and Corporate Limited

Broker

Shore Capital Stockbrokers Limited



SHORE CAPITAL

Share capital immediately following completion of the Placing and Admission

	<i>Issued</i>	
	<i>Number</i>	<i>£</i>
Ordinary Shares of 0.25 pence each	831,680,400	2,079,201

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS SET OUT IN PART II OF THIS DOCUMENT.

Shore Capital and Corporate Limited ("SCC"), which is authorised and regulated by the Financial Conduct Authority, has agreed to act as nominated adviser to the Company (for the purposes of the AIM Rules for Companies). Shore Capital Stockbrokers Limited ("SCS"), which is authorised and regulated by the Financial Conduct Authority, has agreed to act as broker (for the purposes of the AIM Rules for Companies) exclusively to the Company and no one else in connection with the Placing and Admission. Persons receiving this document should note that, in connection with the Placing and Admission, SCC and SCS are acting exclusively for the Company and no one else and will not be responsible to anyone, other than the Company, for providing the protections afforded to customers of SCC and SCS or for advising any other person on the transactions and arrangements described in this document. The responsibilities of SCC as the Company's nominated adviser and SCS as the Company's broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director, Proposed Director or Shareholder or any other person in respect of a decision to subscribe for or purchase shares in the Company. No representation or warranty, express or implied, is made by SCC or SCS as to any of the contents of this document in connection with the proposed Placing or Admission, or otherwise. SCC and SCS have not authorised the contents of any part of this document and accept no liability whatsoever for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document, for which the Company and the Board are solely responsible.

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DIRECTORS, PROPOSED DIRECTOR, SECRETARY AND ADVISERS

Directors	David Roger Bramhill (<i>Executive Chairman</i>) Joseph Bernard O'Farrell (<i>Executive Director</i>) Martin John Durham (<i>Non-Executive Director</i>)
Proposed Director	Raymond George Godson (<i>Non-Executive Director</i>)
Company Secretary	Brian Marshall
Registered Office	6 Charlotte Street Bath BA1 2NE
Nominated Adviser	Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU
Broker	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
Auditors and Reporting Accountants	Deloitte LLP 3 Rivergate Temple Quay Bristol BS1 6GD
Legal Advisers to the Company	Osborne Clarke 2 Temple Back East Temple Quay Bristol BS1 6EG
Solicitors to the Placing	Taylor Wessing LLP 5 New Street Square London EC4A 3TW
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ
Website	www.unionjackoil.com

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	22 July 2013
General Meeting	29 July 2013
Cancellation of trading on the ISDX Growth Market	30 July 2013
Admission and commencement of dealings in the Existing Ordinary Shares, the Placing Shares and the Subscription Shares on AIM	30 July 2013
CREST stock accounts credited in respect of the Placing Shares	30 July 2013
Despatch of definitive share certificates in respect of Placing Shares to be held in certificated form	31 July 2013
Despatch of definitive warrant certificates in respect of the Placing Warrants	31 July 2013

PLACING STATISTICS

Placing Price	0.25p
Number of Existing Ordinary Shares	467,880,400
Number of Placing Shares and Subscription Shares being issued	363,800,000
Enlarged Share Capital	831,680,400
Number of warrants in issue on Admission	348,919,216
Fully diluted enlarged share capital	1,180,599,616
Gross proceeds of the Placing	£800,000
Market capitalisation of the Company at the Placing Price on Admission	£2,079,201
Placing Shares expressed as a percentage of the Enlarged Share Capital	38.5%
ISIN	GB00B814XC94
Ticker	UJO

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward looking statements speak only as of the date of this document.

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The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

Extraction of information from the Competent Person's Report

Part I of this document contains cross-references to information contained in the Competent Person's Report set out in Part III of this document. The Company confirms that the information contained in Part I which has been extracted from the Competent Persons Report has been accurately reproduced and that so far as the Company is aware and is able to ascertain from the Competent Persons Report, no facts have been omitted which would render the extracts inaccurate or misleading. The Competent Person has

reviewed the information contained in this document which relates to information contained in the Competent Person's Report and has confirmed in writing to the company, and Shore Capital that the information presented is accurate, balanced and complete and not inconsistent with the Competent Person's Report.

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from actual arithmetical totals of such data. In the document, references to "Pounds sterling", "£", "pence", and "p" are to the lawful currency of the United Kingdom.

Third party information

Where third party information has been used in this document, the source of such information has been identified. The Company takes responsibility for compiling and extracting, but has not independently verified, market data provided by third parties or industry or general publications and takes no further responsibility for such data.

References to times

All times referred to in this document are, unless otherwise stated, references to London time.

PART I

INFORMATION ON THE COMPANY

1. Introduction

Union Jack Oil was incorporated on 18 January 2011 and was admitted to the ISDX Growth Market on 20 December 2012. Since February 2013, Union Jack Oil has farmed into four Licences onshore UK.

The Board considers that the UK, with its stable economy, well regulated hydrocarbon market and established licensing system is an attractive country for direct investment in hydrocarbon projects, both onshore and offshore. The Board's strategy is to:

- build a conventional production and exploration company, primarily onshore UK;
- develop a portfolio of drill-ready exploration assets which provide significant potential upside;
- maintain a low cost base with a focus on shareholder value; and
- consider, where appropriate, offshore ventures in the North Sea and Ireland.

2. Overview of existing projects and proposed acquisition

Union Jack Oil currently has interests in four Licences in the United Kingdom: PEDL253, PEDL201, PEDL241 and PEDL180 and has entered into agreements to allow the Company to participate in a further four Licences. It should be noted that the funds raised on Admission will only fund the drilling programmes for the Burton on the Wolds-1 exploration well and the Wressle-1 exploration well. Further funding will be needed to participate in the drilling programmes in Biscathorpe (PEDL253) and North Kelsey (PEDL241). In July 2013, the Company entered into agreements giving it the option to withdraw from its commitments arising from its interests in PEDL253 and PEDL241 for a fee of £5,000 for each licence interest. On exercise of the option/s the Company's interest in the licence/s would be terminated.

Molten, the Competent Person, whose full report is set out in Part III of this document, estimates the following expected risked net present value ("NPV") of the Company's assets as at Admission:

Asset	Union Jack Unrisked Net Present Value	Mean resources attributable to Union	Risk Factor*	Union Jack Risked Net Present Value
East Midlands and North Yorkshire: Oil and Liquids Prospective Resources per Asset				
Funded Assets on Admission				
PEDL201 Burton on the Wolds	£6.7 million	0.48 million barrels	15%	£1.0 million
PEDL180† Wressle	£3.2 million	0.18 million barrels	20%	£0.6 million
Total	£9.9 million			£1.6 million
Less Cost of Exploration				£0.5 million
Net Present Value for Funded Assets				£1.1 million
Unfunded Assets on Admission				
PEDL253† Biscathorpe Carry for Charnia (6 percent of pre-first oil costs)	£15.4 million	1.10 million barrels	29%	£4.5 million £(0.3) million
PEDL241 North Kelsey	£11.9 million	0.99 million barrels	15%	£1.8 million
Total	£27.3 million			£6.0 million
Less Cost of Exploration				£0.9 million
Net Present Value for Unfunded Assets				£5.1 million

* Risk Factor means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This is the chance or probability of the Prospective Resource maturing into a Contingent Resource

Source: CPR

Note:

† Subject to the royalty agreements referred to in paragraphs 3.2 and 3.3 below

The locations of the Company’s existing projects and the proposed acquisition are set out in Figure 1 below:

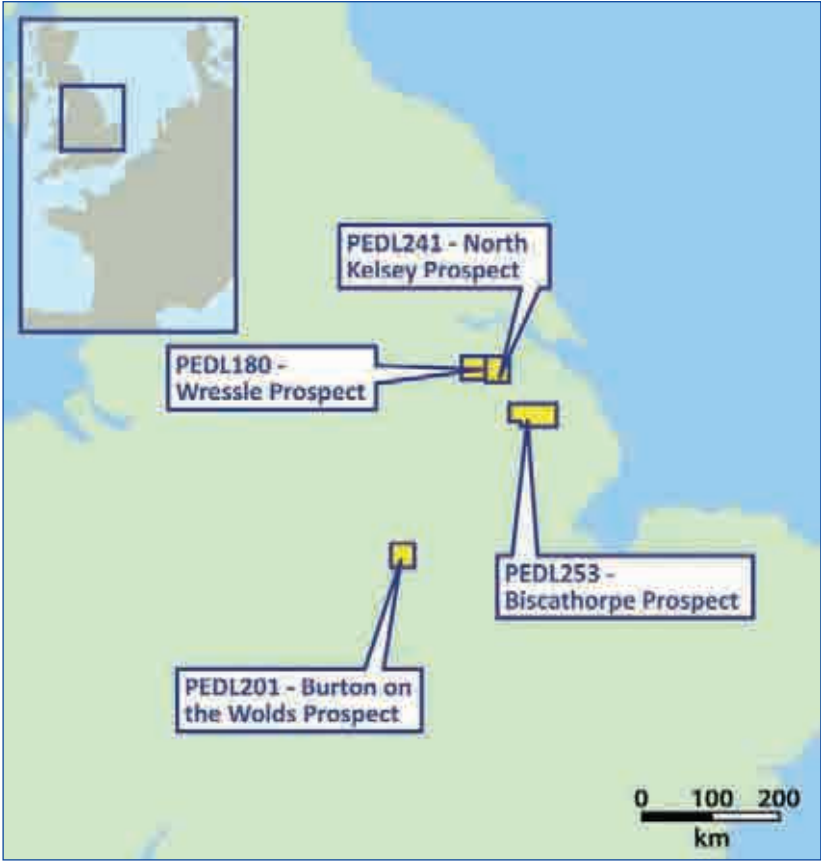


Figure 1 – location of Union Jack Oil’s projects

3. East Midlands Basin

3.1. PEDL201 – Burton on the Wolds

On 18 February 2013 Union Jack Oil entered into an agreement with Egdon Resources, a wholly owned subsidiary of Egdon, and with privately controlled Celtique Energie to acquire a 10 per cent. interest in UK onshore PEDL201. Under the terms of the farm-in agreement, Union Jack Oil is obliged to meet a total of 20 per cent. of the cost of the planned Burton on the Wolds-1 well to earn a 5 per cent. interest from each of Egdon Resources and Celtique Energie and will have a continuing obligation to pay 10 per cent. of the day-to-day operating costs (*pro rata* to its holding in PEDL201).

Interests in PEDL201

The percentage interest holdings are as follows:

Holders	Holding (%)
Egdon Resources (Operator)	32.5
Celtique Energie	32.5
Terrain Energy Limited	12.5
Corfe Energy Limited	12.5
Union Jack Oil	10.0
	100.0

Work programme

The subsurface target location to evaluate the exploration potential of the Burton on the Wolds Prospect has been defined and a surface drilling location has been identified from which a vertical well to the depth of 1,000m to evaluate the primary and secondary reservoir objectives has been planned for Q3 2013.

Location

PEDL201 contains the Burton on the Wolds Prospect (Figure 3), a four-way dip closed, footwall structure on the Hoton Fault system. The Burton on the Wolds Prospect has been mapped using new (2011) and reprocessed seismic data.

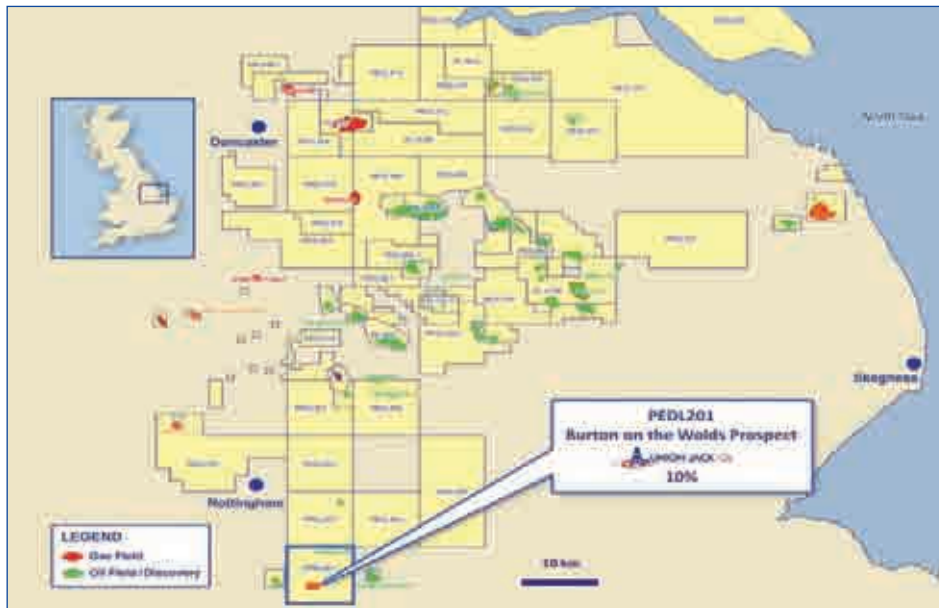


Figure 3 – Burton on the Wolds (PEDL201)

The Licence containing the Burton on the Wolds Prospect lies between the Rempstone and Long Clawson fields on the southern boundary of the Widmerpool Gulf.

The Rempstone oilfield, the first to open up this Nottinghamshire play, was discovered by BP in 1985. It is one of the few Namurian-age stacked turbidite reservoirs to be developed. To date, the field has produced 0.25 million barrels of 34.2° API oil through one horizontal well, but the latest reported production is 10 bopd with a high water cut.

3.2. PEDL180 – Wressle

On 7 May 2013, Union Jack Oil entered into an agreement with Egdon Resources to acquire an 8.33 per cent. interest in UK onshore PEDL180. Under the terms of the agreement Union Jack Oil will pay 16.66 per cent. of the cost of the planned Wressle-1 exploration well to earn an 8.33 per cent. interest from Egdon Resources, as well as its continuing obligation to pay the 8.33 per cent. of the day-to-day operating costs.

In the event that the first well on PEDL180 discovers Petroleum and that the discovery is developed as part of a field designated by the Secretary of State as extending into PEDL182, then within 30 days of such designation the Company shall have the option to require Egdon Resources to assign an 8.33 per cent. interest in the part of the designated field falling within PEDL182, such assignment to be on the same terms as the acquisition of the Company's interest in PEDL180 (other than in relation to the payment of costs of the first well).

Royalty agreement

The Company's interest in PEDL180 is subject to a 0.6248 per cent. net profit interest (based on Petroleum income less certain deductible expenditure) in favour of Egdon Resources (equivalent to 7.5 per cent. of the Company's percentage interest). Further details of the royalty agreement are set out in paragraph 10.3 (c) of Part V.

Interests in PEDL180

The percentage interest holdings in PEDL180 (subject to the net profit interest referred to above) are:

Holders	Holding (%)
Egdon Resources (Operator)	25.00
Celtique Energie	33.33
Europa Oil & Gas Limited	33.34
Union Jack Oil	8.33
	100.00

Work programme

The subsurface target location to evaluate the exploration of the Wressle Prospect has been defined and a surface drilling location has been identified from which a vertical well can be drilled. The planned well will be drilled to a total depth of approximately 2,300m. A planning consent has been granted and it is intended that drilling of the Wressle-1 well will commence in Q3 2013.

Location

The Wressle Prospect lies in the Eastern Humberside Platform (Figure 4), a relatively un-structured area separating the North Humber Basin from the Gainsborough Trough to the South West.

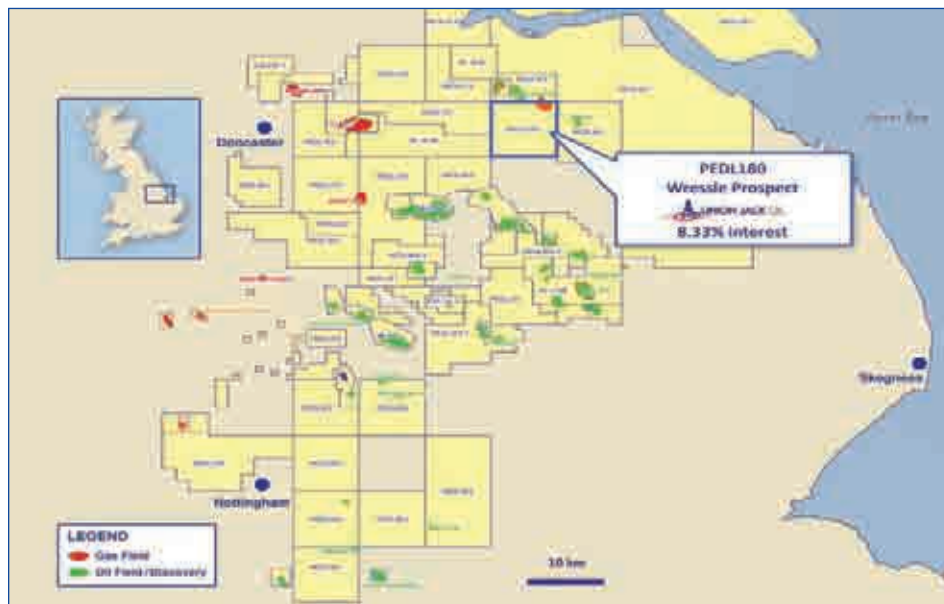


Figure 4 – Wressle (PEDL180)

The Wressle Prospect was originally identified and mapped using vintage 2D seismic data and subsequently defined on proprietary 3D seismic acquired by Egdon in 2012. The Wressle Prospect is located on trend with a number of discoveries such as Crosby Warren, Broughton-1 and Brigg along a sequence of faults that trend generally in a North West – South East direction.

3.3. PEDL253 – Biscathorpe

On 4 March 2013, Union Jack Oil entered into an agreement with Egdon Resources and privately controlled Montrose to acquire a combined 10 per cent. interest in UK onshore PEDL253. Under the terms of the farm-in agreement, Union Jack Oil will pay 12 per cent. and 8 per cent. of the cost of the planned Biscathorpe-2 well to earn 6 per cent. and 4 per cent. interests from Egdon Resources and Montrose respectively, and will have a continuing obligation to pay 10 per cent. of the day-to-day operating costs (*pro rata* to its holding in PEDL253). On Admission Union Jack Oil will not have the funds to participate in the work programme described below. For information on Union Jack Oil's option to withdraw from this licence, please see paragraph 10.5 of Part V.

Interests in PEDL253

The percentage interest holdings are as follows:

Holders	Holding (%)
Egdon Resources (Operator)	54.0
Montrose	36.0
Union Jack Oil	10.0
	<hr/>
	100.0
	<hr/> <hr/>

Royalty agreement

With effect from the date of first production of oil or gas within the licensed area of PEDL253 a beneficial interest of 6 per cent. in PEDL253 will be assigned to Charnia, so that, following any such assignment (and on the assumption that Union Jack Oil has not withdrawn from its commitments and transferred its interest), the percentage interests in PEDL253 will be:

Holders	Holding (%)
Egdon Resources (Operator)	50.76
Montrose	33.84
Union Jack Oil	9.40
Charnia	6.00
	<hr/>
	100.0
	<hr/> <hr/>

Further details of the royalty agreement and Union Jack Oil's option to withdraw are set out in paragraphs 10.3 (b) and 10.5 of Part V respectively.

Work programme

The subsurface target location to evaluate the exploration potential of the Biscathorpe Prospect has been defined and a surface drilling location has been identified from which a vertical well to the depth of 2,100m to evaluate the primary and secondary reservoir objectives has been planned for Q2 2014.

Location

The Biscathorpe Prospect lies in the Humber Basin (Figure 5), which has a similar origin to other UK onshore Carboniferous Basins in Central England. The Basin was an active Dinantian or Early Namurian depocentre where basinal marine shales were deposited.

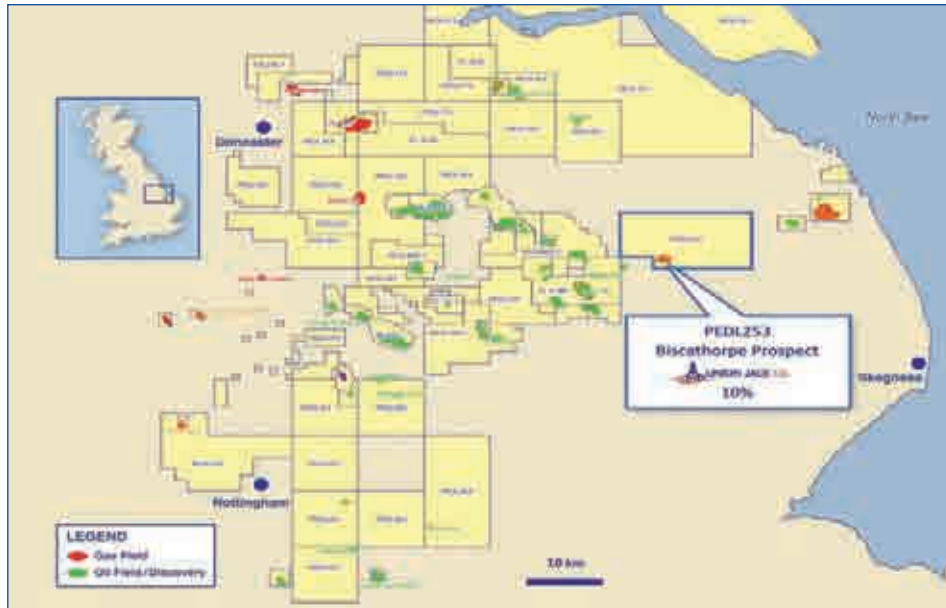


Figure 5 – Biscathorpe (PEDL253)

PEDL253 lies on a trend between the largest oilfield in the region, Welton, to the South West (at the South East margin of the Gainsborough Trough), and the Keddington oilfield and Saltfleetby gas field to the North East.

PEDL253 contains the Biscathorpe discovery, drilled by BP in 1987 which encountered a 1.2 metres thick oil-bearing sandstone of Lower Westphalian age within a 24 metres gross sequence. The well was not tested.

The Keddington oilfield, discovered by Candecca in 1998, is reservoired in Lower Westphalian sandstones in a three-way dip closed trap against a normal fault at a crestal depth of 2,200 metres (Source: ROC Oil Company Limited). The field currently produces about 70 barrels of oil per day with associated gas.

Welton was discovered in 1981 by BP. Oil is structurally trapped in a complex, faulted, 4-way anticline. There have been over 60 wells drilled on the structure to date, through which over 18 million barrels of oil have been produced from several Westphalian formations.

3.4. PEDL241 – North Kelsey

On 4 March 2013, Union Jack Oil entered into an agreement with Egdon Resources to acquire a 10 per cent. interest in UK onshore PEDL241. Under the terms of the agreement Union Jack Oil will pay 20 per cent. of the cost of the planned North Kelsey well to earn a 10 per cent. interest from Egdon Resources, and will have a continuing obligation to pay 10 per cent. of the day-to-day operating costs (*pro rata* to its holding in PEDL241). On Admission Union Jack Oil will not have the funds to participate in the work programme described below. For information on Union Jack Oil’s option to withdraw from this licence, please see paragraph 10.5 of Part V.

Interests in PEDL241

The percentage interest holdings are currently as follows:

Holders	Holding (%)
Egdon Resources (Operator)	40.0
Celtique Energie	50.0
Union Jack Oil	10.0
	100.0

Work programme

The subsurface target location to evaluate the exploration of the North Kelsey Prospect has been defined and a surface drilling location has been identified from which a vertical well can be drilled. A planning application was submitted by Egdon Resources in March 2013 and, subject to planning consent, it is intended that drilling of the North Kelsey-1 exploration well will commence. There is a commitment to drill a well to 2,000m or drop the licence by 30 June 2014.

Location

The North Kelsey Prospect lies in the Eastern Humberside Platform (Figure 6), a relatively unstructured area separating the North Humber Basin from the Gainsborough Trough to the South West.

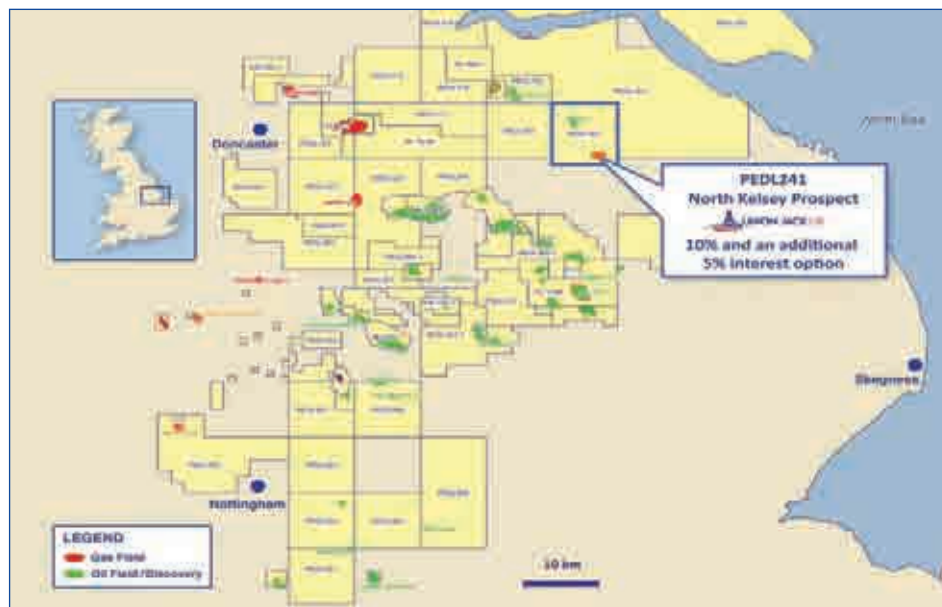


Figure 6 – North Kelsey (PEDL241)

The area is relatively unexplored compared to the Gainsborough Trough where a number of oil and gas fields have been found. There have, however, been several discoveries on the Broughton-Brigg High, a fault controlled ridge on the North side of the Humberside Platform. The discoveries have been oil discoveries but there is some gas associated with the discoveries. The Crosby Warren Oilfield with an estimated 3.5 million barrels in place initially free-flowed by gas solution drive for a number of years before being placed on beam pump and has produced c. 650,000 barrels of oil to date. The remaining discoveries, Broughton and Brigg were declared non-commercial.

3.5. Volumes and resources in the East Midlands Basin

Asset	Stock Tank Oil Initially in Place (STOIP)			Gross Resources				Union Jack Share of Licence	Union Jack Share of Resources			
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Mean		Low Estimate	Best Estimate	High Estimate	Mean
Oil and Liquids Prospective Resources per Asset (million barrels)												
Funded Assets on Admission												
PEDL201 Burton on the Wolds	2.8	15.2	46.5	0.42	3.04	11.62	4.83	10%	0.04	0.30	1.16	0.48
PEDL180 Wressle	0.7	11.1	21.3	1.17	2.05	3.23	2.13	8.33%	0.10	0.17	0.27	0.18
Unfunded Assets on Admission												
PEDL253 Biscathorpe	0.9	13.4	309.2	0.55	3.28	93.19	11.73	9.4%	0.05	0.31	8.76	1.10
PEDL241 North Kelsey	4.2	31.0	96.5	0.63	6.19	24.13	9.91	10%	0.06	0.62	2.41	0.99

Source: CPR

4. Additional assets under option or the subject of a letter of intent

The Company currently has options over certain other assets within the Wessex Basin, the East Midlands and the Cleveland Basin.

4.1 Wessex Basin

On 13 May 2013, Union Jack Oil entered into the Waddock Cross Option Agreement with Dorset Exploration Ltd., a wholly owned subsidiary of Egdon, pursuant to which the Company has the option, exercisable until 31 July 2013, to acquire a 10 per cent. interest in UK onshore Production Licence PL090 (including the Waddock Cross oil field) and the adjoining PEDL237. The Board does not intend to exercise its right to acquire an interest in these Licences under the Waddock Cross Option Agreement.

4.2 East Midlands and Cleveland Basin

On 4 March 2013 Union Jack Oil entered into a letter of intent with Egdon Resources granting the Company the opportunity to participate in the North Somercotes (PEDL005R (Remainder)) Licence and the possible acquisition of an additional 5 per cent. interest in North Kelsey (PEDL241) on the same terms and conditions as the original acquisition. On 3 June 2013 the Company entered into an option agreement relating to participation in the Westerdale (PEDL068 (Black NZ/60a)) Licence. These arrangements expire on 31 July 2013. The Board does not intend to participate in such Licences pursuant to these arrangements.

5. Strategy

The Company's main objective is the rapid appraisal and exploitation of the assets currently owned.

Simultaneous with this process, the Company's management expect to continue to use their expertise to acquire further licence interests over areas where there is a short lead time between the acquisition of the interest and either exploration drilling or initial production from any oil or gas fields that may be discovered.

In implementing this overall strategy, the Company would expect to be looking for as many as possible of the following ingredients in any further acquisitions:

- identified drillable prospects;
- planning consents for drilling obtained or close to being obtained;
- potential leads capable of being rapidly matured into drillable prospects;
- an exploration programme aimed at the drill-bit rather than blue sky; and
- prospective resources which yield high rapid rates of return on modest capital outflows.

The Company's focus to date has been onshore UK but the scope may be extended to low risk offshore projects and possibly also to Ireland.

6. Financial Information

The Company was incorporated on 18 January 2011. Financial information on the Company is set out in Part IV of this document.

7. Information on the Board

The directors of the Company as at the date of this document comprise David Bramhill, Joseph O'Farrell and Martin Durham. On Admission, Raymond Godson will join the Board as a Non-Executive Director. Details of their service contracts and letters of appointment are set out in paragraph 7 of Part V of this document.

7.1. Directors

David Bramhill, Executive Chairman (Aged 62)

Mr Bramhill has over 40 years' experience in the natural resources industry. Mr Bramhill has directed and managed several energy companies and was the former managing director of OilQuest Resources plc, subsequently acquired by EnCore Oil plc. Mr Bramhill was an executive director at the time of Nighthawk Energy plc's AIM flotation in March 2007 and a non-executive chairman of Wessex Exploration plc when that company floated on AIM in March 2011. He resigned from these companies in 2010 and 2012 respectively. Mr Bramhill had previously consulted in an engineering capacity for over 20 years on projects for Shell, ExxonMobil, Petrofina, BP and numerous other international energy companies.

Joseph O'Farrell, Executive Director (Aged 62)

Mr O'Farrell has over 30 years' corporate experience in the hydrocarbon and mining industry. He has managed several energy companies and is a former director of OilQuest Resources plc and Nighthawk Energy plc, having been a director of these two companies at the time of their respective flotations on AIM. He has assisted a number of companies working in conjunction with corporate advisers in pre-IPO fundraising and project acquisition.

Martin Durham, Non-Executive Director (Aged 56)

Mr Durham is a geologist with thirty years of international oil and gas industry experience and has held senior geological positions with several companies including the Louisiana Land and Exploration Company, Lasmo PLC and Eni S.p.A. He is currently a member of the Executive Management Committee for Northern Petroleum Plc where he holds the position of Exploration Manager.

He holds a Bachelor of Science Honours degree in geology from Swansea University and a Master of Science degree in Petroleum Geology from Imperial College of Science and Technology, University of London. Mr Durham is a member of the Petroleum Exploration Society of Great Britain (PESGB) and a Fellow of the Geological Society.

7.2. Proposed Director

Raymond Godson, Proposed Non-Executive Director (Aged 69)

Mr Godson is a chartered accountant with 40 years experience in the provision of oil and gas related services to energy companies. Mr Godson joined the Rio Tinto group in 1973 where he spent 16 years rising to become the financial and commercial director of the oil and gas subsidiary RTZ Oil & Gas Limited. In 1988 he joined Teredo Petroleum PLC ("Teredo") where he became the managing director in 1992. Following the takeover of Teredo in 1993, he became a full time accountant in general practice, where the majority of his business has been oil and gas related.

Mr Godson acted as Company Secretary for Fusion Oil & Gas plc from IPO to its takeover by Sterling Energy Plc. He was subsequently company secretary for both Ophir Energy Plc and Aurelian Oil & Gas

Plc. He is currently an executive director of Montrose Industries Limited, Excalibur Exploration Limited and Trajan Oil & Gas Limited.

8. Subscription Shares

The Company has agreed to pay the Board and Northland their salaries and its fees relating to the 12 months following Admission up front. Each member of the Board and Northland have then agreed to apply such payment to subscribe for the Subscription Shares, further details of which are set out in paragraphs 7 and 11 of Part V.

9. Details of the Placing

Pursuant to the Placing the Company is proposing to raise £800,000 (before expenses) by the issue of 320,000,000 new Ordinary Shares at the Placing Price. The Placing Shares will represent approximately 38.5 per cent. of the Enlarged Share Capital. The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares including the rights to all dividends and other distributions declared, made or paid following Admission and will be issued fully paid under the Act. In addition, one Placing Warrant will be issued to each Placee in respect of each Placing Share. The Placing has not been underwritten.

The placing of Placing Shares by SCS is conditional, *inter alia*, on:

- the Placing Agreement becoming unconditional and not having terminated in accordance with its terms prior to Admission;
- Admission occurring by no later than 30 July 2013 (or such later date as Shore Capital and the Company may agree, being no later than 31 August 2013); and
- the passing of the resolutions to be proposed at the General Meeting in connection with the Placing.

Further details of the Placing Agreement are set out in paragraph 12 of Part V of this document.

10. Use of proceeds

The net proceeds of the Placing aggregated with the Company's existing cash resources, as at 1 June 2013, are approximately £1.2 million. The Board intends to use the funds to undertake the drilling of the Wressle-1 (c. £333,000) and the Burton on the Wolds-1 (c. £200,000) exploration wells, to settle the costs of Admission and to meet the Company's working capital requirements.

11. Reasons for Admission

The Board believes that Admission will assist the Company in its development by:

- enabling the Company to potentially raise finance through ongoing access to capital markets;
- raising its profile and status; and
- promoting the expansion of the Company's business.

12. Dividend Policy

The Board's objective is to grow the Company's business. Future income generated by the Company is likely to be re-invested to implement its growth strategy. In view of this, it is unlikely that the Board will recommend a dividend in the early years following Admission. However, the Board intends that the Company will recommend or declare dividends at some future date once they consider it commercially prudent for the Company to do so, bearing in mind the financial position and resources required for the Company's development.

13. Lock-in arrangements

The Board, representing in aggregate 168,328,760 Ordinary Shares and 20.2 per cent. of the Enlarged Share Capital, have entered into irrevocable undertakings that they will not (and will procure, insofar as

they are able, that any of their associates will not) dispose of any interest in Ordinary Shares held by them or their associates for a period of one year from Admission, save in certain circumstances. The members of the Board have each also undertaken that they will not (and will procure, insofar as they are able, that any of their associates will not) dispose of any interest in Ordinary Shares for a period of 12 months following the first anniversary of Admission unless such disposal is effected through Shore Capital.

The Placing Shares placed by SCS are not subject to any lock-in or orderly market arrangements.

14. Options and Warrants

The Board believes that the recruitment, motivation and retention of key employees is vital for the successful growth of the Company. The Board considers that an important element in achieving these objectives is the ability to incentivise and reward staff (including executive directors) through the grant of options. As a result, the Company has established the Share Option Scheme, further details of which are set out at paragraph 13 of Part V of this document.

The total number of Ordinary Shares that may be committed under the Share Option Scheme will represent a maximum of 10 per cent. of the Company's issued ordinary share capital from time to time. On Admission, no Options will be in issue under the Share Option Scheme.

Pursuant to its obligations under the Placing Agreement described at paragraph 12 of Part V of this document, the Company has agreed to grant to SCS, on and following Admission, Warrants to subscribe for an aggregate of 19,200,000 Ordinary Shares at the Placing Price. Further details of the Warrants are set out in paragraph 11.7 of Part V. In addition, Placing Warrants will be issued on the basis of one Placing Warrant for each Placing Share. The Company currently has 9,719,216 warrants in issue with an exercise price of 0.25 pence.

15. Corporate Governance

The Board recognises the importance of sound corporate governance and, save as disclosed below, the Company will, from Admission comply with the main provisions of the Corporate Governance Code insofar as they are appropriate, given the Company's size and stage of development.

The Company has an audit committee and a remuneration committee with formally delegated duties and responsibilities. The audit committee will, on Admission, comprise Raymond Godson and Martin Durham, with Raymond Godson as chairman and the remuneration committee will comprise Raymond Godson and Martin Durham, with Martin Durham as chairman. The composition of these committees may change over time as the composition of the Board changes.

The audit committee will determine the terms of engagement of the Company's auditors and will determine, in consultation with the auditors, the scope of the audit. The audit committee will receive and review reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The audit committee will have unrestricted access to the Company's auditors.

The remuneration committee will determine the scale and structure of the executive directors' and senior employees' remuneration and the terms of their respective service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors of the Company will be set by the Chairman and executive members of the Board.

Further information on the audit committee and remuneration committee and their functions is set out in paragraph 8 of Part V.

The Company does not fully comply with the Corporate Governance Code, to the extent that, amongst other things, the Company does not and will not on Admission have a nomination committee, as the Board does not consider it appropriate to establish one at this stage of the Company's development.

16. Share Dealing Code

The Company has adopted a code of dealings in Ordinary Shares by members of the Board and employees which conforms to the requirement of the AIM Rules (“Share Dealing Code”). The Company will be responsible for taking all proper and reasonable steps to ensure compliance by the Board and applicable employees with the Share Dealing Code and the AIM Rules.

17. Bribery Act 2010

The government of the United Kingdom has issued guidelines setting out appropriate procedures for all companies to follow to ensure that they are compliant with the new Bribery Act 2010 (the “Bribery Act”) which has been in force since 1 July 2011. The Company has reviewed its operational procedures in the light of the Bribery Act and implemented appropriate procedures.

18. The City Code

The City Code, which is issued and administered by the Panel on Takeovers and Mergers (the “Panel”), applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed company resident in the UK, the Channel Islands or the Isle of Man (and to unlisted public companies and private limited companies whose place of central management and control is deemed under the City Code to be in the UK, the Channel Islands or the Isle of Man).

The Company is a public limited company which has its registered office in the UK and has its place of central management and control in the UK. Accordingly, the City Code applies to the Company and, as a result, Shareholders are entitled to the benefit of the takeover offer protections provided under the City Code.

19. CREST

The Company’s Articles of Association are consistent with the transfer of Ordinary Shares in dematerialised form in CREST under the CREST Regulations. Application has been made for the Ordinary Shares to be admitted to CREST on Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish.

CREST is a voluntary system and Shareholders who wish to receive and retain certificates in respect of their Ordinary Shares will be able to do so.

20. Admission, settlement and dealings

Application has been made to the London Stock Exchange for the Existing Ordinary Shares and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence in the Existing Ordinary Shares and the Placing Shares on 30 July 2013.

No application has or will be made for the Existing Ordinary Shares or the Placing Shares to be admitted to trading or to be listed on any other stock exchange.

20. Taxation

Your attention is drawn to the information regarding taxation which is set out in paragraph 9 of Part V of this document. That information is intended only as a general guide to the current tax position under UK taxation law. **If you are in any doubt as to your tax position, you should contact your independent professional adviser.**

21. Further information and risk factors

Your attention is drawn to the further information in this document and particularly to the risk factors set out in Part II of this document. Potential investors should carefully consider the risks described in Part II before making a decision to invest in the Company.

PART II

RISK FACTORS

Any investment in the Company and/or Placing Shares is subject to a number of risks. Prior to subscribing for any Placing Shares, potential investors should be aware of and carefully consider the factors and risks associated with any investment in the Company, the Company's business and the industry in which it operates (as described below), together with all other information contained in this document before making a decision to invest in the Company. Accordingly, you are strongly recommended to consult an investment adviser authorised under the FSMA, who specialises in the acquisition of shares and other securities before making a decision to invest.

If any of the following risks actually occur, the Company's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Company's Ordinary Shares could decline and investors could lose all or part of their investment. The information set out below does not constitute an exhaustive summary of the risks affecting the Company and is not set out in any order of priority.

In addition to the other information in this document, the Board consider the following risk factors are of particular relevance to the Company's activities and to any investment in the Company. It should be noted that this list is not exhaustive and that additional risks and uncertainties not presently known to the Board or which they currently believe to be immaterial may also have an adverse affect on the Company. Any one or more of these risk factors could have a materially adverse impact on the value of the Company and should be taken into consideration when assessing the Company. The risks are not intended to be presented in any assumed order of priority.

RISKS RELATING TO THE COMPANY AND ITS BUSINESS STRATEGY

Over-run of drilling programme and costs over-run

The operators of the Company's Licences may not adhere to agreed drilling schedules. The project partners' final determination of whether to drill any scheduled or budgeted wells will depend on a number of factors, including:

- results of the exploration efforts and the acquisition, review and analysis of seismic data, if any;
- availability of sufficient capital resources and any other participants for the drilling of the prospects;
- approval of the prospects by other participants after additional data has been compiled;
- economic and industry conditions at the time of drilling, including prevailing and anticipated prices for oil and natural gas and the availability and prices of drilling rigs and crews; and
- availability of leases, licence options, farm-outs, other rights to explore and permits on reasonable terms for the prospects.

Although the operator will at the time identify or budget for numerous drilling prospects, it may not be possible to drill those prospects within the expected timeframe, or at all and the drilling schedule, once agreed, may vary from its expectations because of future uncertainties and rig availability and access to drilling locations. In addition, there is a risk that no commercially productive oil or gas reservoirs will be discovered.

Reliance on Egdon

Egdon is currently the operator for all of the Company's assets. Should Egdon enter into financial difficulties or be unable, for any other reason, to fulfil its commitments as operator for the Licences, it may not be possible to drill those prospects within the expected timeframe, or at all and this may have a material adverse effect on the Company's prospects and financial condition.

Limited operating history

The Company does not have a trading record and it is therefore difficult for prospective investors to evaluate the Company's business and future prospects. There can be no assurance that losses will not continue to occur in the short term or that the Company will be profitable in the future. Success will depend on the outcome of the planned exploration programme and the Board's ability to take advantage of further opportunities which may arise.

Internal systems and controls

The Company does not currently have all the internal systems and controls which investors would expect from a larger, more established business. The Board intends to take steps to ensure that systems and controls (appropriate for a group of the size and of the nature of the Company) are adopted and reviewed regularly.

Attraction and retention of key employees

The Company's success will depend on its current and future executive management team. If any key person resigns, there is a risk that no suitable replacement with the requisite skills, contacts and experience will be found to replace such person. The senior personnel currently have equity interests in the Company. Notwithstanding this, if key personnel were to leave the Company, it could have a material adverse effect on the Company's business, financial condition and operating results.

Taxation framework

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders or alter post tax returns to Shareholders. Commentaries in this document concerning the taxation of investors in Ordinary Shares are based on current tax law and practice, as it applies to UK tax resident investors, which is subject to change. The taxation of an investment in the Company depends on the individual circumstances and the tax residence status of investors.

VCT and EIS qualifying status

HMRC has separately given the Company written assurance that both for VCT purposes it is currently a qualifying holding and for EIS purposes it is a qualifying company and its shares currently comply with the requirements of the relevant legislation in each case. However, should the Company cease to meet any of the relevant conditions, it may no longer be a qualifying holding for VCT purposes or a qualifying company for EIS purposes. One such requirement is that the Company carries out a qualifying trade. Should the Company fail to achieve production at one of its Licences within two years of Admission, the Company may no longer satisfy the relevant conditions and the Company may no longer be considered a VCT or an EIS qualifying investment.

Political conditions

Although political conditions in the UK are generally stable, changes may occur in its political, fiscal and legal systems, which might affect the ownership or operation of the Company's interests including, *inter alia*, changes in exchange rates, exchange control regulations, expropriation of oil and gas rights, changes in government and in legislative, fiscal and regulatory regimes.

Dependence on third party services

The Company may rely on products and services provided by third parties, such as undertaking due diligence and technical reviews, and providing general financial and strategic advice. If there is any interruption to the products or services provided, or failure to perform these services with due care and skill by such third parties, the Company's business could be adversely affected and the Company may be unable to find adequate replacement services on a timely basis, if at all, and/or on acceptable commercial terms. This may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

In addition, the Company cannot control the activities on properties it does not operate and is unable to ensure their proper operation and profitability. As a result, the Company has limited ability to exercise influence over, and control the risks associated with, operations on these properties. The failure of an operator of the Company's wells to adequately perform operations, an operator's breach of the applicable agreements or an operator's failure to act in ways that are in the Company's best interest could reduce the Company's production and revenues. The success and timing of the Company's drilling and development activities on properties operated by others therefore depend upon a number of factors outside the Company's control, including the operator's:

- control of the timing and amount of capital expenditures;
- access to expertise and financial resources;
- ability to introduce other participants in drilling wells; and
- use of technology.

Health and safety risks

A violation of health and safety laws or the failure to comply with the instructions of relevant health and safety authorities could lead to, among other things, a temporary shut down of all or a proportion of any future operations or the imposition of costly compliance procedures. This could have a material adverse effect on the Company's operations and/or financial condition.

Uninsured risks

In the Company's planned and future exploration programmes, it may encounter hazards such as unusual geological or unexpected operating conditions that cannot be insured against, or against which it may elect not to be so insured because of high premium costs or other reasons.

Fluctuations of revenues, expenses and operating results

Future revenues, expenses and operating results of the Company could vary significantly from period to period as a result of a variety of factors, some of which are outside its control. These factors include general economic conditions, adverse movements in interest rates, conditions specific to the oil and gas services market, seasonal trends in revenues, capital expenditure and other costs and the introduction of new products or services to the market. In response to a changing competitive environment, the Company may elect from time to time to make certain pricing, service or marketing decisions or investments that could have a material adverse effect on the Company's revenues, results of operations and financial condition and prospects.

DECC

The Company's activities are dependent upon the grant and maintenance of appropriate permissions from DECC. The Company relies on the operator of its Licences to adhere to the work programme in the form approved by DECC. Failure by the operator to do so may result in the rescinding of permission by DECC, which could result in the Company suffering significant damage through loss of the opportunity to identify and extract hydrocarbons.

Planning permission

The development of the Company's current and future assets may be dependent on the receipt of planning permission from the appropriate local authorities. Failure to gain such permissions may limit the Company in its ability to develop and extract value from its assets and could have a material adverse impact on the Company.

Currency risks

The Company may make investments in currencies other than Sterling and the Company does not currently intend to hedge against exchange rate fluctuations. Accordingly, the value of such investments may be adversely affected by changes in currency exchange rates notwithstanding the performance of the investments themselves, which may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

RISKS ASSOCIATED WITH THE OIL AND GAS INDUSTRY

Exploration and production risks

There is no assurance that the Company's exploration and appraisal activities will be successful or, if they are successful, that commercial quantities of oil and/or gas can be recovered from the Company's licensed areas. No assurance can be given that, if commercial reserves are discovered, the Company will be able to realise such reserves as intended. Few properties that are explored are ultimately developed into producing hydrocarbon fields. The Company may face delays in obtaining governmental approval. Negative results from initial exploration programmes may result in downgrading their prospectivity. An area may therefore be considered not to merit further investment and licences could be surrendered (subject to the approval of the licensing authority) prior to the drilling of any exploratory wells.

Early stage of commercialisation

The Company is an exploration company that has not yet begun to generate revenues and is not yet trading profitably. The Board does not expect the Company to achieve profitability in the short term.

Regulatory changes

The Company's strategy has been formulated in the light of the current regulatory environment and likely future changes. The regulatory environment may change in the future and such changes may have a material adverse effect on the Company.

Licences and contractual risks

The Company's activities are dependent upon the grant and maintenance of appropriate licence concessions, leases, permits and regulatory consents ("Authorisations") which may not be granted or may be withdrawn or made subject to limitations. Unforeseen circumstances or circumstances beyond the control of the Company may lead to commitments given to licensing authorities not being discharged on time. Although the Company believes that the Authorisations will be renewed following expiry or grant (as the case may be), there can be no assurance that such Authorisations will be renewed or granted or as to the terms of such grants or renewals. The areas covered by the Authorisations are or may be subject to agreements. If such agreements are terminated, found void or otherwise challenged, the Company may suffer significant damage through loss of the opportunity to identify and extract hydrocarbons.

Payment obligations

Under Licences and certain other contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment and other obligations. In particular, the permit holders are required to expend the funds necessary to meet the minimum work commitments attaching to permits and licences. Failure to meet these work commitments will render the permit liable

to be cancelled. Further, if any contractual obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by the Company.

Operational and environmental risks

Drilling, appraisal, exploration, construction, development and production activities may involve significant risks and operational hazards and environmental, technical and logistical difficulties. These include, *inter alia*, the possibility of uncontrolled hydrocarbon emissions, fires, earthquake activity, extreme weather conditions, coastal erosion, explosions, blowouts, cratering, over-pressurised formations, unusual or unexpected geological conditions, unpredictable drilling-related problems, equipment failure, labour disputes and the absence of economically viable reserves. These hazards may result in delays or interruption to production, cost overruns, substantial losses and/or exposure to substantial environmental and other liabilities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail production or development.

Non-achievement of anticipated timetables

Drilling rigs or other equipment may not be available at the time envisaged (due to, for example, delays in making appropriate modifications, adverse weather conditions, insolvency of the owners or total loss) or may fail to perform in accordance with the Board's expectations in regard to the timetable. There is no guarantee that replacement equipment will be available on reasonable commercial terms or at all.

Failure to meet the expected timetables may result in the Company being unable to generate cash from those assets. This would have a material adverse effect on the Company's business, prospects, financial condition and operations.

The Company's anticipated timetables for all of its current and expected operations are Board estimates based on a number of variables not all of which are under the Company's direct control. The Company is dependent upon the operators of its assets to act in accordance with agreed plans in respect of each of the assets but the Company has no control over such persons save under contractual terms which may be costly and time consuming to enforce. If the timetable estimates prove to be wrong or the operators or any of them do not take the actions in relation to maintaining or developing the assets then it may lead to delays or further problems which may have a material adverse effect on the Company's business, prospects, financial condition and operations.

Early stage development of licences with no proven reserves

Certain of the operations in which the Company has an interest are at an early stage of development and future success will depend on the Company's ability to successfully manage the current projects and to take advantage of further opportunities which may arise. There can be no guarantee that the Company can or will be able to, or that it will be commercially advantageous for the Company to, develop any acreage subject to any tenement, permits or licences in which the Company has or may acquire an interest. Furthermore, the Company has no assets producing positive cash flow and its ultimate success will depend on the Company's ability to implement its strategy, generate cash flow from economically viable projects and access equity markets. Whilst the Board is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. The Company will not generate any material income until production has successfully commenced and in the meantime the Company will continue to expend its cash reserves and will, in due course, need to raise debt or additional equity capital. The Company's projects have no operating history upon which to base estimates of future cash operating costs. For early stage projects, estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data and feasibility studies which derive estimates of cash operating costs

based upon anticipated recoveries, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns may differ materially from those estimated.

Reserve and resource estimates

Any future reserve and/or resource figures for projects in which the Company may invest, or may acquire, will be estimates and there can be no assurance that the oil, gas and hydrocarbons are present, will be recovered or that they can be brought into profitable production. Reserves and resources estimates may require revisions based on actual production experience. Furthermore, a decline in the market price for oil and gas that may be discovered could render oil and gas reserves containing relatively low volumes of hydrocarbons uneconomic to recover and may ultimately result in a restatement of reserves.

Ability to exploit successful discoveries

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in areas in which the Company has an interest. Such exploitation may involve the need to obtain licences or consents from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may, or may not, be possible for such conditions to be satisfied. Furthermore, the decision to proceed to further exploitation may require the participation of other companies whose interest and objectives may not be the same as those of the Company. Such further work may also require the Company to meet, or commit to, financing obligations, which it may not have anticipated or may not be able to commit to, due to lack of funds, or inability to raise funds.

Environmental regulation

Environmental and safety legislation in jurisdictions in which the Company operates may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees, and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from oil and gas activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean up costs and obligations and liability for toxic or hazardous substances for which the Company may become liable as a result of its activities, may be impossible to assess against the current legal framework and current enforcement practices of the various jurisdictions in which the Company operates, or in which it may operate in the future.

Market risk

In the event of successful exploration and development of oil and gas reserves, the marketing of the Company's prospective production of oil and gas from such reserves will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including access to ports, shipping facilities, pipelines and pipeline capacity at economic tariff rates, over which the Company may have limited or no control. Pipelines may be inadequately maintained and subject to capacity constraints and economic tariff rates may be increased with little or no notice and without taking into account producer concerns.

Technological developments

The Company may not be able to keep pace with technological developments in its industry. The natural gas and oil industry is characterised by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or develop new technologies, the Company may be placed at a competitive disadvantage, and competitive pressures may force the Company to implement those new technologies at substantial cost. In addition, other natural gas and oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Company can. The Company may not be able to respond to these competitive

pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies the Company uses now or in the future were to become obsolete or if the Company is unable to use the most advanced commercially available technology, the Company's business, financial condition and results of operations could be materially and adversely affected.

Competition

A number of other oil and gas companies may seek to establish themselves in areas in which the Company operates and may be allowed to bid for exploration and production licences and other services, thereby providing competition to the Company. Larger companies in particular may have access to greater resources than the Company, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

Increase in drilling and production costs and the availability of drilling equipment

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration, production and development would affect the Company's ability to invest in prospects and to purchase or hire equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. The reduced availability of equipment and services may delay its ability to exploit reserves and adversely affect the Company's operations and profitability. Such pressures are likely to increase the actual cost of services, extend the time to secure such services and add costs for damages due to any accidents sustained from the overuse of equipment and inexperienced personnel. Delays in drilling and other exploration activities, the possibility of poor services coupled with potential damage to downhole reservoirs and personnel injuries may also result in increased costs.

Delays in production and transportation

Various production, marketing and transportation conditions may cause delays in oil and gas production and adversely affect the Company's business. The inability to complete wells in a timely manner would result in production delays and could have a material adverse effect on the Company's financial position and future results of operations.

Volatility of prices for oil and gas

The demand for, and price of, oil and gas is highly dependent on a variety of factors, including international supply and demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future.

As a result of the above factors, price forecasting can be difficult and imprecise.

RISKS RELATING TO ORDINARY SHARES

Fluctuations in the price of Ordinary Shares

The market price of Ordinary Shares may be subject to fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts and factors outside the Company's control including but not limited to general economic conditions, the performance of the overall stockmarket, other Shareholders buying or selling large numbers of Ordinary Shares and changes in legislation or regulations.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for Ordinary Shares.

The value of Ordinary Shares may go down as well as up. Investors may therefore realise less than, or lose all of, their original investment.

Realisation of investment

The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. Potential investors should be aware that the value of Ordinary Shares can rise or fall and that there may not be proper information available for determining the market value of an investment in the Company at all times. Admission should not be taken as implying that there will be a liquid market in the Ordinary Shares. An investment in the Ordinary Shares (including the Placing Shares) may thus be difficult to realise.

In the event of a winding-up of the Company, the Ordinary Shares will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Company's assets being sufficient to meet prior entitlements of creditors.

Liquidity of Ordinary Shares

Admission to AIM should not be taken as implying that there will be a liquid market for Ordinary Shares. It may be more difficult for an investor to realise their investment in the Company than in a company whose shares are quoted on the Official List.

Financing risks and requirements for further funds

Successful exploration for oil and gas on any project will require very significant capital investment. The only sources of financing currently available to the Company (other than through the cash raised pursuant to the Placing) are through the issue of additional equity capital or through bringing in partners to fund exploration and development costs. The Company's ability to raise further funds will depend on the success of its strategy and operations. The Company may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Company may be required to reduce the scope of its investments or anticipated expansion.

If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares. The Company may also issue Ordinary Shares as consideration for acquisitions or investments that would also dilute Shareholders' respective shareholdings.

Suitability of Ordinary Shares as an investment

Ordinary Shares may not be suitable for all the recipients of this document. Before making any investment, prospective investors are advised to consult with an organisation or firm authorised or exempted pursuant to the FSMA and in the case of a resident in any other jurisdiction an appropriately authorised or exempted adviser for that jurisdiction, before making any investment decision. As the Board believes the Company is unlikely to pay dividends in the foreseeable future, if ever, the Ordinary Shares are not suitable for investors requiring income.

Dividends

Payments of dividends by the Company to Shareholders will depend on a number of factors, including its financial condition and results of operations, contractual restrictions, and other factors considered relevant by the Board. Under English law, any payment of dividends would be subject to the Act. All final dividends to be distributed by the Company must be recommended by the Board and approved by Shareholders. Moreover, under English law, the Company may pay dividends on its Ordinary Shares only out of profits available for distribution in accordance with the Act and under its Articles.

Economic, political, judicial, administrative, taxation or other regulatory matters

The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters.

Forward looking statements

This document contains forward-looking statements that involve risks and uncertainties. The Company's results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described above and elsewhere in the document. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Company's business.

PART III
COMPETENT PERSON'S REPORT

Competent Person's Report
UNION JACK OIL PLC

22 July 2013

Prepared by:
Daniel T Shaw
J David M Roberts
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Alex Franca

Reviewed by:
Colin Frost

The logo for Molten, featuring the word "molten" in a bold, lowercase, red sans-serif font.

Forward-looking Information

Certain statements contained will be forward-looking statements. Forward-looking information typically contains statements with words such as "intends," "anticipate," "estimate," "expect," "potential," "could," "plan" or similar words suggesting future outcomes.

Readers are cautioned not to place undue reliance on forward-looking information because it is possible that expectations, predictions, forecasts, projections and other forms of forward-looking information will not be achieved by Union Jack Oil plc. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties. A change in any one of these factors could cause actual events or results to differ materially from those projected in the forward-looking information. Although Union Jack Oil plc believes that the expectations reflected in such forward-looking statements are reasonable, Union Jack Oil plc can give no assurance that such expectations will prove to be correct.

Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Union Jack Oil plc and described in the forward-looking statements or information. The forward-looking statements are based on a number of assumptions, which may prove to be incorrect. In addition to other assumptions identified herein, Union Jack Oil plc has made assumptions regarding, among other things: market costs and other variables affecting operating costs; the ability of partners to obtain equipment, services and supplies, including labour, in a timely and cost-effective manner; the availability and costs of financing; oil and gas prices; foreign currency exchange rates and hedging risks; government regulations and royalty regimes; and the degree of risk that governmental approvals may be delayed or withheld. Other specific assumptions and key risks and uncertainties are described elsewhere in this document and in Union Jack Oil plc's AIM admission document and other filings with the AIM Exchange.

Readers should be aware that the list of assumptions, risks and uncertainties set forth herein are not exhaustive. Readers should refer to Union Jack Oil plc's documentation for a detailed discussion of these assumptions, risks and uncertainties. The forward-looking statements or information contained in this document are made as of the date hereof.

Molten undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable laws or regulatory policies.

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22 July 2013

Union Jack Oil plc
6 Charlotte Street
Bath
UNITED KINGDOM
BA1 2NE

Shore Capital & Corporate Limited
Bond Street House
14 Clifford Street
London
UNITED KINGDOM
W1S 4JU

Reference: Union Jack Oil plc
Competent Persons Report as of 22 July 2013

Dear Sirs:

Pursuant to your request we have prepared an assessment of the licences, permits and hydrocarbon resources for Union Jack Oil plc as of 17 July 2013. This evaluation was prepared to support an admission by UNION JACK OIL PLC to the AIM Market of the London Stock Exchange, and we consent to the inclusion of this report, dated 22 July 2013 in the Admission Document dated 22 July 2013 prepared by Union Jack Oil plc in connection with its application to trading on the AIM Market of the London Stock Exchange (the "Union Jack Admission Document"). We equally consent to the use of our name and references made to the Molten Report in the form and context in which they appear as shown in the Union Jack Admission Document.

The future net revenues and *expected monetary values* presented in this report were calculated using forecast prices and costs using Molten's opinion of future crude oil prices and are presented in Pounds Sterling (although some intermediate calculations have been performed in line with industry practice in US dollars). The reserves and resource estimates and future net revenue forecasts have been prepared in accordance with the Guidelines for Application of the Petroleum Resources Management System November 2011 aligned with the 2007 Petroleum Resources Management System document as agreed by the Society of Petroleum Engineers (SPE), the World Petroleum Congresses (WPC), American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). The format and content of this report follows the guidance set out in the June 2009 Guidance Note for Mining, Oil and Gas Companies published by the London Stock Exchange.

This evaluation was prepared during the period from 22 April 2013 and was based on technical and financial data as of 09 July 2013. Union Jack Oil plc has provided Molten with a representation letter that stated there has been no material change since 09 July 2012, and the date of this report which would materially impact on the opinions in this report. All of the basic information employed in the preparation of this report was obtained from Union Jack Oil plc. The data was

generally of fair quality, consistent with the type and quality of information usually available in the United Kingdom.

We have reviewed the information in the Union Jack Admission Document dated 22 July 2013 which relates to information contained in this report and confirm that that the information presented is accurate, balanced, complete and consistent with this report.

Sincerely,
Molten Ltd
Daniel T. Shaw

1. Executive Summary

Union Jack Oil plc (Union Jack) has interests in the onshore United Kingdom (UK), as depicted in Figure 1. This report assesses the prospects for finding and economically exploiting hydrocarbons in those licences which are the subject matter of this report.

With the admission to the AIM market, Union Jack will raise enough money to fund participation in two prospects, which we will call the funded assets. To participate in the other two prospects, Union Jack will need to raise more finance, so we describe those assets as unfunded.

This report quantifies the current expected valuation of Union Jack in two parts: to be £1.1 million for assets funded on admission and £5.1 million for assets unfunded on admission. Analysts may choose to discount the unfunded valuation by an appropriate factor to reflect the likelihood of securing further funding.

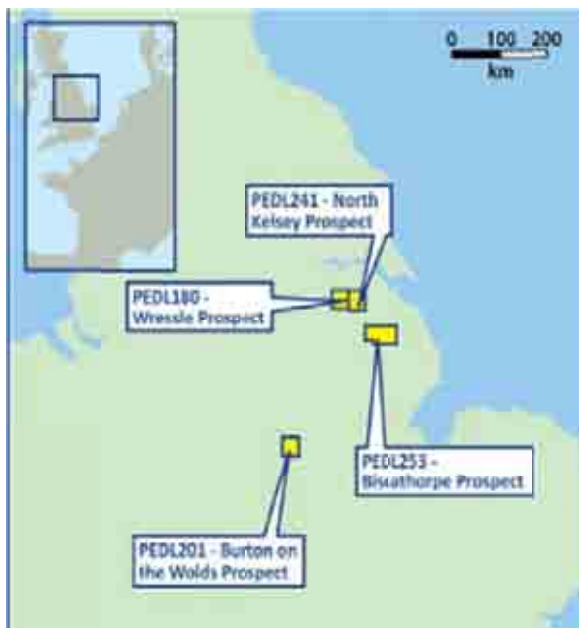


Figure 1 - Geographical Locations of Union Jack Interests

In the short to medium term, Union Jack is seeking to drill exploration wells to confirm the viability of the exploration prospects.

In the East Midlands, Union Jack has acquired interests in four prospective oil licences (PEDL201, PEDL253, PEDL241 and PEDL180). All prospects have planned exploratory wells.

The East Midlands basin is proven to have all elements of commercial petroleum systems: a source rock with sufficient organic content, maturation of the organics and a viable migration path, a reservoir, trap formation relative to hydrocarbon migration, and preservation of the trap and reservoir properties to the present day. Approximately 40 oil and / or gas fields are in production, or have been produced, in the East Midlands and the Union Jack interests are close to existing discoveries or production.

Volumes initially in place and resources for East Midlands Union Jack assets are in Table 1.

Table 1 – Volumes and Resources in East Midlands

Asset	Stock Tank Oil Initially in Place (STOIP)			Gross Resources				Union Jack Share of Licence	Union Jack Share of Resources			
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate	Mean		Low Estimate	Best Estimate	High Estimate	Mean
Oil and Liquids Prospective Resources per Asset (million barrels)												
Funded Assets on Admission												
PEDL201 Burton on the Wolds	2.8	15.2	46.5	0.42	3.04	11.62	4.83	10%	0.04	0.30	1.16	0.48
PEDL180 Wressle	0.7	11.1	21.3	1.17	2.05	3.23	2.13	8.33%	0.10	0.17	0.27	0.18
Unfunded Assets on Admission												
PEDL253 Biscathorpe	0.9	13.4	309.2	0.55	3.28	93.19	11.73	9.4%	0.05	0.31	8.76	1.10
PEDL241 North Kelsey	4.2	31.0	96.5	0.63	6.19	24.13	9.91	10%	0.06	0.62	2.41	0.99

We estimate that Union Jack’s risked current value, based on forecast prices and costs assumptions to be £1.1 million for funded assets and £5.1 million for currently unfunded assets, as shown in Table 2:

Table 2 – Current Net Un-Risked and Risked Values of Union Jack Interests

Asset	Union Jack Unrisked Net Present Value	Mean resources attributable to Union	Risk Factor*	Union Jack Risked Net Present Value
East Midlands and North Yorkshire: Oil and Liquids Prospective Resources per Asset				
Funded Assets on Admission				
PEDL201 Burton on the Wolds	£6.7 million	0.48 million barrels	15%	£1.0 million
PEDL180 Wressle	£3.2 million	0.18 million barrels	20%	£0.6 million
Total	£9.9 million			£1.6 million
Less Cost of Exploration				-£0.5 million
Net Present Value for Funded Assets				£1.1 million
Unfunded Assets on Admission				
PEDL253 Biscathorpe	£15.4 million	1.10 million barrels	29%	£4.5 million
Carry for Charnia (6 percent of pre-first oil costs)				-£0.3 million
PEDL241 North Kelsey	£11.9 million	0.99 million barrels	15%	£1.8 million
Total	£27.3 million			£6.0 million
Less Cost of Exploration				-£0.9 million
Net Present Value for unf unded Assets				£5.1 million

* Risk Factor means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This is the chance or probability of the Prospective Resource maturing into a Contingent Resource

Exploration for oil and gas has inherent uncertainty and we quantify that uncertainty with the Risk Factor. The un-risked values shown in Table 2 correspond to the expected value of each prospect based on the case that it does indeed contain exploitable hydrocarbons. The risk factors, which we are required by the AIM rules and guidelines to estimate, represent the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This is the chance or probability of the Prospective Resource maturing into a Contingent Resource. The risk assessments applied by Molten are rigorous and conservative.

2. Introduction and Background

Union Jack joined the ISDX Growth Market in December 2012 as a vehicle to identify drilling, development and investment opportunities in the hydrocarbon sector.

The directors consider that the UK, with its stable economy, hydrocarbon market well regulated by the Department of Energy and Climate Change (DECC) and a well-established licensing system is an attractive country for direct investment in hydrocarbon projects.

The investment strategy is to identify mature onshore exploration and appraisal projects, where planning consent for drilling has been approved or is due to be approved, and to acquire minority working interests on attractive terms. Since that time several acquisitions have been made or optioned.

Union Jack has acquired interests in four prospective oil licences in the East Midlands (PEDL201, PEDL253, PEDL241 and PEDL180). The company also has assets under option (PEDL005R (part), PEDL068 (part), PEDL241 (additional 5%), PL090 and PEDL237) but these expire on 31 July and as the Board does not intend to exercise the options prior to the 31 July deadline they have not been reported on in this CPR.

2.1. Sources of Information, Visits, Data Supplied

Molten has assessed each of the assets mentioned on this report based on data made available by the Union Jack management team, by the partner Operator Egdon Resources and from the organisations which have performed previous geological analyses on behalf of the Operators.

We have independently examined the data, the analysis techniques applied and the conclusions of prior analyses. For each prospect, a Kingdom Project model was provided which we have examined and validated.

Molten staff visited:

- Keddington in the East Midlands on the 13th May 2013 was observed. Keddington is a development in the East Midlands which is of significant scale and is similar to the sort of development that we have modeled in our NPV calculations as representative of likely outcomes for the Union Jack prospects.

The results shown in this report represent our professional interpretation of the available information.

2.2. Analysis Method

To be prudent, all prospects valued either have a risk factor exceeding 10 percent or would be explored by a well targeting a prospect with a risk factor exceeding 10 percent. All Union Jack prospects meet this criteria. This is normal exploration valuation practice, as prospects with a risk factor of less than 10 percent are rarely drilled.

Wherever possible, we have used two independent methodologies to assess the current monetary value of the licences and permits covered by this report: a simple benchmark approach and a traditional net present value quantification of plausible development scenarios.

The two approaches have yielded similar results, giving confidence in the current monetary value of Union Jack.

2.3. Methodology

2.3.1. Benchmark Valuations

This is an abbreviated analysis approach, based on observations of performance of assets in the industry, reflecting the regional net present values per barrel of oil equivalent. Factors affecting the benchmark norms include the state of development of the petroleum industry, infrastructure, political risk, quality of the oil or gas relative to benchmark blends, and remoteness from established infrastructure. We have derived these benchmarks from a variety of sources including data from other Molten engagements, experience on past projects and published reports by other analysts and companies.

Union Jack assets qualify for field allowance for small oil or gas fields, so we have adjusted our normal oil and liquid benchmark from £7.5 to £15 and the gas benchmark from £0.8 to £3.0. The benchmarks used in this report are shown in Table 3.

Table 3 - Benchmark Valuations per Barrel

Net Present Value Benchmark for Proven 2P Reserves	
Oil and Liquids	
US Dollars per barrel	24.00
Pounds Sterling per barrel	15.00
Gas	
US Dollars per thousand cubic feet	4.80
Pounds Sterling per thousand cubic feet	3.00

Because the benchmarks are related to proven reserves, we have adjusted the analysis for the chances of success in exploration for assets which have not yet been proven.

2.3.2. Net Present Value (NPV) Analyses

Our more detailed approach is to calculate the net present value of credible development scenarios, which correspond to the P10, P50 and P90 resource numbers. The following paragraphs explain the key assumptions in this analysis approach.

The price of oil and gas has historically been volatile. Perturbations, upsets or shocks can destabilise the price dramatically. For the analyses in this report we have based our calculations upon a long term base price of oil at US\$100 per barrel and gas \$10.08 per thousand cubic feet.

Long term price inflation has been factored into our calculations at 2.8 percent per annum. We have applied this to the base price of crude as well as to forecasts of future costs. We regard that as a reasonable and prudent assumption.

To discount future values to the present, we have applied a discount rate of 10 percent per annum. This is common industry practice. This is not intended to be a forecast of the cost of capital for Union Jack, rather a normalising technique to bring future costs to a present value which is transparent and reasonable.

Whenever we have to convert between US Dollars and Pounds Sterling, we have applied an exchange rate of \$1.60 per £.

The assumptions used in the NPV calculations are shown in Table 4.

Table 4- NPV Calculation Assumptions

Factor	Assumption
Current Price of Oil	US \$100 per barrel
Current Price of Gas	US \$10.08 per thousand cubic feet
Long term inflation rate	2.8 % per annum
NPV discount rate	10 % per annum
Exchange Rate	\$1.60 per Pound

NPV calculations account fully for UK taxes. The tax regime is established and has been stable for a number of years. The principal terms are summarised in Table 5.

Table 5 - Summary of UK Hydrocarbon Tax Regime

Fiscal Regime Type	Royalty/Tax
Governing Legislation	Petroleum Production Act 1934, Petroleum Act 1998 and Finance Act of 2002
State Participation	None
Signature Bonus	None
Royalty	Abolished from January 1st 2003
Petroleum Revenue Tax	Not applied to fields given development approval after March 1993
Tax on Profits	Ring Fence Corporation Tax 30%
	Supplementary Charge on ring fence trades 32% (with no allowance for any financing costs)
	Field allowance for small oil or gas field
Depreciation	Capital depreciation starts at commercialisation date
	Plant and Machinery are 100% expensed
	All intangible costs are 100% expensed
Ring Fence	Country wide for Tax on Profits

Field allowance for small oil or gas field applies to all the Union Jack assets. The amount of the relief depends on the size of the field. If the field has oil equivalent reserves of 2.75 million tonnes or less, the total field allowance is £75 million¹.

For the high cases of North Kelsey Prospect and Biscathorpe Prospect, the field size would exceed 2.75 million tonnes, so the following rule applies. The total field allowance available reduces on a straight-line basis from £75 million to zero as the field size increases from oil equivalent 2.75 to 3.5 million tonnes. (2.75 million tonnes is broadly equal to 20 million barrels; 3.5 million tonnes is broadly equal to 25 million barrels).

¹ <http://www.hmrc.gov.uk/manuals/otmanual/ot21415.htm>

The Government announced in Budget 2012 that the total allowance and maximum size of a qualifying field would be increased for fields whose development was authorised for the first time on or after 21 March 2012.

2.4. Volumes and Exploration Risk Factor

Two key numbers for each licence or permit therefore underpin the valuations: the volumes of prospective resources and the chances of success.

Most of the licences and permits do not have any proven reserves or contingent resources, so both approaches have been qualified with statistical adjustments for the chance of success (COS) or risk factor in exploration drilling. The COS or risk factors are terms that are used interchangeably in this report. They are theoretically defined as the statistical confidence of finding the minimum measurable volume of resources in a trap.

Union Jack is working in partnership with other exploration companies, which share data and opinions in respect of the volumes of prospective resources and the chances of success. The partners have methodically quantified and agreed to release numbers into the public domain. In preparing this report, Molten has independently examined the quantitative analysis behind the published values and reviewed the associated professional judgements.

In most cases, the Molten analysis aligns with previously published conclusions. However, in some cases, we express different professional opinion from the Operators and have used more conservative approach in our analysis.

Molten has drawn attention qualitatively to the key risks and assumptions that have been used in the analysis.

2.5. Non-Technical Factors

This report addresses the technical factors that affect the value of the licences and permits. Many other factors will influence the outcome of any future developments, including but not limited to the quality of the management, the processes related to ownership and rights to the licences and permits, execution of exploration and appraisal work in the field, laboratories and offices. These non-technical factors have the potential to drive the value up and down. This report makes no explicit adjustment for such non-technical factors, such that the expected valuation aligns to normal industry practice.

3. East Midlands

3.1. Licences

Union Jack either has farmed into acreage where Egdon Resources has mapped a number of drill ready prospects. Egdon Resources acts as Operator on behalf of the licence holders in each of the licences. These prospects are located in the East Midlands Oil and Gas Province in Eastern England where a number of oil and gas fields have been discovered.

Figure 2 shows the location of the prospects the Operator has identified on seismic in the East Midlands Oil and Gas Province.

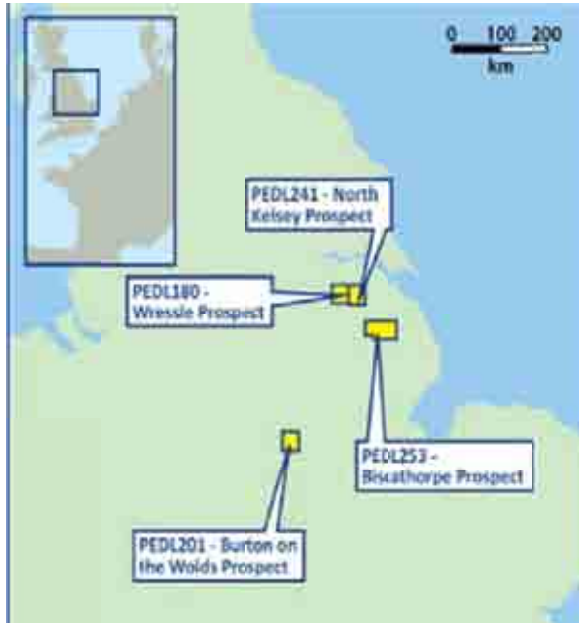


Figure 2 - Location of East Midlands Assets

With the listing on the AIM market, Union Jack will raise enough money to fund participation in the Burton on the Wolds and Wressle prospects, which we will call the funded assets. To participate in the other two prospects, Biscathorpe and North Kelsey, Union Jack will need to raise more finance, so we describe those assets as unfunded. Assets that Union Jack has interest in can be found in Table 6.

Table 6 – Union Jack interests in East Midlands

Asset	Union Jack percentage share
Funded Assets on Admission	
PEDL201 - Burton on the Wolds Prospect	10%
PEDL180 - Wressle Prospect	8.33%
Unfunded Assets on Admission	
PEDL253 - Biscathorpe Prospect	10%
PEDL241 - North Kelsey Prospect	10%

3.1.1. PEDL201 – Burton on the Wolds Prospect

The UK Government Department of Trade and Industry (DTI), now the Department of Energy and Climate Change (DECC), awarded the PEDL201 licence

in July 2008 in the UK 13th Onshore Licensing Round. It has an area of 40 square kilometres and contains the Burton on the Wolds Prospect.

The respective ownership of licences interests in PEDL201 is:

- Celtique Energie Petroleum Ltd. 32.5%
- Corfe Energy Ltd. 12.5%
- Egdon Resources U.K. Ltd. 32.5% (Operator)
- Terrain Energy Ltd. 12.5%
- Union Jack Oil plc 10%

There is a commitment to drill a well to 500 metres or drop the licence by 30 June 2014. If the well is drilled the licence will expire July 2039.

3.1.2. PEDL180 – Wressle Prospect

The UK Government Department of Trade and Industry (DTI), now the Department of Energy and Climate Change (DECC), awarded the PEDL180 licence in July 2008 in the UK 13th Onshore Licensing Round. It has an area of 100 square kilometres and contains the Wressle Prospect.

The respective ownership of interest in the licence is:

- Egdon Resources U.K. Ltd. 33.33% (Operator)
- Celtique Energie Petroleum Ltd. 33.33%
- Europa Oil and Gas Ltd. 33.34%

Subject to approval from the Department of Energy and Climate Control (DECC), licence ownership will change to:

- Egdon Resources U.K. Ltd. 25.00% (Operator)
- Celtique Energie Petroleum Ltd. 33.33%
- Europa Oil and Gas Ltd. 33.34%
- Union Jack Oil plc 8.33%

A provision has been made that should a discovery be made at Wressle in PEDL180 and the field determination area should also extend into PEDL182 then Union Jack Oil will hold the same level of interest in the whole field determination area including that part that might lie within PEDL182.

In terms of commercial terms the percentage interest held by Egdon Resources immediately prior to the Farmout Agreement with the Company, part is encumbered by a net profit interest agreement dated 11 March 2011 between Egdon Resources and Valhalla Oil & Gas Limited ("Valhalla NPI"). The Company has entered into a net profit interest agreement in identical terms to the Valhalla NPI such that the Company's interest in PEDL180 is subject to a 0.6248% net profit interest (based on Petroleum income less certain deductible expenditure) in favour of Egdon Resources (equivalent to 7.5% of the Company's percentage interest).

There is an outstanding commitment on PEDL180 to drill a well to 1,500 metres or drop the licence by 30 June 2014. If the well is drilled the licence will expire by July 2039.

3.1.3. PEDL253 – Biscathorpe Prospect

The UK Government Department of Trade and Industry (DTI), now the Department of Energy and Climate Change (DECC), awarded the PEDL253 licence in July 2008 in the UK 13th Onshore Licensing Round. It has an area of 189 square kilometres and contains the Biscathorpe Prospect.

The respective ownership of interests in PEDL253 is:

- Egdon Resources U.K. Ltd.	54% (Operator)
- Montrose Industries Ltd.	36%
- Union Jack Oil plc	10%

It has been agreed with Egdon Resources that this Licence will be an option which Union Jack can exercise the right to participate in the drilling schedules for 2014. A £5,000 withdrawal fee will be charged if this option is not exercised prior to drilling.

In terms of commercial terms, with effect from the date of first production of oil or gas within the licensed area of PEDL253, and subject to the consent of the Secretary of State and Charnia Resources Limited (“Charnia”) being in good standing at that time, the participants will procure that a legal and beneficial interest of 6 percent in PEDL253 (the “carry interest”) shall be assigned by them to Charnia. By a deed of assignment between Egdon Resources, Montrose, Charnia and the Company in respect of such carry arrangement dated April 2013, the participants have agreed that the carry interest shall be assigned by them in the following proportions: Egdon Resources: 3.24 percent; Montrose: 2.16 percent; and the Company: 0.6 percent, so that, following any such assignment, the percentage interests in PEDL253 shall be held as follows: Egdon Resources: 50.76 percent.; Montrose: 33.84 percent.; the Company: 9.4 percent.; and Charnia: 6 percent.

There is a commitment to drill a well to 2,100 metres or drop the licence by 30 June 2014. If the well is drilled the licence will expire July 2039.

3.1.4. PEDL241 – North Kelsey Prospect

The UK Government Department of Trade and Industry (DTI), now the Department of Energy and Climate Change (DECC), awarded the PEDL241 licence in July 2008 in the UK 13th Onshore Licensing Round. It has an area of 110 square kilometres and is located in a proven region of hydrocarbon generation and migration.

The respective ownership of interests in PEDL241 is:

- Egdon Resources U.K. Ltd.	40% (Operator)
- Celtique Energie Petroleum Ltd.	50%
- Union Jack Oil plc	10%

It has been agreed with Egdon Resources that this Licence will be an option which Union Jack can exercise the right to participate in the drilling schedules for 2014. A £5,000 withdrawal fee will be charged if this option is not exercised prior to drilling.

There is the commitment to drill a well to 1,950 metres (budget cost of c. £1.85 million) or drop the licence by 30 June 2014. If the well is drilled the licence expires June 2039.

3.2. Relevant Oil and Gas Discoveries

The aim of this section is to introduce the primary hydrocarbon fields and discoveries that relate to the oil and gas licences of Union Jack, where material can be found in public domain sources. A more detailed synopsis follows in the description of prospects.

3.2.1. PEDL201 – Burton on the Wolds Prospect

The PEDL201 licence containing the Burton on the Wolds Prospect lies between the Rempstone and Long Clawson fields on the Southern boundary of the Widmerpool Gulf.

The Rempstone oilfield, the first to open up this Nottinghamshire play, was discovered by BP in 1985. It is one of the few Namurian-age stacked turbidite reservoirs to be developed. To date, the field has produced 0.25 million barrels of 34.2° API oil through one horizontal well, but the latest reported production is 10 barrels of oil per day with a high water cut².

DECC reports that exploration wells in the region drilled since the Rempstone discovery tested different traps and were unsuccessful, though the Kinoulton-1 well, drilled by BP in 1986 in the North of the PEDL201 licence area produced oil at a rate of 9 barrels of oil per day in a drill stem test.

The Long Clawson discovery well was drilled by the D'Arcy Corporation in 1943. The field was appraised by BP in 1986, who brought it into production in 1991. Unlike Rempstone, it is a Late Namurian-age delta top play; although structurally it is primarily a four-way dip anticline, stratigraphic elements may also contribute to the trap. By June 2012 the field had delivered more than 1.3 million barrels from six producer wells. At the end of 2012, the field was producing with a 20 percent water cut at about 90 barrels of oil per day.

3.2.2. PEDL180 - Wressle and PEDL241 - North Kelsey Prospects

These licences towards the North East margin of the East Midlands region contain the Wressle and North Kelsey Prospects. A number of discoveries such as Crosby Warren, Broughton-1, and Brigg have been made along a sequence of faults that trend generally in a North West – South East direction.

The Crosby Warren field is reservoirised in Upper Namurian Beacon Hill Flags channel sands in a predominantly fault-bounded trap³. It first produced in 1988, a year after discovery, and has produced approximately 750,000 barrels of oil to date. It is believed that oil here has migrated from a more local source area rather than by long distance migration from the Gainsborough Trough.

Hydrocarbons were discovered in the Broughton-1 well that was drilled by BP in 1984. The Middle Westphalian Penistone Flags sand produced oil in two drill stem tests, while the better quality Upper Namurian Chatsworth Grit, although showing fluorescence, delivered water on test.

Brigg-1 was drilled by BP in 1981. According to DECC, the well tested a total of 65 barrels of oil per day from two Lower Westphalian (Kilburn and Crawshaw) sandstones. However, the Brigg 2 appraisal well in 1983 was not productive.

² Senergy Competent Person's Report for IGAS, December 2012.
www.igasplc.com/CPR.aspx

³ ERC Equipoise Competent Persons Report. Europa Oil and Gas Limited stock market release 8 June 2012.
www.europaoil.com/documents/news/2012/CPR_Europa%20_%20Final_070612.pdf

3.2.3. PEDL253 – Biscathorpe Prospect

PEDL253 lies on a trend between the largest oilfield in the region, Welton, to the South-West (at the South-East margin of the Gainsborough Trough), and the Keddington oilfield and Saltfleetby gas field to the North-East.

PEDL253 contains the Biscathorpe discovery, drilled by BP in 1987 which encountered a 1.2 metres thick oil-bearing sandstone of Lower Westphalian age within a 24 metres gross sequence. The well was not tested. Estimates of potential recovery published by ROC Oil, a previous equity-holder, varied across a wide range, because of a hard-to-quantify possible stratigraphic enhancement to the overall potential trap.

The Keddington oilfield, discovered by Candecca in 1998 is reservoired in Lower Westphalian sandstones in a 3-way dip closed trap against a normal fault at a crestal depth of 2,200 metres (ROC Oil CPR source). The field currently produces about 70 barrels of oil per day with associated gas.

Welton was discovered in 1981 by BP. Oil is structurally trapped in a complex, faulted, 4-way anticline. There have been over 60 wells drilled on the structure to date, through which over 18 million barrels of oil have been produced from several Westphalian formations.

3.3. Conclusion

Approximately 40 oil and / or gas fields are in production, or have been produced, in the East Midlands; and oil and gas shows have been logged in many more wells. Thus the region has proven itself to be prospective, the Union Jack interest are close to existing discoveries or production.

3.4. Description of Prospects

3.4.1. PEDL201 – Burton on the Wolds Prospect

The Burton on the Wolds Prospect is located in the PEDL201 licence as illustrated on Figure 3.

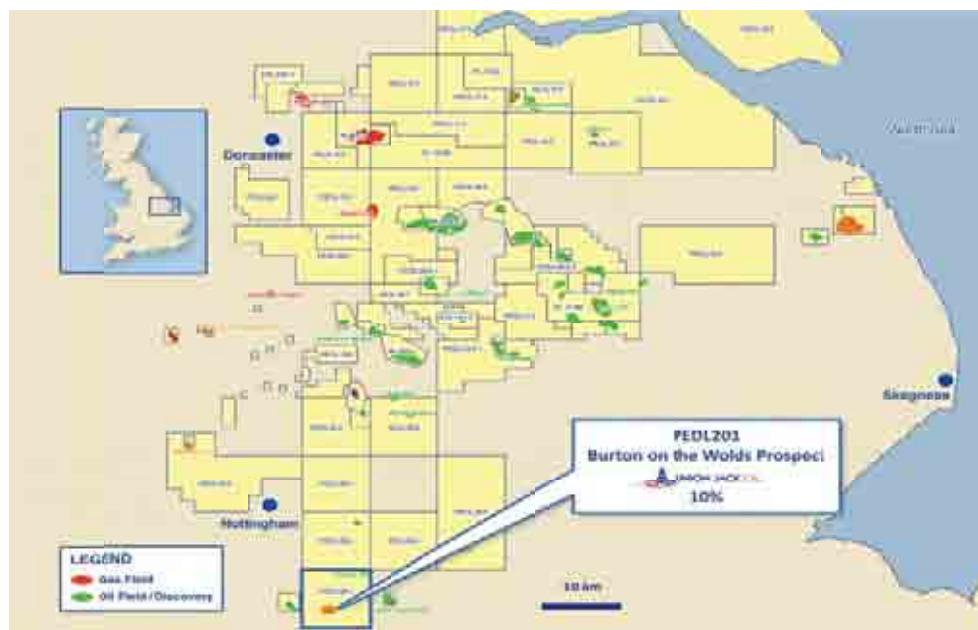


Figure 3 - Burton on the Wolds Location

3.4.1.1. Regional Setting

The prospect lies on the Hathern Shelf which was separated from the Widmerpool basin by the Hoton Fault (as illustrated on Figure 4) during Dinantian times.

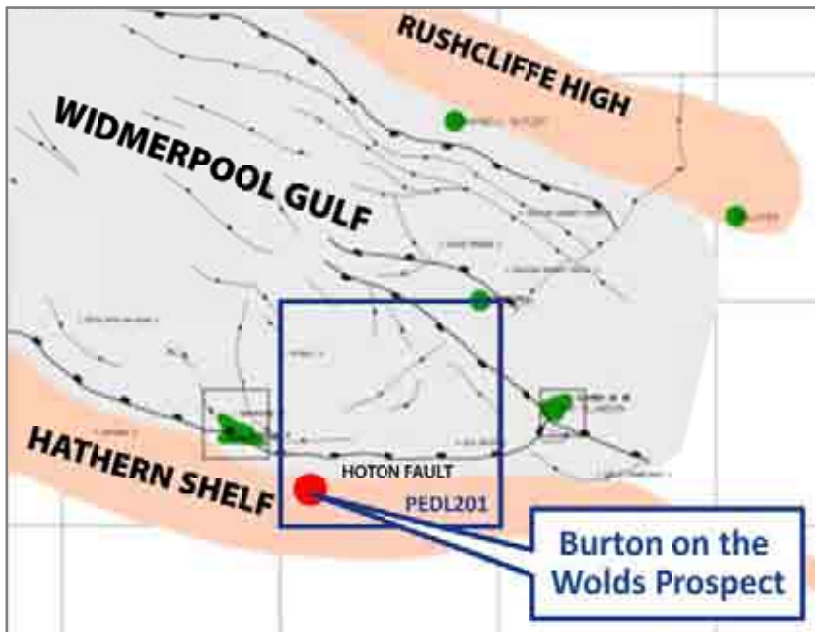


Figure 4 - Structural Map of the Widmerpool Gulf (Top Dinantian Faults)

3.4.1.2. Burton on the Wolds Dinantian Prospect Description

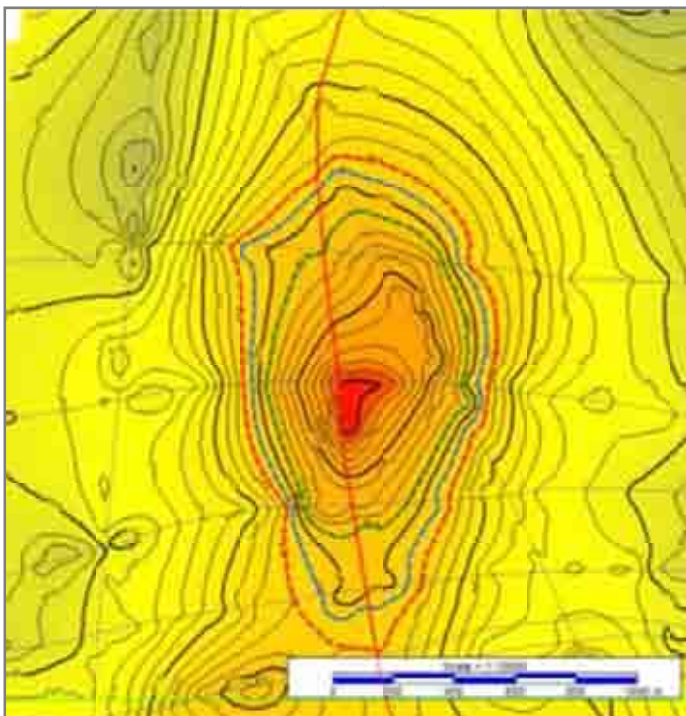


Figure 5 - Burton on the Wolds Dinantian Carbonate Reef Prospect, mapped at Top Dinantian

3.4.1.3. Trap

The Burton on the Wolds Prospect lies on the Hathern Shelf and has been mapped as a four way dip closure at Dinantian level. There is good data coverage over the prospect, the Operator reprocessing 25 kilometres of existing 2D and acquiring a further 22 kilometres of new seismic over the prospect in 2011, as illustrated on Figure 6.

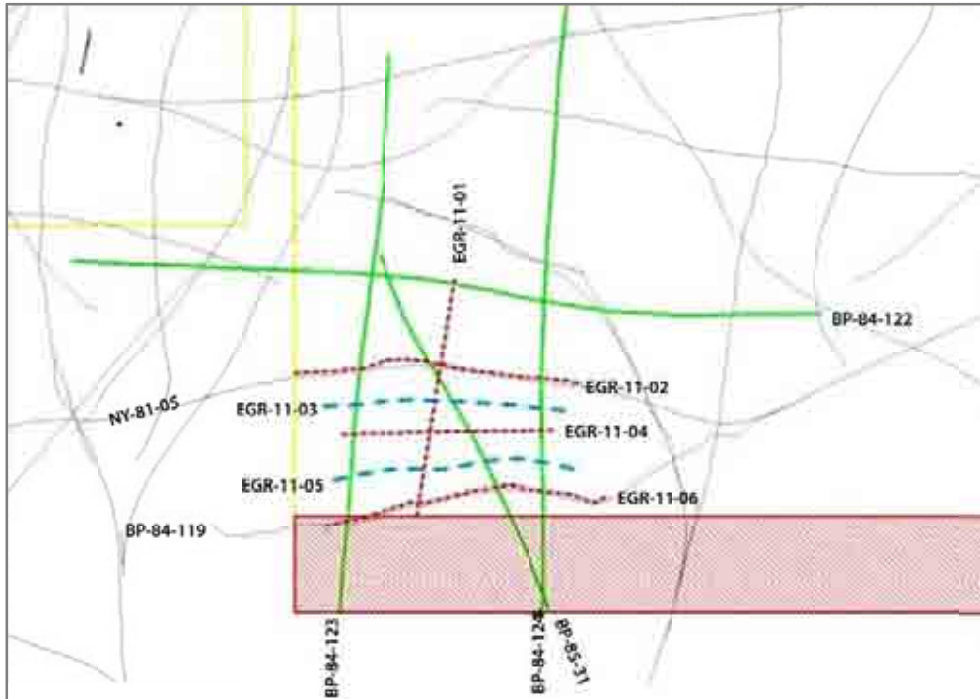


Figure 6 - Seismic Coverage over the Burton on the Wolds Prospect

The structure is a well imaged seismic mound at the Dinantian level.

3.4.1.4. Dinantian source, seal and reservoir

The Dinantian seismic mound has been interpreted as being a carbonate reef along the Hathern Shelf close to the Slope break. Well-developed reef facies have been found on the East Midlands Shelf elsewhere, and are postulated to exist along the Hoton Fault. A schematic of a carbonate reef along a shelf margin as envisaged for the Dinantian mound.

The Dinantian has been penetrated a number of times in the basin and several times on the Shelf where it is a massive limestone with variable levels of sand and porosities up to 4 percent, though commonly with almost nil permeability (e.g. Old Dalby-1). However, the reservoir quality in a carbonate reef facies would be expected to be considerably better.

Hydrocarbons are found to the West, East and North of the prospect and are thought to be sourced from the marine shales in the Widmerpool basin kitchen. These shales would be capable of supplying enough hydrocarbons to fill the structure. The prospect lies South of the Hoton Fault where only three wells have been drilled and there were hydrocarbon shows in the Dinantian limestone in one of these wells, the Hathern-1 well. The source for the oil shows in this well are interpreted as coming from the Namurian shales within the Widmerpool basin.

The Namurian shales forming effective top and the lateral seals with a back reef micritic limestone forming the containment facies on the Shelf side of the reef.

3.4.1.5. Risks associated with the Burton on the Wolds Dinantian Prospect

The following sections discuss the risk factors shown in Table 7.

Table 7 - Risk on P50 Case for Burton on the Wolds Dinantian Prospect

Associated Risk	Risk factor
Source Component	0.8
Quantity/Volume	0.8
Quality/Richness	0.9
Timing/Migration Component	0.5
Timing of Closure	0.95
Timing of Expulsion	0.95
Effective Migration Pathway	0.5
Reservoir Component	0.3
Presence	0.3
Quality	0.65
Reservoir Performance	0.65
Closure Component	0.9
Map Reliability & Control	0.9
Presence	0.95
Data Quality	0.9
Containment Component	0.7
Top/Base Seal Effectiveness	0.7
Lateral Seal Effectiveness	0.8
Preservation from Spillage or Depletion	0.9
Preservation from Degradation	0.7
Final Chance of Success	7.6%

3.4.1.6. Closure

The map reliability and well control is good. (0.9). The data quality is reasonable and there are enough seismic lines over the prospect to image the closure (0.9). There is little risk on the presence of the closure. The interpretation is sound and there are flat events seen under the closure so mound is not associated with statics (0.95).

3.4.1.7. Source

The quality and the richness of the source rocks should be good as the TOC from boreholes within the Widmerpool basin, which had values from 2 to 6 percent TOC in the Namurian shales and similar values in the Dinantian, although there were fewer data points⁴.

The quantity and volume of the source rocks is good if coming from Namurian shales within the Widmerpool basin which is thought to have expelled adequate quantities of oil to fill the current fields and more. There is, however, a possibility that the oil shows seen in the Hathern-1 well South of the Hoton Fault could be sourced from within the Hathern Shelf Dinantian carbonaceous shales and

⁴ DECC 2012

volume expelled would be expected to be lower when compared to the basinal Namurian shales(0.8).

3.4.1.8. Timing and migration

There is very little risk on timing of the closure, as the closure is depositional and present since the Dinantian (0.95). Timing of the expulsion of the hydrocarbons is not a risk since the Namurian shales were deposited after the Dinantian closure(0.95). Effective migration pathway is the highest risk (0.5) as expelled hydrocarbons from basinal Namurian shales would have to come up and across the Hoton Fault and onto the Hathern Shelf.

3.4.1.9. Reservoir

The presence of reservoir is high risk as no Dinantian reef facies have been drilled in the Widmerpool basin or margin to the basin (0.3). In addition, no hydrocarbon accumulation in a reef facies has been found in the East Midlands to date. If present, the reef facies would be expected to have higher porosity and permeability than shelf carbonates and hydrocarbon deliverability could be good (0.65).

It is also possible that the mound could be volcanic in origin. Volcanics are found within the Widmerpool basin and on the Hathern Shelf, as evidenced by the volcanics in the Asfordby Farm well to the West of the Burton on the Wolds Prospect. However, the magnetic anomaly data does not indicate that the prospect is volcanic in origin. Dolerite intrusives are found in the Asfordby Farm-1 well but the well is not located directly over a magnetic anomaly. The Rempstone wells are not associated with dolerites but sit in a similar location to a magnetic anomaly as the Burton on the Wolds Dianantian Prospect.

In addition, the prospect is clearly offset from the high frequency shallow magnetic anomaly.

3.4.1.10. Seal

The presence of top and lateral seals is expected to be very good as the Namurian shales form effective seals for many of the oilfields within the East Midlands Petroleum Province. However, it is not possible to identify the facies by seismic and the Namurian section could have a sand package a breach of seal could reduce the area of closure (0.7). Risk of spillage or depletion is low as there are no significant faults and there does not appear to be any significant tilting. With regards to risk of degradation, there is a risk with reef facies as meteoric water could degrade the hydrocarbons (0.7).

There is no evidence for late faulting so tilting and spillage during the Tertiary inversion or prior to inversion does not seem to pose a significant risk (0.95).

3.4.1.11. Adjustment to the reservoir parameters

This section discusses data on Table 8. The distribution of reservoir parameters given by the Operator looks reasonable. However, considering that it is a new play with no analogue the range could be wider at both ends. For example, the reef facies may not be developed throughout and therefore a 50 percent NTG is not an unreasonable risk in the low case.

In the high case, the assumption is that the reservoir is 100 percent reef facies and the porosity could be significantly higher than 13 percent. It is not unreasonable to see upside of 20 percent porosity developed in good reef facies.

The effect of these changes is to give rise to wide range in the calculated reserves typical for unproven plays.

Table 8 - Dinantian Prospect Reservoir Parameters

	Units	P90	P50	P10
Area	Square Kilometres	0.51	0.81	0.985
Reservoir thickness	Feet	108	121	128
GRV	Acre-feet	13826	24461	31625
N/G	Percent	50%	95%	100%
Porosity	Percent	7%	10%	20%
So	Percent	0.55	0.65	0.75
1/FVF	Stock Tank Barrels Per Reservoir Barrels	0.98	0.985	0.99
STOIIP (deterministic)	Million Barrels of Oil	2.0	11.5	36.4
RF	Percent	15%	20%	25%
Resources (deterministic)	Million Barrels of Oil	0.3	2.31	9.11

3.4.1.12. Burton on the Wolds Namurian Rempstone Prospect Description

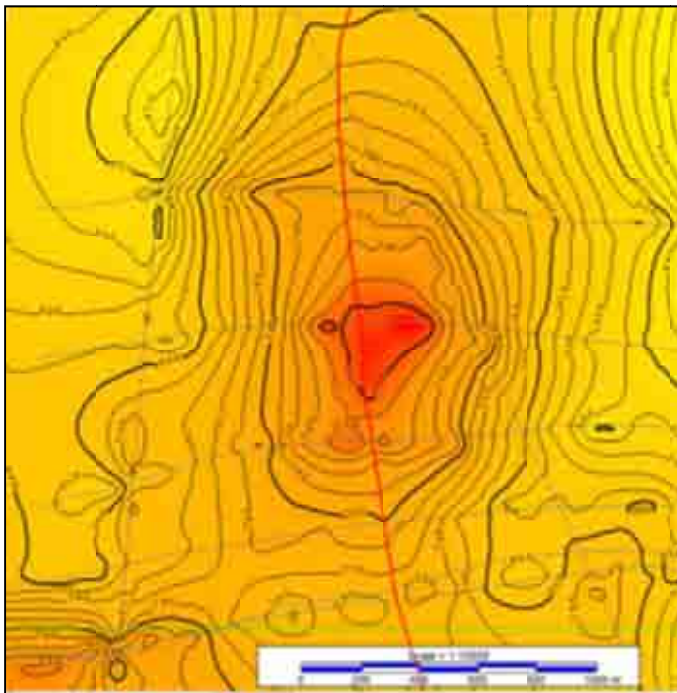


Figure 7 - Burton on the Wolds Prospect, Mapped at Top Rempstone 'H' sand

3.4.1.13. Trap

The Burton on the Wolds Namurian Prospect lies on the Hathern Shelf and has been mapped as a four way dip closure at Top Namurian Rempstone 'H' sand level. There is good data coverage over the prospect, the Operator reprocessing 25 kilometres of existing 2D and acquiring a further 22 kilometres of new seismic over the prospect in 2011, shown on Figure 6. The Namurian Rempstone 'H' sand pick was tied to the Rempstone-1 well and drapes over the crest of the well imaged Dinantian seismic mound forming a well-defined four way closure, Figure 7.

3.4.1.14. Namurian source, seal and reservoir

The Namurian section in the Widmerpool basin comprise fluvial or deltaic sequences, sourced mainly from the North-East and carried by long shore drift into the basin, as illustrated on Figure 8. The fluvial or deltaic sands are thickest to the North of the Hoton fault and thin onto the Hathern Shelf margin.

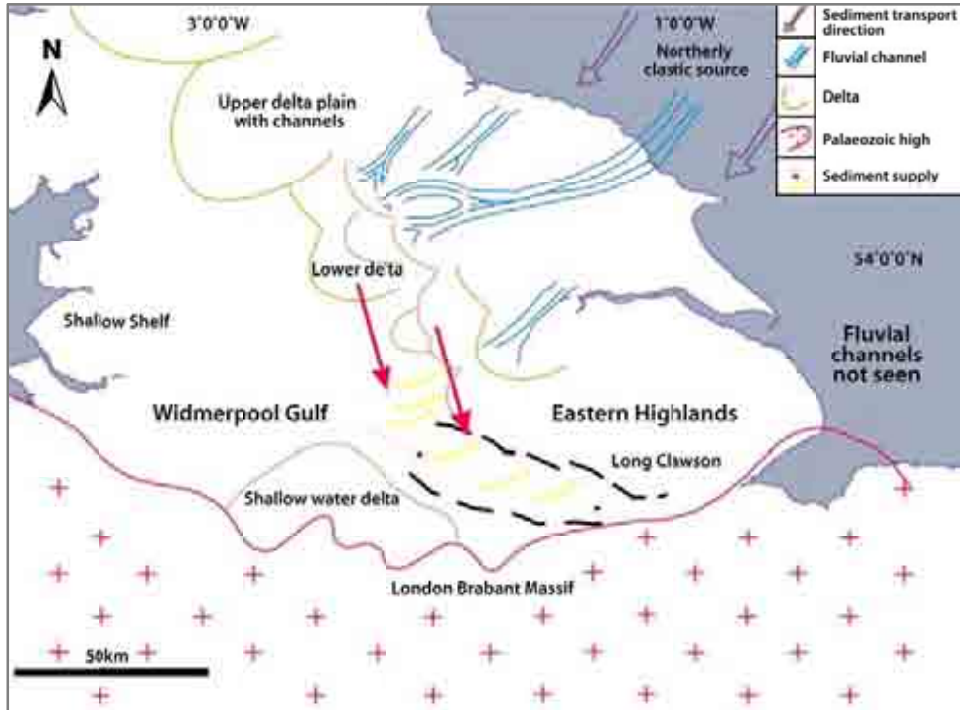


Figure 8 - Namurian Palaeogeography

3.4.1.15. Namurian Palaeogeography

There are several oil fields within the Widmerpool basin. These fields produce from the Namurian and Westphalian sandstones and are all located South of the Hoton Fault. The closet field to the Burton on the Wolds Prospect is the Rempstone Oilfield, located approximately 4 kilometres to the North-East, Figure 9 and produces from the Early Namurian sand units in the Rempstone Formation. It is these sands that are thought to be developed and form the reservoir for the Burton on the Wolds Namurian Prospect.

The interpretation by the Operator showing the tie between the Rempstone-1 well Namurian 'H' sand and the Burton on the Wolds Prospect. The interval between the top Dinantian and Rempstone 'H' sands thicken significantly across the Hoton Fault. The inference is that the fault was active during the deposition of the Rempstone Formation and formed the Shelf or Slope break during that time.

The Rempstone Formation sands are only found in close proximity to the Hathern Shelf. The Rempstone Formation sand bodies become more frequent and of better reservoir potential towards the West of the licence. They are good quality sands and are interpreted as turbidite sands sourced from the Southern graben margin.

The Hathern-1 well, located South of the Hoton Fault, contained several very thin beds of Namurian bituminous sandstone. The source for the hydrocarbons is thought to be migration from intra-formational Namurian shales within the Widmerpool basin kitchen.

Intraformational shales are abundant in the Namurian and form top and lateral seals to the hydrocarbon accumulations in the Widmerpool basin. Evidence from many fields within the region suggests that sealing faults are developed. These shales would also form effective seals in the Burton on the Wolds Namurian Prospect.

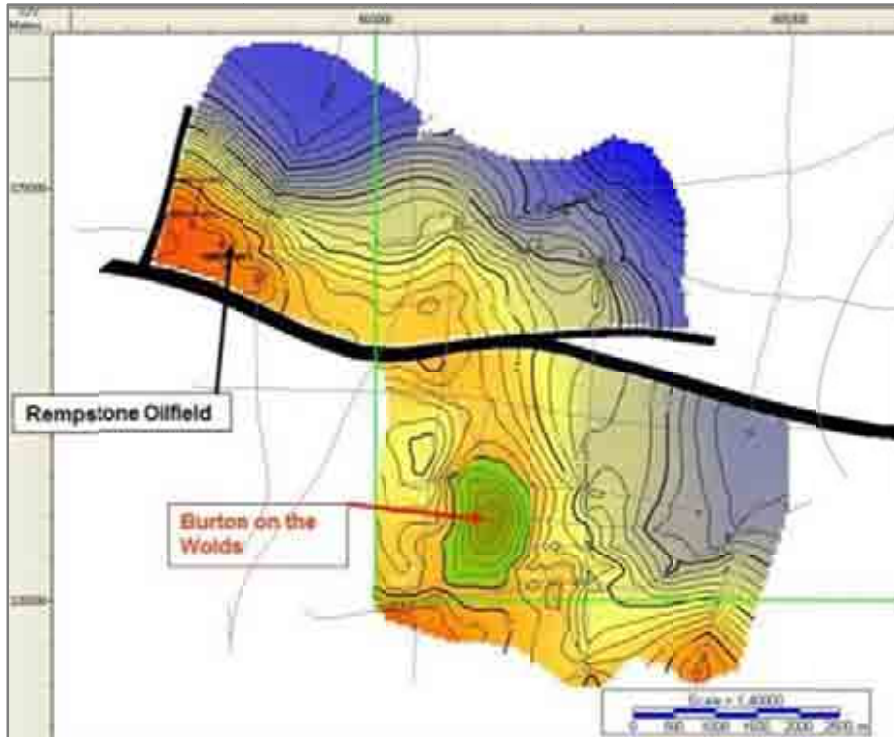


Figure 9- Location of Nearest Oilfield, Rempstone Oilfield, to the Burton on the Wold Prospect

3.4.1.16. Discussion of Risks associated with Burton on the Wolds Namurian Prospect

The following sections discuss the risk factors shown in Table 9.

Table 9 - Risk on P50 case for Burton on the Wolds Namurian Prospect

Associated Risk	Risk factor
Source Component	0.9
Quantity/Volume	0.9
Quality/Richness	0.9
Timing/Migration Component	0.5
Timing of Closure	0.95
Timing of Expulsion	0.95
Effective Migration Pathway	0.5
Reservoir Component	0.4
Presence	0.4
Quality	0.7
Reservoir Performance	0.8
Closure Component	0.9
Map Reliability & Control	0.9
Presence	0.95
Data Quality	0.9
Containment Component	0.9
Top/Base Seal Effectiveness	0.9
Lateral Seal Effectiveness	0.9
Preservation from Spillage or Depletion	0.9
Preservation from Degradation	0.9
Final Chance of Success	14.6%

3.4.1.17. Closure

The Namurian Prospect is similar with the Dinantian Prospect, the map reliability, well control are good (0.9) and the data quality and seismic coverage are good (0.9). The interpretation is sound and there is little risk on the presence of the closure as it can be seen to drape over the well-defined Dinantian mound (0.95).

3.4.1.18. Source

The quantity and volume of the source rocks is good as it is coming from the Widmerpool basin (0.9) and the richness of the Namurian source rocks in the Widmerpool basin is high (0.9).

3.4.1.19. Timing and migration

The closure is depositional so very little risk in timing of the closure (0.95). The Rempstone Field appears to be an inversion anticline resulting from inversion on the Hoton Fault probably during the Westphalian post Variscan uplift. This suggest timing of the migration of hydrocarbons was post Westphalian (after formation of Rempstone anticline) and probably during the Triassic. Timing of the expulsion of hydrocarbons from the Namurian shales would therefore post-date closure (0.95). Effective migration pathway is the highest risk (0.4) on the prospect as again, in common with the Dinantian Prospect, it would have to cross the Hoton Fault and migrate onto the Hathern Shelf. The migration risk is slightly lower than in the Dinantian play as migration could take place within the Rempstone Formation, assuming depositional continuity into the Widmerpool basin.

3.4.1.20. Reservoir

The presence of reservoir is high risk as the Rempstone Formation sands are interpreted to be deposited as turbidites and the likelihood of significant turbidite sand development South of the Hoton fault is low (0.4). However, there may be lower quality fluvial sand reservoirs on the platform (0.7). If fluvial sand is developed on the Hathern Shelf, there is a risk that the sand may be thin, as in the Hathern-1 well, or completely absent over the Dinantian mound as there is evidence of the Namurian 'H' sand interval thinning over the mound, Figure 7. The reservoir deliverability would be expected to be good (0.8).

3.4.1.21. Seal

Presence of top, base and lateral seal is expected to be very good as the Namurian shales form effective intra-formational seals (0.9). Risk of spillage or depletion is low as there are no significant faults and does not appear to be any significant tilting (0.9). No risk of degradation (0.95).

3.4.1.22. Adjustment to the reservoir parameters

The following section discusses the data shown in Table 10.

Table 10 - Reservoir Parameters in the Namurian Prospect

	Units	P90	P50	P10
Area	Square Kilometres	1.2	1.2	1.2
Reservoir thickness	Feet	3	16	33
GRV	Acre-feet	984	4921	9842
N/G	Percent	100%	95%	100%
Porosity	Percent	17%	17%	19%
So	Percent	0.6	0.6	0.7
1/FVF	Stock Tank Barrels Per Reservoir Barrels	0.98	0.985	0.99
STOIIP (deterministic)	Million Barrels of Oil	0.8	3.6	10.1
RF	Percent	15%	20%	25%
Resources (deterministic)	Million Barrels of Oil	0.11	0.73	2.51

In the low case (P90), the GRV could be argued to be high considering the Rempstone Formation is not proven to be developed across the fault. Although data is limited on the Hathern Shelf, only one out of the three wells had any Namurian sands, the Hathern-1 well. It had two very thin Namurian sands or silty sands each less than 30cm thick. Any sand present in the Namurian within the prospect would be expected to onlap the Dinantian structure and thin across the crest. A better estimate of the range of reservoir thickness is thought to be 1 metre, 5 metres and 10 metres.

Thin sand beds typically have NTG of 100 percent, higher porosities and higher oil saturations compared with thicker units.

3.4.2. PEDL180 – Wressle Prospect

The Wressle Prospect is located in the PEDL180 licence as illustrated on Figure 10.

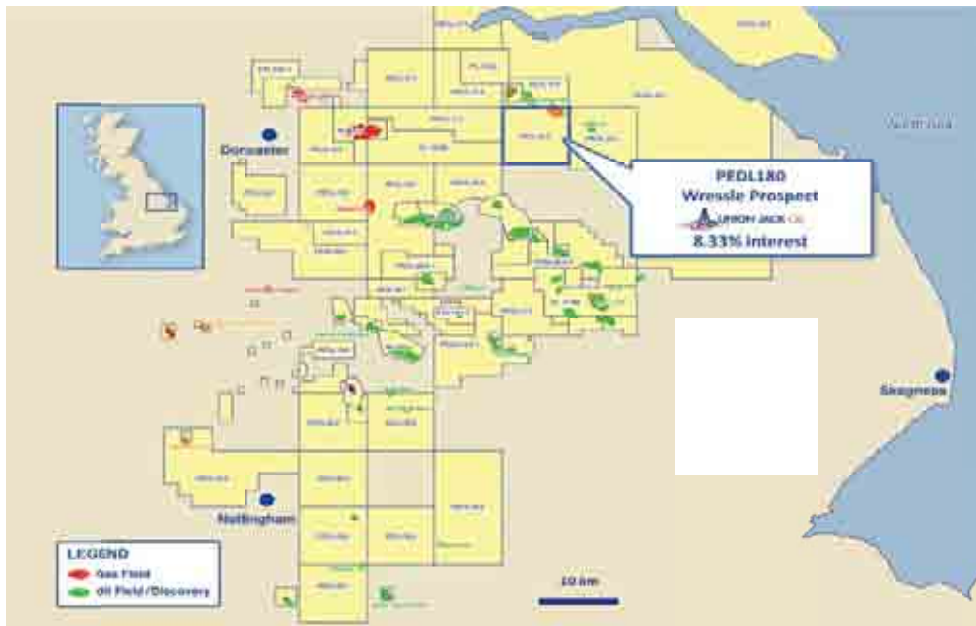


Figure 10 - Wressle Prospect Location

3.4.2.1. Discussion of Risks associated with Wressle Prospect

The following sections discuss risks associated with Table 11.

Table 11 - Risks Associated with Wressle Prospect

Associated Risk	Risk Factor
SOURCE COMPONENTS	0.85
Quantity/volume	0.85
quality	0.9
Maturation	0.9
TIMING/ MIGRATION	0.8
Timing of Closure	0.8
timing of expulsion	0.8
Effective migration pathway	0.9
RESERVOIR	0.6
Presence	0.9
Quality	0.7
Reservoir performance	0.6
CLOSURE	0.6
Map Reliability and control	0.6
Presence	0.7
Data quality	0.7
CONTAINMENT	0.8
Top /base Seal effectiveness	0.8
Lateral Seal Effectiveness	0.9
Preservation form Spillage/depletion	0.8
Preservation from Degradation	0.9
Final Chance of Success	19.6%

3.4.2.2. Source Rock Risk

The Wressle Prospect lies on a major structural lineament that separates two basins. To the South lies the Southern part of the Humber basin. Whilst this is not a proven major source rock kitchen it is the most likely provenance for the oils that have been found along the Broughton or Brigg structural high trend. This trend also defines the Northern margin of the Humber platform that divides the highly productive source kitchen of the Gainsborough trough from the Humber basin. The oil in Broughton appears significantly different from the Gainsborough Oils to suggest it is either purely from the South Humber basin or a mixture of both. If from the South Humber basin there is still some risk as to the volumes produced and expelled along the ridge towards the Wressle Prospect. The risk on maturity and degradation is seen as low. It is also uncertain as to when these oils migrated North from either basin. The best performing reservoirs came from early expulsion and migration in the late Carboniferous, as opposed to Cretaceous or Tertiary burial genesis or migration. There are also some re-migrations from late Tertiary tilting. These later movements tend to result in oil having lower saturations in lower porosity or permeability reservoirs due to pre oil migration reservoir degradation.

3.4.2.3. Reservoir

The reserves appear to be at three levels: The Penistone Flags, the Chatsworth Sandstone and the Ravensthorpe Sand. These three collectively are shown as

containing 2.1 million barrels. These numbers are well within the expected field size range for the basin area.

The Penistone Flags produced small amounts of oil from the Broughton -1 Well showing that it can be productive albeit at low rates. The porosity or permeability cross plots show that the likely porosities are matched by quite low permeabilities and these are one of the biggest risks on the predictability of the reservoir. The ratio remains low for all three reservoirs. This may be a factor in explaining the poor results and the water bearing tests from the various wells along the Humber Platform Ridge. The Chatsworth has failed to test oil from any of the wells despite having shows. Log analysis tends to show low oil saturations. The Wressle well may be better but no evidence has been provided to justify significant improvement. It may be that very sensitive drilling and reservoir treatment can produce a low yet commercial rates.

3.4.2.4. Structural Risk

The mapping has been done with relatively high-resolution 3D and should provide as clear a picture as can be obtained. The quality is reasonable and mis-ties and other errors have been dealt with. The mapping clearly shows an inverted rollover into the main fault and it clearly closes in two directions. To the South the closure varies with depth and at some levels runs southwards towards the next feature. The seismic data is less coherent and the potential for skipping a cycle increases. The same, but more so occurs to the North. There is a clearer cut much smaller closure at a shallower level but at the P50 horizon there is some room for the structure spilling out Northwards towards Broughton. This therefore increases the risk of a separate untested closure. The shallower Penistone Flags horizon appears to be the more robust horizon and with depth the structure seems to flatten out. As a result there is some risk on the size of the structure as mapped at the P50 level. At the P90 level there is far less risk as this deals with a smaller and more robust contour pick.

3.4.2.5. Containment or Trapping

The vertical and lateral formation seals are felt to be good in this region and there is nothing in the data to suggest otherwise. Degradation is not seen as a risk and the analysis and understanding of these issues are not seen as a concern.

3.4.2.6. Reservoir

Table 12 - Volumetric Assessment for Wressle Prospect (Penistone Flagstone)

	Units	P90	P50	P10	
Area	Square Kilometres	1.02	1.02	1.02	
GRV	Cubic Metre	8,923,700.00	10,968,200.00	11,014,200.00	
GRV	Cubic Feet	315,137,788.00	387,338,693.00	388,963,169.00	
GRV	Acre-feet	7,235.00	8,892.00	8,929.00	
N/G	Percent	30.00	60.00	90.00	
Porosity	Percent	11.00	12.50	14.00	
So	Percent	55.00	65.00	75.00	
1/FVF	Stock Tank Barrels Per Reservoir Barrels	98.50	99.00	99.50	
STOIIP (deterministic)	Million Barrels of Oil	1.0	3.3	6.5	
		P90	P50	P10	Mean
STOIIP (monte carlo)	Million Barrels of Oil	1.5	3.0	4.8	3.1
RF	Percent	15.00	20.00	25.00	
Resources (deterministic)	Million Barrels of Oil	0.15	0.67	1.63	
		P90	P50	P10	Mean
Resources (monte carlo)	Million Barrels of Oil	0.29	0.59	0.98	0.6

Table 13 - Volumetric Assessment for Wressle Prospect (Chatsworth Grit)

	Units	P90	P50	P10	
Area	Square Kilometres	1.02	1.02	1.02	
GRV	Cubic Metre	6,521,900.00	8,923,700.00	10,307,000.00	
GRV	Cubic Feet	230,318,942.00	315,137,788.00	363,988,613.00	
GRV	Acre-feet	5,287.00	7,235.00	8,356.00	
N/G	Percent	30.00	60.00	90.00	
Porosity	Percent	13.00	14.50	16.00	
So	Percent	55.00	65.00	75.00	
1/FVF	Stock Tank Barrels Per Reser	98.50	99.00	99.50	
STOIIP (deterministic)	Million Barrels of Oil	0.9	3.1	7.0	
		P90	P50	P10	Mean
STOIIP (monte carlo)	Million Barrels of Oil	1.3	2.9	4.8	3.0
RF	Percent	15.00	20.00	25.00	
Resources (deterministic)	Million Barrels of Oil	0.13	0.63	1.74	
		P90	P50	P10	Mean
Resources (monte carlo)	Million Barrels of Oil	0.26	0.57	0.99	0.6

Table 14 - Volumetric Assessment for Wressle Prospect (Ravensthorpe)

	Units	P90	P50	P10	
Area	Square Kilometres	3.13	3.13	3.13	
GRV	Cubic Metre	16,441,700.00	19,097,600.00	21,475,700.00	
GRV	Cubic Feet	580,633,703.00	674,426,015.00	758,407,903.00	
GRV	Acre-ft	13,330.00	15,483.00	17,411.00	
N/G	Percent	40.0	50.0	60.0	
Porosity	Percent	11.0	12.0	13.0	
So	Percent	55.0	65.0	75.0	
1/FVF	Stock Tank Barrels Per Reser	98.5	99.0	99.5	
STOIIP (deterministic)	Million Barrels of Oil	2.5	4.6	7.9	
		P90	P50	P10	Mean
STOIIP (monte carlo)	Million Barrels of Oil	3.4	4.5	6.0	4.6
RF	Percent	15.00	20.00	25.00	
Resources (deterministic)	Million Barrels of Oil	0.37	0.93	1.97	
		P90	P50	P10	Mean
Resources (monte carlo)	Million Barrels of Oil	0.62	0.89	1.26	0.92

3.4.3. PEDL253 – Biscathorpe Prospect

3.4.3.1. Regional Setting

The Biscathorpe Prospect lies in the Humber basin, which has a similar origin to other UK onshore Carboniferous basins in Central England. The basin was an active Dinantian or Early Namurian depocentre where basinal marine shales were deposited.

The prospect sits on the Barkworth-Saltfleetby High, a roughly East-West trending Easterly plunging basement high, within the Humber basin, as illustrated on Figure 11. The Saltfleetby Gasfield, the largest gas field in the onshore UK has been found on the Barkworth-Saltfleetby High, with expected ultimate reserves of 73 billion standard cubic feet. One oil field has also been discovered on the trend, the Keddington Field, which currently produces oil and associated gas from two wells. Oil production from this field is c. 70 barrels of oil per day with 2P reserves of 0.2 million barrels and 0.5 billion standard cubic feet.

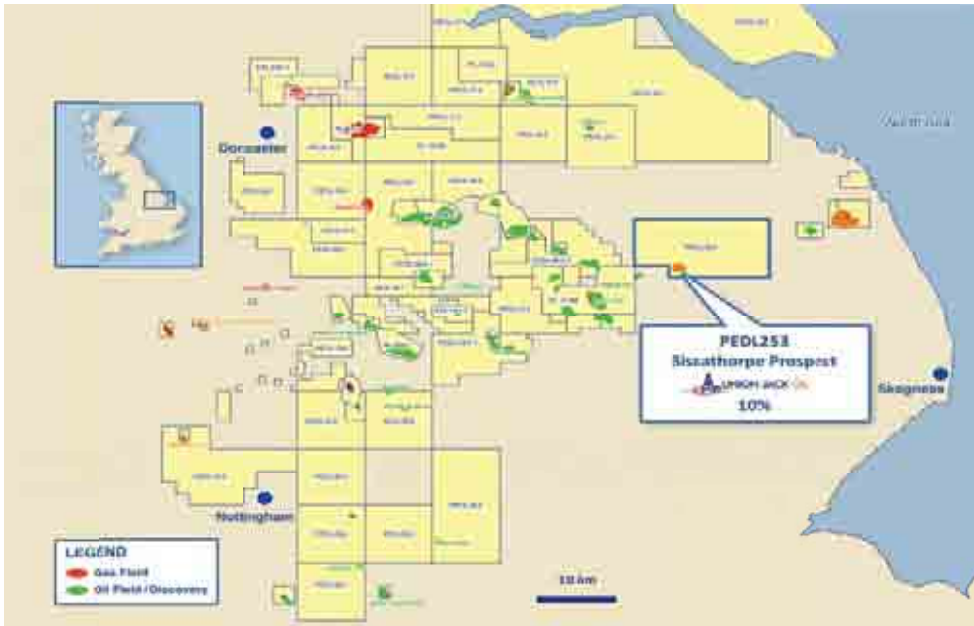


Figure 11- Location of the Biscathorpe Prospect relative to South Humber Basin and Barkworth-Salthfleetby High

A simplified stratigraphic column of the PEDL253 licence is given in Figure 12.

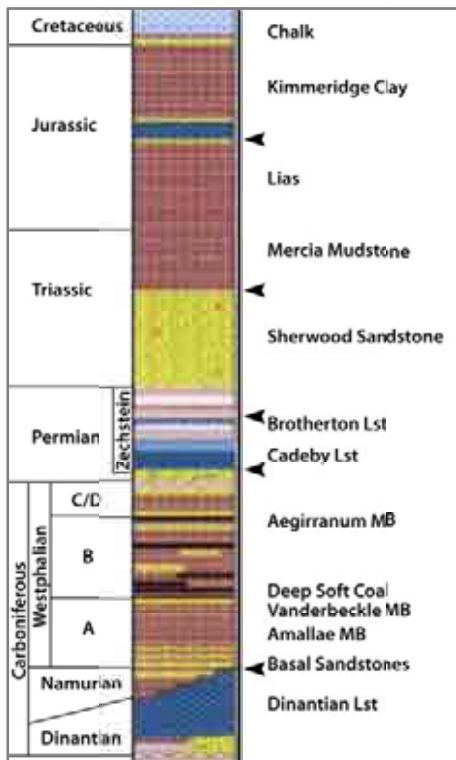


Figure 12- Humber Basin Stratigraphic Column

3.4.3.2. Biscathorpe Prospect Description

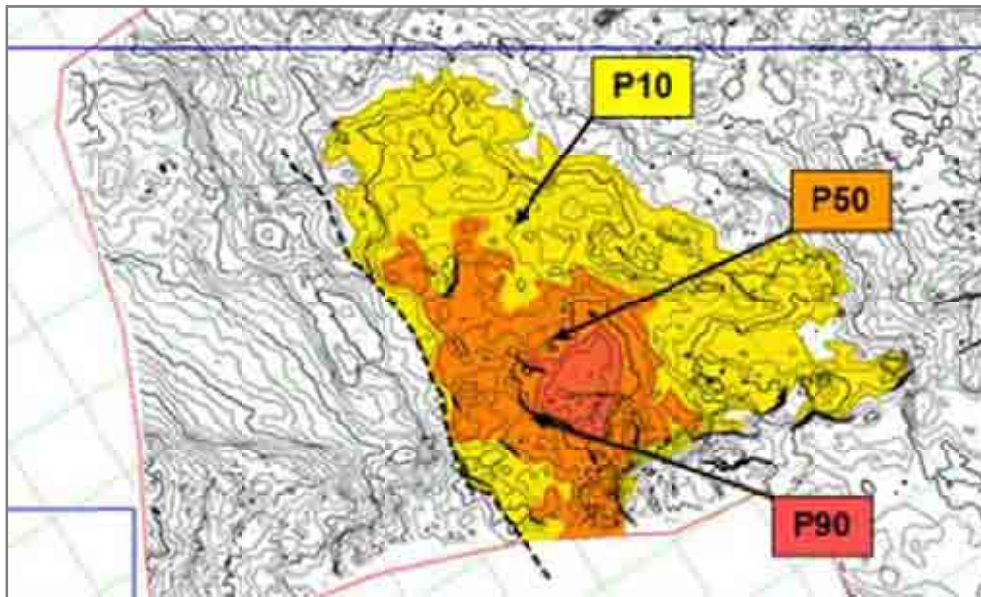


Figure 13 - Biscathorpe Prospect, Mapped at Top Dinantian (Depth)

3.4.3.3. Trap

The Biscathorpe Prospect has been mapped as a four way dipped closure at Dinantian level. The prospect is covered by a 3D survey which was reprocessed in 2009, Figure 13. The structure is well imaged on seismic. Closure has a similarity in style to Keddington Oilfield. Only the upside case relies on fault seal towards the West (regionally up-dip).

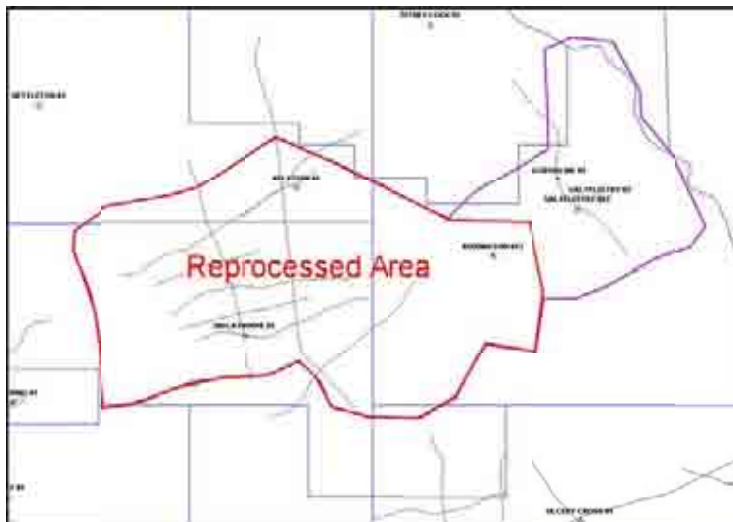


Figure 14 - Coverage of Reprocessed 3D Seismic Over Biscathorpe Prospect

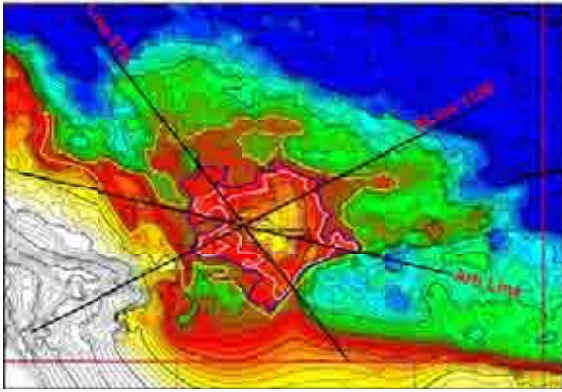


Figure 15 - Top Depth Map from Seismic Map

3.4.3.4. Basal Westphalian or Namurian Source, Seal, and Reservoir

Fluvially dominated lower delta sands derived from the North-East were deposited over much of the East Midlands during the Late Namurian and Early Westphalian times. The river systems comprise moderately wide channels within a broad flood plain with rapid lateral facies changes. These sands are proven reservoirs in the Saltfleetby Gasfield and Keddington Oilfield in the Humber basin and form the reservoirs in the East Midlands fields further West. The sand reservoirs are typically located at the base of the Namurian or Westphalian section and commonly onlap onto the top Dinantian carbonate surface, Figure 12.

A thin 1 metre basal sandstone lying below the *G. amaliae* marine band overlies the Dinantian limestone in the Biscathorpe 1 well and sands of similar age are predicted to be present over the Biscathorpe Prospect. Although there is considerable thinning of the Late Namurian and Early Westphalian onto the structural high where the Biscathorpe 1 well lies, the sandstone is expected to thicken down-flank.

The field analogue for the Biscathorpe Prospect is the Reepham Field where a thicker reservoir is found down-flank of the structural crest; these changes taking place over very short distances. The sands are predicted to thicken into the Humber basin towards the North-East in Saltfleetby (around 60 metres net sand) and to the North in the Tetney Lock well (around 100 metres net sand).

The Biscathorpe-1 well was drilled by BP in 1987. The basal sandstone had high resistivities and good oil shows with 9 percent peak C5 mudgas readings. Although not tested, recent petrophysical analysis by the Operator has confirmed the presence of oil in the basal sandstone. The Biscathorpe-1 well basal sandstone had porosities of 14-16 percent (compared to 9-12 percent for the Saltfleetby Westphalian coarse-grained reservoirs) and calculated oil saturations of 66 percent.

Intra-formational overbank mudstones and marine shales form effective lateral and top seals for the reservoirs.

3.4.3.5. Discussion of Risks associated with the Biscathorpe Prospect

The following sections discuss the risk factors shown in Table 15.

Table 15 - Risk on P50 case for Biscathorpe Prospect

Associated Risk	Risk factor
Source Component	0.75
Quantity/Volume	0.75
Quality/Richness	0.9
Timing/Migration Component	0.8
Timing of Closure	0.95
Timing of Expulsion	0.9
Effective Migration Pathway	0.8
Reservoir Component	0.6
Presence	0.6
Quality	0.8
Reservoir Performance	0.7
Closure Component	0.8
Map Reliability & Control	0.95
Presence	0.95
Data Quality	0.8
Containment Component	0.9
Top/Base Seal Effectiveness	0.9
Lateral Seal Effectiveness	0.9
Preservation from Spillage or Depletion	0.9
Preservation from Degradation	0.95
Final Chance of Success	29.2%

3.4.3.6. Closure

The map reliability and well control is good. (0.95). The data quality is good with a 3D over the prospect to image the closure (0.90) and although the 3D does not image the faults as well as high fold 2D data, this only applies to the P10 case. As there is oil in the crestal position of the closure, there is little risk on the presence of closure (0.95).

3.4.3.7. Source

The quantity and volume of the oil should pose little risk as the prospect lies adjacent to organic rich basinal marine shales in the Humber basin and offshore gas basin and Keddington is full to spill (0.75). However, oils in nearby fields are waxy and attest to a contribution from the basin centre Westphalian coals. The Keddington Field has significant amount of associated gas and the presence of the Saltfleetby Gasfield next door to the Keddington Oilfield suggest a complicated basin hydrocarbon generation leaving a risk of higher than normal FVF (0.90).

3.4.3.8. Timing and migration

The closure formed prior to migration as there are hydrocarbons within closure (0.95). Timing of the expulsion post-dates structural closure (0.95). It is up-dip of Keddington which is full to spill and migration into the structure is proven by the presence of oil, although the hydrocarbon system in the Humber basin is complicated and the oil in the Biscathorpe-1 well could be a re-distribution of earlier phase of generation caused by the tilt to the East during the Tertiary (0.8).

3.4.3.9. Reservoir

The presence of adequate reservoir is the highest risk (0.6) as the prospect relies on thickening of reservoir down-flank of the crest. However, drilling in the East Midlands has shown that facies changes within the Namurian or Westphalian deltaic deposits are very common over very short distances.

The quality of the reservoir should be good (0.8), given that the description of the sand is well sorted very fine to fine grain with 14 to 16 percent porosity. However, it is very thin and this could underestimate the actual reservoir parameters from thin bed effect on the logs.

Good deliverability is anticipated, particularly if it contains associated gas (0.7). Although there must be some risk associated with the deliverability of the reservoir as the Kelstern-1 well drilled in 1989 had excellent oil shows in the basal sandstone but only a very small amount of oil was recovered on test and the Tetney Lock well drilled in 1963 had oil shows but again did not produce on test.

3.4.3.10. Seal

The presence of top and lateral seal is expected to be very good as the Westphalian shales form an effective top and lateral seals (0.9). The Dinantian Carbonate forms an effective bottom seal (0.9), though this is not critical in this prospect. Risk of spillage or depletion is low as there are no significant faults in the P50 case (0.90) and the regional tilting during the Tertiary was approximately 5 degrees to the East which would not compromise the closure as mapped. The risk of degradation is minimal (0.95).

3.4.3.11. Adjustment to the reservoir parameters

This section discusses the data shown in Table 16.

Table 16 - Reservoir Parameters in the Biscathorpe Prospect

	Units	P90	P50	P10
Area	Square Kilometres	1.46	7.53	47.35
Reservoir thickness	Feet	4	26	47
GRV	Acre-feet	1460	48111	553709
N/G	Percent	100%	45%	60%
Porosity	Percent	16%	16%	18%
So	Percent	0.75	0.7	0.8
1/FVF	Stock Tank Barrels Per Reservoir Barrels	0.625	0.714	0.833
STOIIP (deterministic)	Million Barrels of Oil	0.9	13.4	309.2
RF	Percent	20%	25%	30%
Resources (deterministic)	Million Barrels of Oil	0.17	3.36	92.75

The low case (P90), the GRV could be argued to be slightly high considering the basal sandstone was thinly developed across the crest. A better estimate of the reservoir thickness in the low case would be the thickness of the reservoir seen in the Biscathorpe-1 well (1.2 metres).

Thin sand beds typically have NTG of 100 percent and are likely to have higher porosities and higher oil saturations compared with thicker units. An example of this is in the Saltfleetby reservoirs where finer-grained thin bedded high permeability Namurian reservoirs produced at significantly higher rates compared to the Westphalian reservoirs.

3.4.4. PEDL241 – North Kelsey Prospect

The North Kelsey Prospect is located in the PEDL241 licence in Figure 16

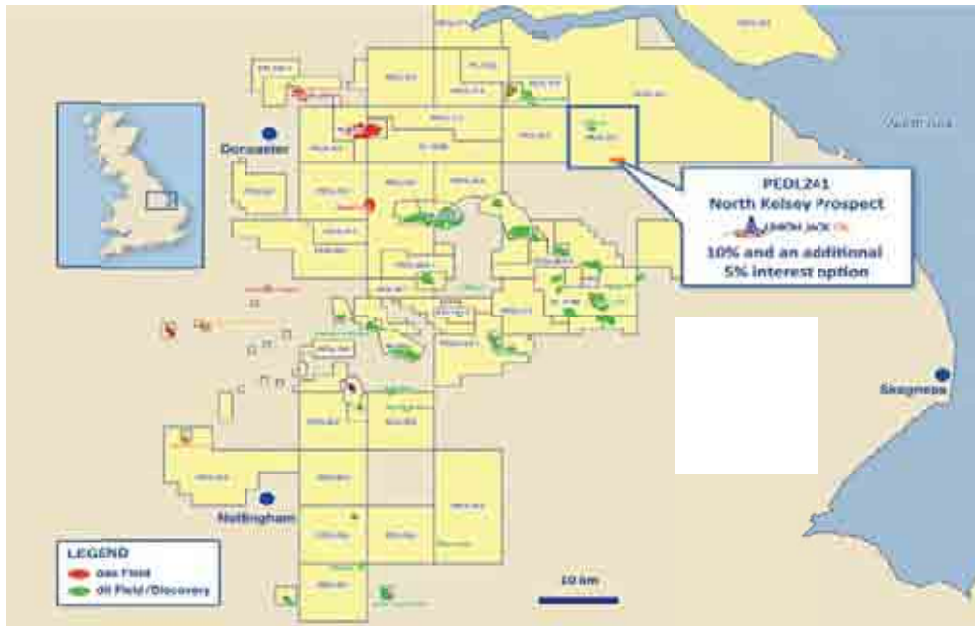


Figure 16 - North Kelsey Prospect Location

3.4.4.1. Regional setting

The North Kelsey Prospect lies in the Eastern Humberside Platform, a relatively un-structured area separating the North Humber basin from the Gainsborough Trough, Figure 17. The area is relatively unexplored compared to the Gainsborough Trough where a number of oil and gas fields have been found. There have, however, been several discoveries on the Broughton-Brigg High, a fault controlled ridge on the North side of the Humberside Platform. The discoveries have been oil discoveries but there is some gas associated with the discoveries. The Crosby Warren Oilfield with an estimated 3.5 million barrels in place initially free-flowed by gas solution drive for a number of years before being placed on beam pump and has produced c. 650,000 barrels of oil to date. The Crosby Warren Field is an example of a highly successful use of fracing in the Carboniferous sandstone reservoirs with a 15 times increase in productivity post-frac. The remaining discoveries, Broughton and Brigg were declared non-commercial.

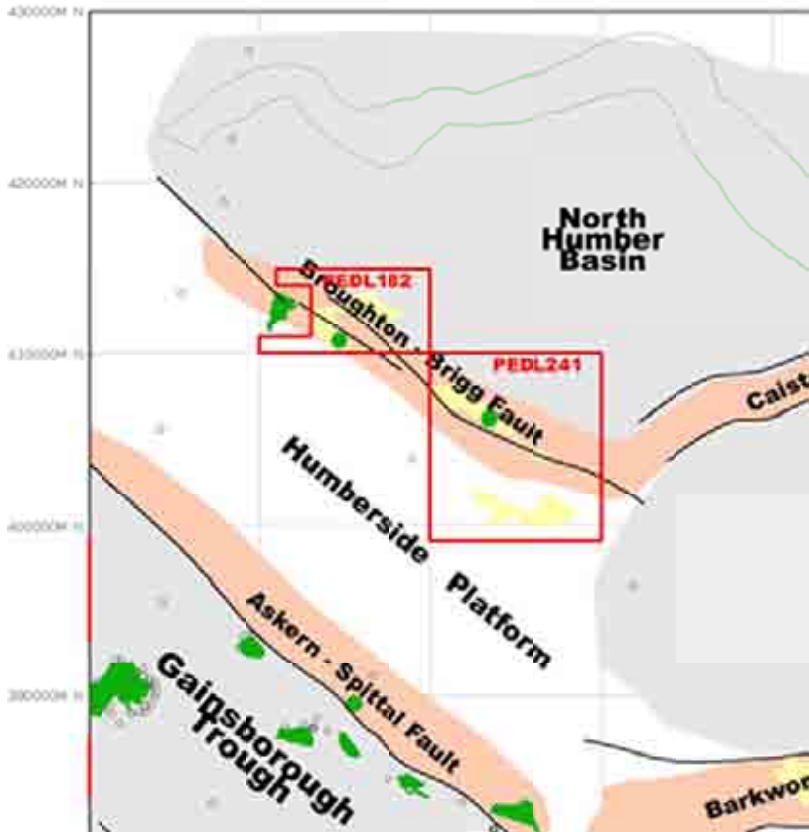


Figure 17 - Regional Setting for PEDL241

A simplified stratigraphic column for the North Humber basin or Humberside Platform is shown in Figure 18.

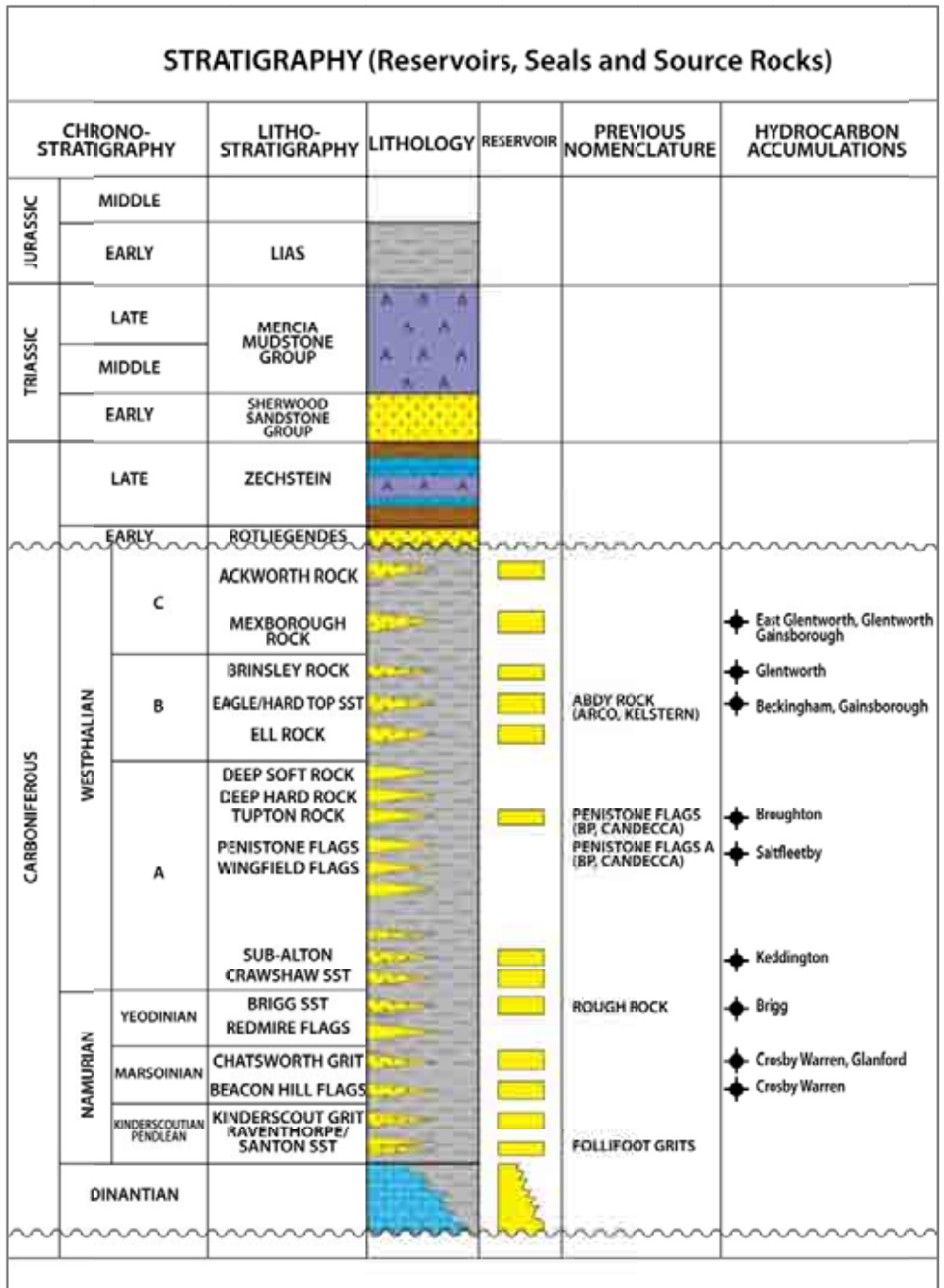


Figure 18 - Idealised stratigraphy of North Humber Basin or Humberside Platform

3.4.4.2. North Kelsey Prospect Description

North Kelsey Prospect is an oil prospect located 20 kilometres South East of the producing Crosby Warren, 20 kilometres North East of the West Firsby and surrounding oilfields and 6 kilometres South-East of the Brigg Discovery.

3.4.4.3. Trap

The North Kelsey Prospect is dip-closed to the North, East and West with closure to the South formed by an East-West trending normal fault which downthrows to the South. The mapped spill point is located in the West of the structure.

The seismic database available contains multi vintage 2D data and the 1997 3D Survey. In 2011, the Operator undertook seismic reprocessing of 75 square kilometres of 3D and 50 kilometres 2D data. Although the prospect is mapped on the reprocessed data, BP as previous licensee of the area also identified a prospect in this location based on the legacy 2D data.

3.4.4.4. Namurian Source, Seal and Reservoir

The primary reservoir objectives are expected to be multi-stacked fluviially dominated Namurian and Early Westphalian sandstones which form the reservoirs for the discoveries along the Broughton-Brigg trend and in the fields located on the North-East margin of the Gainsborough Trough.

The fluviially dominated Westphalian A is also regarded as a secondary reservoir objective with the Tupton Rock (Penistone Flags) producing on test in the Broughton Discovery. However, this reservoir is often thin or missing on structural highs. The Westphalian B or C is also often thinned or missing due to erosion. In the Humber basin, no shows have been reliably found above the Westphalian B.

Intra-formational shales are abundant in the Namurian and Westphalian succession and have proven to be effective seals to hydrocarbon accumulations in the region.

The hydrocarbon phase is expected to be oil as the majority of shows and accumulations in the near vicinity to the prospect are of oil.

3.4.4.5. Discussion of Risks associated with North Kelsey Prospect

The following sections discuss the risk factors shown in Table 17.

Table 17 - Risk on P50 case for North Kelsey Prospect

Associated Risk	Risk factor
Source Component	0.9
Quantity/Volume	0.9
Quality/Richness	0.9
Timing/Migration Component	0.5
Timing of Closure	0
Timing of Expulsion	0
Effective Migration Pathway	0
Reservoir Component	0.6
Presence	0
Quality	0
Reservoir Performance	0
Closure Component	0.8
Map Reliability & Control	0.8
Presence	
Data Quality	
Containment Component	0.7
Top/Base Seal Effectiveness	0
Lateral Seal Effectiveness	0
Preservation from Spillage or Depletion	0
Preservation from Degradation	0
Final Chance of Success	15.1%

3.4.4.6. Closure

The well control is good with the 3D tied to wells at Brigg-1 and -2 and Glanford-1 and Hibaldstow-1. The closure can be mapped, not only on the 3D, but also on vintage 2D seismic but the mapping relies on the Hard Coal and Top Dinantian pick as the individual sand units are too difficult to map in detail (0.8).

The data quality is good it has a reprocessed 3D to image the closure but there is data drop out over fault and 3D does not adequately image minor faults (0.8). The closure depends on the main East-West fault which is poorly imaged on the seismic examples leading to potential for alternative interpretation. However, the Top Dinantian surface clearly dips Northwards from the area of the main fault.

3.4.4.7. Source

The quantity and volume of the source rocks is good (0.9). There are oil shows in every well surrounding the prospect except Nettleton-1 well which only tagged the Carboniferous.

Although the North Humber basin has not been drilled, studies have shown that the oils along the Broughton-Brigg High are subtly different from the oils in the Gainsborough Trough and could be migrating from the North Humber basin. In addition, the Westphalian coal measures may have also contributed to the hydrocarbon accumulations. Another possible route is from the South Humber basin via the Caistor High. In any case, it is surrounded by oil producing basins which have sufficient quantity of Namurian marine sands to source the prospect (0.9).

The richness of the source rocks is good as the Crosby Warren Oilfield has good quality, low sulphur, oil (0.9).

3.4.4.8. Timing and migration

The closure appears to have been developed in the end Carboniferous Variscan orogeny and enhanced during the Mesozoic. (0.90). Timing of the expulsion is not a risk since the structures appear coeval with the oil-bearing Brigg structure to the North of the North Kelsey Prospect (0.9). The presence of oil shows in the Hibaldstow well to the west of the North Kelsey Prospect is promising. However, the oil must either come long distance from the Gainsborough Trough to the West or across the apparently under-filled Brigg structure. The Operator suggests a third migration route is possible from the East-South-East, but this is unproven. Thus, effective migration pathway (0.5) is the highest risk on the prospect.

3.4.4.9. Reservoir

The presence of reservoir is not a significant risk as the Hibaldstow-1 well had a good thickness of reservoir quality sands(0.8). However, the quality of the reservoir is a more significant risk (0.6) as the Hibaldstow well is more distal from the sediment source and contains poorer quality sands with more argillaceous material when compared to the Brigg, Broughton and Crosby Warren wells. The North Kelsey Prospect is located even further from the source and therefore potentially more argillaceous and finer grained, both of which are critical factors in reservoir performance in the region.

3.4.4.10. Seal

The presence of top, base seals are expected to be effective but the lateral seal is a risk as it relies on a fault even on the P10 case and potentially could throw sand against sand (0.7). Risk of spillage or depletion is low and there does not appear to be any significant tilting risk as there is vertical relief of 45 metres in the P50 case. No risk of degradation has been identified.

3.4.4.11. Reservoir Parameters

Reservoir Parameters in the North Kelsey Prospect sandstone objectives and associated resource estimates are shown in Table 18 through Table 21.

Table 18 - North Kelsey Prospect (Chatsworth)

	Units	P90	P50	P10
Area	Square Kilometres	2.25	2.61	3
GRV	Acre-feet	10143	31472	46844
N/G	Percent	60%	80%	95%
Porosity	Percent	10%	14%	16%
So	Percent	55%	65%	75%
1/FVF	Stock Tank Barrels Per Reservoir Barrels	0.985	0.99	0.995
STOIIP (deterministic)	Million Barrels of Oil	2.6	17.6	41.2
RF	Percent	15%	20%	25%
Resources (deterministic)	Million Barrels of Oil	0.38	3.52	10.31

Table 19 - North Kelsey Prospect (Beacon Hill Flags)

	Units	P90	P50	P10
Area	Square Kilometres	2.25	2.61	3
GRV	Acre-feet	13453	22474	32996
N/G	Percent	18%	44%	70%
Porosity	Percent	10%	14%	16%
So	Percent	55%	65%	75%
1/FVF	Stock Tank Barrels Per Reservoir Barrels	0.985	0.99	0.995
STOIIP (deterministic)	Million Barrels of Oil	1.0	6.9	21.4
RF	Percent	15%	20%	25%
Resources (deterministic)	Million Barrels of Oil	0.15	1.38	5.35

Table 20 - North Kelsey Prospect (Ravensthorpe Sandstones)

	Units	P90	P50	P10
Area	Square Kilometres	2.25	2.61	3
GRV	Acre-feet	12421	22474	34016
N/G	Percent	10%	25%	40%
Porosity	Percent	10%	11%	12%
So	Percent	55%	65%	75%
1/FVF	Stock Tank Barrels Per Reservoir Barrels	0.985	0.99	0.995
STOIIP (deterministic)	Million Barrels of Oil	0.5	3.1	9.5
RF	Percent	15%	20%	25%
Resources (deterministic)	Million Barrels of Oil	0.08	0.62	2.36

Table 21 - North Kelsey Prospect (Santon Sandstones)

	Units	P90	P50	P10
Area	Square Kilometres	2.25	2.61	3
GRV	Acre-feet	3203	22474	37713
N/G	Percent	10%	25%	80%
Porosity	Percent	10%	12%	14%
So	Percent	55%	65%	75%
1/FVF	Stock Tank Barrels Per Reservoir Barrels	0.985	0.99	0.995
STOIIP (deterministic)	Million Barrels of Oil	0.1	3.4	24.5
RF	Percent	15%	20%	25%
Resources (deterministic)	Million Barrels of Oil	0.02	0.67	6.11

Porosity in the upside P10 case for the Chatsworth (Table 18) and Beacon Hill Flags (Table 19) were lowered slightly relative to the Operator’s estimates to reflect the porosities seen in wells closest to the prospect.

NTG in the P50 and P10 for the Santon sandstones were lowered to reflect the NTG for these sands seen in the closest wells to the prospect.

3.4.5. Conclusions

Most prospects in this basin are significant in size with a risk factor exceeding 10 percent normal threshold thus no prospects have been disregarded in this report. Burton on the Wolds Dinantian Prospect has a 7.6 percent risk factor but given it

would be explored by targeting Burton on the Wolds Namurian Prospect (risk factor of 14.6 percent) it is considered worth exploring.

3.5. Hydrocarbon Resources and Indicative Expected Monetary Value

We have calculated mean estimations of resources for East Midlands from the P10, P50, and P90 numbers using Swanson’s Rule, which is normal industry practice. Swanson’s rule is that the mean of a lognormal distribution is approximately equal to the sum of 30 percent of the P10, 40 percent of P50 and 30 percent of the P90 values.

Biscathorpe has low, medium and high case resource estimates, which are not specifically P10, P50 and P90 values, so we have estimated the mean as 20 percent of the low case, 70 percent of the medium and 10 percent of the high case resources, which reflects the geological cases studied.

Using benchmark monetary values with risk factor applied yields a valuation of the assets belonging to Union Jack (as shown in Table 22) totalling £1.1 million for funded assets on admission and £6.2 million for unfunded assets on admission.

Table 22 - Benchmark valuation of East Midlands Licences

Asset	Union Jack's share of licence	Low Case	Median Case (P50)	High Case	Mean	Risk Factor	Benchmark valuation	Union Jack's share of Risked Benchmark Monetary Value
Oil and Liquids Prospective Resources per Asset (million barrels)								
Funded Assets on Admission								
PEDL201								
Burton on the Wolds	10%	0.42	3.04	11.62	4.83	14.6%	£15 per barrel	£1.1 million
PEDL180								
Wressle	8.33%	1.17	2.05	3.23	2.13	20%	£15 per barrel	£0.5 million
Total								£1.6 million
Less cost of exploration								-£0.5 million
Total Current Benchmark Monetary Value								£1.1 million
Unfunded Assets on Admission								
PEDL253								
Biscathorpe	9.4%	0.55	3.28	93.19	11.73	29%	£15 per barrel	£4.8 million
PEDL241								
North Kelsey	10%	0.63	6.19	24.13	9.91	15%	£15 per barrel	£2.2 million
Total								£7.1 million
Less cost of exploration								-£0.9 million
Total Current Benchmark Monetary Value								£6.2 million

Table 23 - East Midlands Development Wells Costs used for NPV calculation.

Asset	Development Well Cost
Oil and Liquids Assets	
Funded Assets on Admission	
PEDL201	
Burton on the Wolds	£1.2 million
PEDL180	
Wressle	£2.5 million
Unfunded Assets on Admission	
PEDL253	
Biscathorpe	£2.5 million
PEDL241	
North Kelsey	£2.0 million

For NPV calculations we have considered possible development scenarios for East Midlands licences, assuming exploration confirms the resources. Table 23 shows the development well costs used for NPV calculations.

Additionally, for capital expenditures we have allowed for £250,000 facilities plus £200,000 per well pump. For variable operating expenses (including Brent margin difference, trucking costs, chemicals, energy costs related to pumping at site); fixed operating expenses of £250,000 per year; variable operating costs of £5.00 per barrel; costs of £200,000 for site clearance and £150,000 per well for abandonment costs.

NPV calculations also took into account commercial term adjustments that were made to Biscathorpe and Wressle as described on section 3.1.

The total current monetary value using the NPV scenario approach with risk factor applied (as shown in Table 24) is £1.1 million for funded assets on admission and £5.1 million for unfunded assets on admission.

Table 24 - NPV Valuation of East Midlands Licences

Asset	Unrisked Net Present Value	Union Jack's share of licence	Union Jack's Unrisked Net Present Value	Risk Factor	Union Jack's Risked Net Present Value
Oil and Liquids Prospective Resources per Asset (million barrels)					
Funded Assets on Admission					
PEDL201					
Burton on the Wolds	£67 million	10%	£7 million	15%	£1.0 million
PEDL180					
Wressle	£39 million	8.33%	£3 million	20%	£0.6 million
Total					£1.6 million
Less cost of exploration					-£0.5 million
Total Current Monetary Value					£1.1 million
Unfunded Assets on Admission					
PEDL253					
Biscathorpe	£164 million	9.4%	£15 million	29%	£4.5 million
Carry for Charnia (6 percent of pre-first oil costs)	-£10 million	10%	-£1 million	29%	-£0.3 million
PEDL241					
North Kelsey	£119 million	10%	£11.86	15%	£1.8 million
Total					£6.0 million
Less cost of exploration					-£0.9 million
Total Current Monetary Value					£5.1 million

The two valuation techniques have provided broadly similar expected monetary values for the resources. Because NPV accounts for tax and the specific circumstances of each reservoir, we have adopted that valuation for the expected monetary value.

3.6. Forward Work Programme

Given that these licences are exploratory, the planned works involve drilling exploratory wells.

PEDL253 - Biscathorpe Prospect

There is work planned for a vertical well to the depth of 2,100 metres planned for Q2 2014.

PEDL201 - Burton on the Wolds Prospect

There is work planned for a vertical well planned in Q3 2013 to the depth of 1,000 metres.

Two licences have outstanding commitments:

PEDL241 - North Kelsey Prospect

There is work planned for a vertical well to the depth of 2,000 metres planned for Q2 2014.

PEDL180 – Wressle Prospect

There is work planned for a directional well at Wressle to the depth of 2,300 metres planned for Q3 2013.

Table 25 - Exploration costs of East Midlands

Asset	Union Jack Oil Exploration interest	Well Cost	Union Jack Oil Exploration share
Oil and Liquids Assets			
Funded Assets on Admission			
PEDL201 Burton on the Wolds	20.0% (8.33% x 2)	£1.1 million	£0.2 million
PEDL180 Wressle	16.7% (8.33% x 2)	£2.4 million	£0.3 million
Exploratory Cost for Funded Assets		£3.5 million	£0.5 million
Unfunded Assets on Admission			
PEDL253 Biscathorpe	20% (10% x 2)	£2.4 million	£0.5 million
PEDL241 North Kelsey	20% (10% x 2)	£1.9 million	£0.4 million
Exploratory Cost for Unfunded Assets		£4.3 million	£0.9 million

We have estimated the well costs as shown on Table 25. The well for Wressle is directional. The total gross cost for funded assets on admission is £3.5 million and for unfunded assets on admission is £4.3 million. Union Jack will pay twice its exploration interest on Burton on the Wolds, Wressle, and Biscathorpe; the total cost to Union Jack for funded assets on admission is £0.5 million and for unfunded assets on admission is £0.9 million.

For funded assets on admission, by deducting the exploration well cost of £0.5 million from the NPV of £1.6 million, yields a current value for the Union Jack share of the licences of £1.1 million.

For unfunded assets, by deducting the exploration well cost of £0.9 million from the NPV of £6.0 million, yields a current value for the Union Jack share of the licences of £5.1 million.

4. Conclusion

The upside potential of assets covered in this report is significant, but as yet, the company has no proven reserves. To be prudent, all prospects valued either have a risk factor exceeding 10 percent or would be explored by a well targeting a prospect with a risk factor exceeding 10 percent.

Table 26 - Expected monetary values

Asset	Union Jack Unrisked Net Present Value	Mean resources attributable to Union	Risk Factor*	Union Jack Risked Net Present Value
East Midlands and North Yorkshire: Oil and Liquids Prospective Resources per Asset				
Funded Assets on Admission				
PEDL201				
Burton on the Wolds	£6.7 million	0.48 million barrels	15%	£1.0 million
PEDL180				
Wressle	£3.2 million	0.18 million barrels	20%	£0.6 million
Total	£9.9 million			£1.6 million
Less Cost of Exploration				-£0.5 million
Net Present Value for Funded Assets				£1.1 million
Unfunded Assets on Admission				
PEDL253				
Biscathorpe	£15.4 million	1.10 million barrels	29%	£4.5 million
Carry for Charnia (6 percent of pre-first oil costs)				-£0.3 million
PEDL241				
North Kelsey	£11.9 million	0.99 million barrels	15%	£1.8 million
Total	£27.3 million			£6.0 million
Less Cost of Exploration				-£0.9 million
Net Present Value for unf unded Assets				£5.1 million

* Risk Factor means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This is the chance or probability of the Prospective Resource maturing into a Contingent Resource

The current value (shown on Table 26) of Union Jack assets after adjusting for risk factors is be £1.1 million for assets funded on admission and £5.1 million for assets unfunded on admission.

Analysts may choose to discount the unfunded valuation by an appropriate factor to reflect the likelihood of securing further funding.

Exploration for oil and gas has inherent uncertainty and we quantify that uncertainty with the Risk Factor. The un-risked values shown in Table 26 correspond to the expected value of each prospect based on the case that it does indeed contain exploitable hydrocarbons. The risk factors, which we are required by the AIM rules and guidelines to estimate, represent the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This is the chance or probability of the Prospective Resource maturing into a Contingent Resource. The risk assessments applied by Molten are rigorous and conservative.

5. Professional Qualifications

Molten has over nine years of experience in the evaluation of oil and gas properties. All of the professionals involved in the preparation of this report have in excess of five years of experience in the evaluation of oil and gas properties.

Daniel T Shaw is a European Engineer, Chartered Engineer, Member of Institution of Mechanical Engineers, Member of Society of Petroleum Engineers, MSc Financial Economics, BSc(Eng) Hons Mechanical Engineering, CDipAF

J David M Roberts is Member Society of Petroleum Engineers, BSc Hons (First Class) Geophysical Sciences

C Mark G Campbell is a Fellow of Geological Society, (Chartered Geologist), Member Petroleum Exploration Society of Great Britain, Member of Geological Association, Member Edinburgh Geological Society, Member European Union of Geoscientists. Dr Erika Syba is a Member of the American Association of Petroleum Geologists, PhD in Geology, Glasgow University, BSc (Hons) in Geology, University of Oklahoma.

Colin Frost is a Member Society of Petroleum Engineers, Member of Institution of Engineering and Technology, BSc Hons Computer Engineering

All of the persons involved in the preparation of this report and Molten are independent of Union Jack.

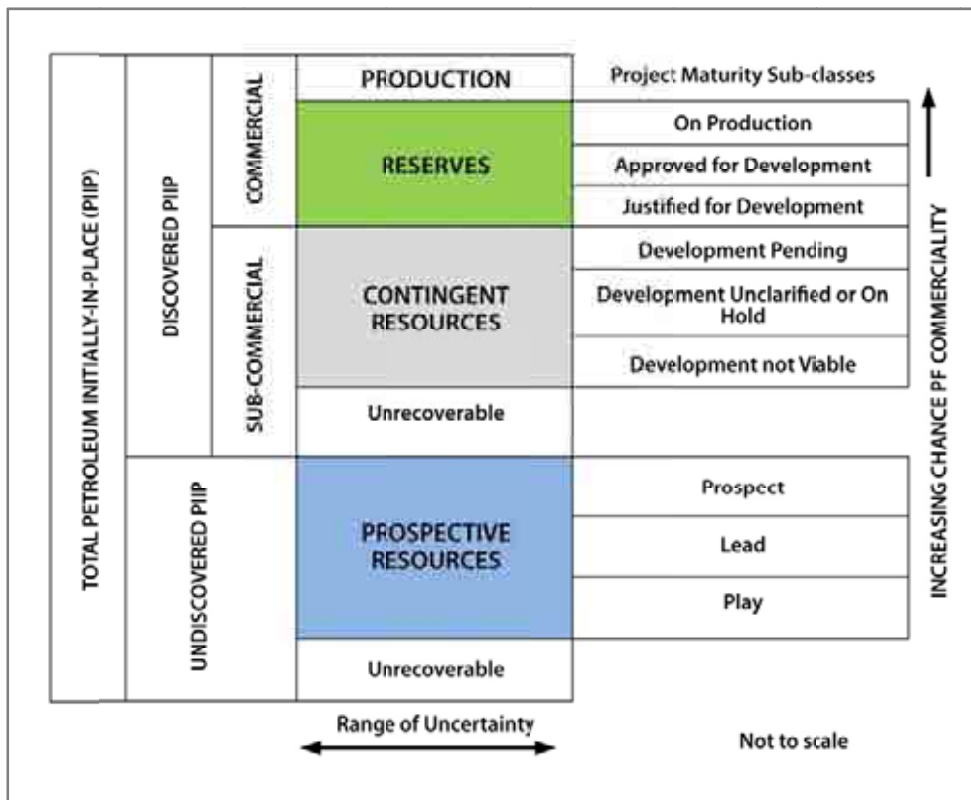
6. Appendix Reserves and Resources Definitions

The definitions employed in this evaluation conform to the revised 2007 SPE/WPC/AAPG Petroleum Resources Definitions aligned with the 2007 Petroleum Resources Management System document as agreed by the Society of Petroleum Engineers (SPE), the World Petroleum Congresses (WPC), American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).

Specific definitions used within this document are as follows:

Resources

As illustrated below, development projects may be sub-classified according to project maturity levels and associated actions required to move a project towards commercial production:



Reserves are defined as those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria:

Discovered

Recoverable

Commercial

Remaining (as of given date) based on the development project(s) applied

Production is the cumulative quantity of petroleum that has been actually recovered over a defined time period. While all recoverable resource estimates and production are reported in terms of the sales product specifications, raw production quantities (sales and non-sales, including non-hydrocarbons) are also

measured to support engineering analyses requiring reservoir voidage calculations.

Contingent Resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. They are a class of discovered recoverable resources.

Prospective Resources are defined as those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Proved Reserves are an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty, those quantities of petroleum which, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operation methods, and government regulations.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered.

If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Often referred to as 1P, also as "Proven".

Unproved Reserves are based on geosciences and/or engineering data similar to that used in estimates of Proved Reserves, but technical or other uncertainties preclude such reserves being classified as Proved.

May be further categorized as Probable Reserves and Possible Reserves

Probable Reserves are an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty, those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P).

In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Possible Reserves are an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty, those additional Reserves that geosciences and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario.

When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

Developed Reserves are expected to be recovered from existing wells including reserves behind pipe. Improved recovery reserves are considered "developed" only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well.

May be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.

Shut-in Reserves are expected to be recovered from:

Completion intervals which are open at the time of the estimate but which have not yet started producing, or

Wells which were shut in market conditions or pipeline connections, or

Wells not capable of production for mechanical reasons.

Behind-pipe Reserves are also those expected to be recovered from zones in existing wells which will require additional completion work or future completion prior to start of production.

In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves are quantities expected to be recovered through future investments:

From new wells on undrilled acreage in known accumulations, or

From deepening existing wells to a different (but unknown) reservoir, or

From infill wells that will increase recovery, or

Where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to:

Recomplete an existing well, or

Install production or transportation facilities for primary or improved recovery projects.

7. Appendix Abbreviations

£	Pound sterling (United Kingdom currency)
1P	Taken to be equivalent to Proved Reserves; denotes low estimate scenario of Reserves
2-D	Two dimensional
2P	Taken to be equivalent to the sum of Proved plus Probable Reserves; denotes best estimate scenario of Reserves
3-D	Three dimensional
3P	Taken to be equivalent to the sum of Proved plus Probable plus Possible Reserves; denotes high estimate scenario of Reserves
AAPG	American Association of Petroleum Geologists
CPR	Competent Person Report
DECC	Department of Energy and Climate Control (created on 3 October 2008 from the Department for Business, Enterprise and Regulatory Reform and Department for Environment, Food and Rural Affairs).
Discount Rate	The interest rate used to discount future cash flows into a value of a reference date
DTI	Department of Trade and Industry (replaced on 28 June 2007 with the Department for Business, Enterprise and Regulatory Reform and the Department for Innovation, Universities and Skills)
mD	Millidarcies (permeability)
Mean	Arithmetic average of a series of values
NPV	Net Present Value (of a series of cash flows)
P10 or high estimate	There should be at least a 10% probability that the quantities actually recovered will equal or exceed the high estimate
P50 or best estimate	There should be at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate
P90 or low estimate	There should be at least a 90% probability that the quantities actually recovered will equal or exceed the low estimate
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent viable drilling target or risk factor greater than 10 percent
SPE	Society of Petroleum Engineers
STOIIP	Stock tank oil initially in-place
US \$	United States dollar
WPC	World Petroleum Council

8. Appendix Tables to Satisfy AIM Rules and Guidelines

8.1. Summary Table of Assets

Asset	Operator	Interest	Status	Licence expiry date	Licence area	Comments
Funded Assets on Admission						
PEDL201 Burton on the Wolds	Egdon Resources U.K. Limited	10%	Exploration	Jun-2014	40 km ²	Meeting the commitment to drill a well to 500 metres by June 2014 will extend the licence to July 2039.
PEDL180 Wressle	Egdon Resources U.K. Limited	8.33%	Exploration	Jun-2014	100 km ²	Meeting the commitment to drill a well to 1,500 metres by June 2014 will extend the licence to July 2039.
Unfunded Assets on Admission						
PEDL253 Biscathorpe	Egdon Resources U.K. Limited	10%	Exploration	Jul-2014	189.3 km ²	Meeting the commitment to drill a well to 2,100 metres by June 2014 will extend the licence to July 2039.
PEDL241 North Kelsey	Egdon Resources U.K. Limited	10%	Exploration	Jun-2014	110 km ²	Meeting the commitment to drill a well to 1,950 metres by June 2014 will extend the licence to June 2039.

8.2. Summary Oil and Gas Reserves by Status

Asset	Gross			Net Attributable			Operator
	Proved	Proved & Probable	Proved, Probable & Possible	Proved	Proved & Probable	Proved, Probable & Possible	
Oil and Liquids Prospective Resources per Asset (million barrels)							
None							
Gas Prospective Resources per Asset (billion standard cubic feet)							
None							

8.3. Summary Oil and Gas – Contingent Resources by Status

Asset	Gross			Net Attributable			Risk Factor	Operator
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Oil and Liquids Contingent Resources per asset (million barrels)								
Asset under option								
None								
Gas Contingent Resources per Asset (billion standard cubic feet)								
None								

8.4. Summary Oil and Gas – Prospective Resources by Status

Asset	Gross			Net Attributable			Risk Factor	Operator
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Oil and Liquids Prospective Resources per Asset (million barrels)								
Existing Assets - Funded on Admission								
PEDL201 Burton on the Wolds	0.42	3.04	11.62	0.04	0.30	1.16	15%	Egdon Resources U.K. Limited
PEDL180 Wressle	1.17	2.05	3.23	0.10	0.17	0.27	20%	Egdon Resources U.K. Limited
Existing Assets - Unfunded on Admission								
PEDL253 Biscathorpe	0.55	3.28	93.19	0.05	0.31	8.76	29%	Egdon Resources U.K. Limited
PEDL241 North Kelsey	0.63	6.19	24.13	0.06	0.62	2.41	15%	Egdon Resources U.K. Limited

“Risk Factor” for Prospective Resources, means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This is the chance or probability of the Prospective Resource maturing into a Contingent Resource

“Operator” is name of the company that operates the asset

“Gross” are 100% of the reserves and/or resources attributable to the licence whilst “Net attributable” are those attributable to the AIM company.

PART IV

FINANCIAL INFORMATION ON UNION JACK OIL PLC

Deloitte LLP
Bristol

The Board
on behalf of Union Jack Oil plc
6 Charlotte Street
Bath
BA1 2NE

Shore Capital and Corporate Limited
Bond Street House
14 Clifford Street
London
W1S 4JU

22 July 2013

Dear Sirs

Union Jack Oil plc (the “Company”)

We report on the financial information for the two periods ended 31 December 2012 set out in Part IV of the AIM admission document dated 22 July 2013 of Union Jack Oil plc (the “Company”) (the Admission Document”). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out on pages 89 to 92. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 31 January 2012 and 31 December 2012 and of its losses, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two to the AIM Rules for Companies.

Yours faithfully

Deloitte LLP

Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Income Statement

For the period 18 January 2011 to 31 December 2012

		<i>Period 18 January 2011 to 31 January 2012</i>	<i>Period 1 February 2012 to 31 December 2012</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Revenue		—	—
Administrative expenses		—	(142,966)
Operating loss	2	—	(142,966)
Finance income	4	—	393
Loss before taxation		—	(142,573)
Taxation	5	—	—
Loss for the period		—	(142,573)
Attributable to:			
Equity shareholders of the Company		—	(142,573)
Loss per share			
Basic and diluted loss per share (pence)	6	—	(0.0024)

The accompanying accounting policies and notes 1 to 18 form an integral part of this financial information.

Statement of Comprehensive Income
For the period 18 January 2011 to 31 December 2012

	<i>Period</i> <i>18 January</i> <i>2011 to</i> <i>31 January</i> <i>2012</i> <i>£</i>	<i>Period</i> <i>1 February</i> <i>2012 to</i> <i>31 December</i> <i>2012</i> <i>£</i>
Loss for the period	—	(142,573)
Other comprehensive income	—	—
Total comprehensive loss for the period	<u>—</u>	<u>(142,573)</u>

The accompanying accounting policies and notes 1 to 18 form an integral part of this financial information.

Balance Sheet**As at 31 January 2012 and 31 December 2012**

	<i>Notes</i>	<i>31 January 2012</i> £	<i>31 December 2012</i> £
Assets			
Current assets			
Trade and other receivables	7	1	25,564
Cash and cash equivalents	8	—	485,187
		<u>1</u>	<u>510,751</u>
Total assets		<u>1</u>	<u>510,751</u>
Liabilities			
Current liabilities			
Trade and other payables	9	—	31,157
		<u>—</u>	<u>31,157</u>
Total liabilities		<u>—</u>	<u>31,157</u>
Net assets		<u>1</u>	<u>479,594</u>
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	10	1	607,451
Share-based payments reserve	11	—	14,716
Retained earnings	11	—	(142,573)
		<u>1</u>	<u>479,594</u>

The accompanying accounting policies and notes 1 to 18 form an integral part of this financial information.

Statement of Changes in Equity
For the period 18 January 2011 to 31 December 2012

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Share-based payment reserve</i> £	<i>Total</i> £
Changes in equity				
On incorporation on 18 January 2011	—	—	—	—
Issue of share capital	1	—	—	1
Balance at 31 January 2012	<u>1</u>	<u>—</u>	<u>—</u>	<u>1</u>
Changes in equity				
Issue of share capital	607,450	—	—	607,450
Total comprehensive income	—	(142,573)	14,716	(127,857)
Balance at 31 December 2012	<u>607,451</u>	<u>(142,573)</u>	<u>14,716</u>	<u>479,594</u>

The accompanying accounting policies and notes 1 to 18 form an integral part of this financial information.

Statement of Cash Flows
For the period 18 January 2011 to 31 December 2012

		<i>Period</i> 18 January 2011 to 31 January 2012	<i>Period</i> 1 February 2012 to 31 December 2012
	<i>Notes</i>	£	£
Cash flow from operating activities	12	—	(117,656)
Cash flow from investing activities			
Interest received		—	393
Net cash from investing activities		—	393
Cash flow from financing activities			
Proceeds on issue of new shares		—	602,450
Net cash generated from financing activities		—	602,450
Net increase in cash and cash equivalents		—	485,187
Cash and cash equivalents at beginning of period		—	—
Cash and cash equivalents at end of period	8	—	485,187

The accompanying accounting policies and notes 1 to 18 form an integral part of this financial information.

Principal Accounting Policies

General Information

Union Jack Oil plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 6 Charlotte Street, Bath BA1 2NE, England. The Company is focused on the exploration for, and future development of, hydrocarbon projects. This financial information is presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Basis of Preparation

The financial information of Union Jack Oil plc (the “Company”) has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

The financial information has been prepared under the historical cost convention. The principal accounting policies set out below have been consistently applied to all periods presented.

Going Concern

The directors’ have, at the time of approving the financial information, a reasonable expectation that Union Jack Oil plc has adequate resource to continue in operational existence for the foreseeable future. This includes the period from the date of the financial information to the commencement of trading and the anticipated admission of Union Jack Oil plc shares on AIM, including the receipt of the proceeds for the placing. Thus they adopt the going concern basis of accounting in preparing the financial information.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

Financial Instruments

Financial assets and financial liabilities are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Exploration and Evaluation Costs

The Company follows a successful efforts based accounting policy for oil and gas assets.

Costs (including research costs) incurred prior to obtaining the legal rights to explore an area will be expensed immediately to the Income Statement.

Expenditure incurred on the acquisition of a licence interest will initially be capitalised on a licence by licence basis. Costs will be held, un-depleted, within exploration and evaluation costs until such a time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining exploration targets will be capitalised initially within intangible assets as exploration and evaluation costs. Exploration costs will initially be capitalised on a well by well basis until the success or otherwise has been established. The success or failure of each exploration/evaluation effort will be judged on a well by well basis. Drilling costs will be written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercially viable.

Principal Accounting Policies (continued)

All such costs will be subject to regular technical, commercial and management review for indicators of impairment on at least an annual basis which includes confirming the continued intent to develop or otherwise extract value from the licence, prospect or discovery. Where this is no longer the case, the costs will be immediately expensed.

Following evaluation of successful exploration wells, if commercial reserves are established and the technical feasibility of extraction is demonstrated, and once a project is sanctioned for commercial development, then the related capitalised exploration/evaluation costs will be transferred into a single field cost centre within development/producing assets after testing for impairment within Property, Plant and Equipment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs will be written off to the Income Statement.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons have been demonstrated will be capitalised within development/producing assets on a field by field basis. Subsequent expenditure will be capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any costs remaining associated with the part replaced will be expensed.

Net proceeds from any disposal of an exploration asset will initially be credited against the previously capitalised costs. Any surplus proceeds will be credited to the Income Statement.

Plug and suspend and demobilisation costs will be recognised in full when wells have been suspended or facilities installed. A corresponding amount equivalent to the provision will also be recognised as part of the cost of the asset. The amount recognised will be the estimated cost of decommissioning, discounted to its net present value, and will be reassessed each year. Changes in the estimated timing or cost estimates will be dealt with prospectively by recording and adjustment to the provision, and a corresponding adjustment to the decommissioning asset. The unwinding of the discount on the decommissioning provision will be included as a finance cost.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Principal Accounting Policies (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Share Based Payments – Warrants

Equity-settled share-based payments in respect of warrants for professional services are measured at the fair value of the equity instruments at the grant date, on the basis that this is immaterially different from the fair value of the services provided. There are no vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 10(b). The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

International Financial Reporting Standards in Issue but not yet effective

At the date of approval of this financial information, the IFRS Interpretations Committee has issued standards, interpretations and amendments which are applicable to the Company. Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, this financial information, the following may have an impact going forward.

IAS 27 (revised)	Separate Financial Statements
IAS 28 (revised)	Investments in Associates and Joint Ventures
IFRS 9	Financial Instruments
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets
IFRS 7 (amended) and IAS 32 (amended)	Disclosures – Offsetting Financial Assets and Financial Liabilities

Principal Accounting Policies (continued)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial information of the Company.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the critical judgement and estimates that the directors have made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in the financial information:

Warrants

In determining the fair value of warrants and the related charges to the Income Statement, the Company makes assumptions about future events and market conditions. The fair value is determined using a valuation model which is dependent on estimates, including the future volatility of the Company's share price. This is determined by using historical data for similar companies.

Notes to the Financial Information

For the period 18 January 2011 to 31 December 2012

1) Business and Operating Segments

The Company did not trade in the period and is considered to have one operating segment, being the exploration for, and future development of, hydrocarbon projects.

2) Operating Loss

	<i>Period 18 January 2011 to 31 January 2012 £</i>	<i>Period 1 February 2012 to 31 December 2012 £</i>
Operating loss is stated after charging:		
Fees payable to the Company's auditor for the audit of the annual financial statements	—	16,000
Tax compliance services	—	4,000
Total	<u>—</u>	<u>20,000</u>

3) Directors and Employees

There were no staff costs for the period ended 31 January 2012 or for the period ended 31 December 2012.

The directors received no remuneration in either period.

4) Finance Income

	<i>Period 18 January 2011 to 31 January 2012 £</i>	<i>Period 1 February 2012 to 31 December 2012 £</i>
Bank interest	—	393

Notes to the Financial Information
For the period 18 January 2011 to 31 December 2012

5) Taxation

	<i>Period</i> <i>18 January</i> <i>2011 to</i> <i>31 January</i> <i>2012</i> £	<i>Period</i> <i>1 February</i> <i>2012 to</i> <i>31 December</i> <i>2012</i> £
Current tax		
UK corporation tax	—	—
	<u> </u>	<u> </u>

The differences between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax for oil and gas companies of 62% to the loss before tax is as follows:

	£	£
Loss on ordinary activities before tax	—	(142,573)
Tax on Company loss on ordinary activities at standard UK corporation tax rate of 62%	—	88,395
Effects of:		
Disallowable expenses	—	(57,525)
Pre-trading expenses	—	(30,870)
Current tax charge for period	<u> </u>	<u> </u>

The Company is not aware of any factors that will materially affect the future tax charge.

A deferred tax asset of £30,870 relating to the carried forward losses from pre-trading expenditure has not been recognised in the period ended 31 December 2012 as at present it is not envisaged that any tax will become payable in the foreseeable future against which those losses could be utilised as deductions.

Notes to the Financial Information

For the period 18 January 2011 to 31 December 2012

6) Loss per Share

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 ended 31 December 2012, 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.

No figures have been shown for the period ended 31 January 2012 since there was no income statement activity in that period.

	<i>Period 1 February 2012 to 31 December 2012 Pence</i>
Loss per share	
Basic and diluted loss per share from continuing operations	<u>(0.0024)</u>

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

	<i>2012 £</i>
Loss used in the calculation of total basic and diluted earnings per share	<u>(142,573)</u>

	<i>Number</i>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>59,450,909</u>

7) Trade and Other Receivables

	<i>31 January 2012 £</i>	<i>31 December 2012 £</i>
Other debtors – unpaid share capital	1	5,000
VAT	—	16,814
Prepayments	—	3,750
	<u>1</u>	<u>25,564</u>

The directors consider that the carrying values of trade and other receivables are approximate to their fair value.

All of the Company's receivables have been reviewed for indications of impairment. None of the receivables were found to be impaired.

Notes to the Financial Information
For the period 18 January 2011 to 31 December 2012

8) Cash and Cash Equivalents

	<i>31 January</i> 2012	<i>31 December</i> 2012
	£	£
Cash at bank	—	485,187
	<u>—</u>	<u>485,187</u>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is equal to their fair value.

9) Trade and Other Payables

	<i>31 January</i> 2012	<i>31 December</i> 2012
	£	£
Trade payables	—	15,157
Accruals	—	16,000
	<u>—</u>	<u>31,157</u>
	<u>—</u>	<u>31,157</u>

Notes to the Financial Information
For the period 18 January 2011 to 31 December 2012

10) Share Capital

a) *Share Capital*

		<i>31 January</i>	<i>31 December</i>	<i>31 January</i>	<i>31 December</i>
	<i>Nominal</i>	<i>2012</i>	<i>2012</i>	<i>2012</i>	<i>2012</i>
<i>Allotted and issued:</i>	<i>value</i>	<i>Number</i>	<i>Number</i>	<i>£</i>	<i>£</i>
Class					
Ordinary	£1	1	—	1	—
Ordinary	0.25p	—	242,980,400	—	607,451

Allotments during the period

One ordinary share of £1 was issued on incorporation on 18 January 2011 and was converted into 400 ordinary shares of 0.25p on 27 June 2012.

During the period ended 31 December 2012 the Company issued a total of 242,980,000 ordinary shares at par value of 0.25p.

Shares with a nominal value of £5,000 were unpaid at 31 December 2012, but have been fully paid up at the date of this financial information.

b) *Share-Based Payments – Warrants*

During the period ended 31 December 2012 the Company issued share warrants which are exercisable within five and ten years respectively.

Details of the number of warrants and the weighted average exercise price (WAEP) outstanding during the period ended 31 December 2012 are as follows:

	<i>Number of</i>	<i>WAEP</i>
	<i>warrants</i>	<i>£</i>
Outstanding at 1 February 2012	—	—
Issued in the period	9,719,216	0.003
Outstanding and exercisable at 31 December 2012	<u>9,719,216</u>	<u>0.003</u>

The fair values were calculated using the Black-Scholes model. The inputs into the model are as follows:

Number granted	9,719,216
Share price at date of grant	£0.0030
Exercise price	£0.0025
Expected volatility	69%
Expected life	2.5 and 5 years
Expected dividend yield	0%
Fair value of warrants granted at date of grant	16,293
Vesting date	20 December 2012
Expiry dates	20 December 2017 and 20 December 2022

The Company gained admission to the ISDX Growth Market during December 2012 and therefore expected volatility was calculated using a comparable company.

The Company recognised total expenses of £14,716 related to equity-settled share-based payment transactions during the period ended 31 December 2012.

Notes to the Financial Information
For the period 18 January 2011 to 31 December 2012

11) Reserves

	<i>Retained earnings</i> £	<i>Share-based payment reserve</i> £	<i>Totals</i> £
At 18 January 2011 and 31 January 2012	—	—	—
Deficit for the period	(142,573)	—	(142,573)
Credit for the period	—	14,716	14,716
At 31 December 2012	<u>(142,573)</u>	<u>14,716</u>	<u>(127,857)</u>

12) Reconciliation of Loss Before Taxation to Cash Generated from Operations

	<i>Period 18 January 2011 to 31 January 2012</i> £	<i>Period 1 February 2012 to 31 December 2012</i> £
Loss before taxation	—	(142,573)
Share-based payments	—	14,716
Finance income	—	(393)
	—	<u>(128,250)</u>
Increase in trade and other receivables	—	(20,563)
Increase in trade and other payables	—	31,157
Cash used in operations	—	<u>(117,656)</u>

13) Financial Instruments

Classification of financial instruments

The tables below set out the Company's accounting classification of each class of its financial assets and liabilities for the period ended 31 December 2012. There were no financial instruments in the period ended 31 January 2012.

<i>Financial assets measured at amortised cost</i>	£
At 31 December 2012	
Other receivables	21,814
Cash and cash equivalents	485,187
Total carrying value	<u>507,001</u>

All of the above financial assets' carrying values approximate to their fair values at 31 December 2012, given their nature and short times to maturity.

<i>Financial liabilities measured at amortised cost</i>	£
Trade payables	15,157
Accruals	16,000
Total carrying value	<u>31,157</u>

All of the above financial liabilities' carrying values approximate to their fair values at 31 December 2012, given their nature and short times to maturity.

Notes to the Financial Information

For the period 18 January 2011 to 31 December 2012

14) Financial Instrument Risk Exposure and Management

The principal financial risks to which the Company is exposed are: credit risk, liquidity risk and capital management. This note describes the Company's objectives, policies and process for managing those risks and the methods used to measure them.

No hierarchy table has been included since there are no financial instruments held at fair value included within the financial information.

Credit risk

The Company's credit risk is primarily attributable to its cash balances and such risk is limited because the third party is an international bank.

The Company's total credit risk amounts to the total of the sum of the receivables, cash and cash equivalents. At 31 December 2012 this amounted to £510,751.

Liquidity risk

In managing liquidity risk, the main objective of the Company is to ensure that it has the ability to pay all of its liabilities as they fall due. The Company monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The table below shows the undiscounted cash flows on the Company's financial liabilities as at 31 December 2012 on the basis of their earliest possible contractual maturity. There were no such balances as at 31 January 2012.

	<i>Total</i>	<i>Within</i>	<i>Within</i>	<i>Greater than</i>
	<i>£</i>	<i>2 months</i>	<i>2-6 months</i>	<i>6 months</i>
		<i>£</i>	<i>£</i>	<i>£</i>
Trade payables	15,157	15,157	—	—
Accruals	16,000	—	16,000	—
	<u>31,157</u>	<u>15,157</u>	<u>16,000</u>	<u>—</u>

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, add shareholder value and to maintain an optimal capital structure to reduce the cost of capital. The Company defines capital as being share capital plus reserves as disclosed in the Balance Sheet.

The Board of Directors monitors the level of capital as compared to the Company's commitments, and adjusts the level of capital as is determined to be necessary, by issuing shares.

The Company is not subject to any externally imposed capital requirements.

15) Financial Commitments

The Company had no capital commitments at 31 January 2012 or 31 December 2012.

16) Related Party Transactions

There were no related party transactions in the periods to 31 January 2012 or 31 December 2012.

17) Contingent Liabilities

The directors are not aware of any contingent liabilities at 31 January 2012 or 31 December 2012.

Notes to the Financial Information
For the period 18 January 2011 to 31 December 2012

18) Events after the Balance Sheet Date

The following events have taken place since 31 December 2012.

In February 2013, the Company acquired a 10 per cent. interest in the onshore UK Petroleum Exploration and Development Licence PEDL201 containing the Burton on the Wolds Prospect.

A placing raising £562,250 before expenses was completed in February 2013.

In March 2013, the Company acquired a 10 per cent. interest in PEDL253 containing the Biscathorpe Prospect.

In March 2013, the Company acquired a 10 per cent. interest in PEDL241 containing the North Kelsey Prospect.

In March 2013, a letter of intent was signed with a subsidiary of Egdon Resources plc, whereby the Company has the right to acquire a further 5 per cent. interest in PEDL241. The Letter of Intent will terminate on 31 July 2013 should the option not be exercised. No upfront consideration was given for this option.

In March 2013, a letter of intent was signed with a subsidiary of Egdon Resources plc, whereby the Company has the right to acquire a 10 per cent. interest in PEDL005R, limited to the North Somercotes Prospect. The Letter of Intent will terminate on 31 July 2013 should the option not be exercised. No upfront consideration was given for this option.

In May 2013, the Company acquired a 8.33 per cent. interest for no upfront consideration in PEDL180 containing the Wressle Prospect.

In May 2013, the Company was granted the option to acquire a 10 per cent. interest in PL090 and PEDL237 containing the Waddock Cross Prospect for £560,000. The option cost £20,000 and will terminate on 31 July 2013 should it not be exercised.

In June 2013, the Company was granted the option to acquire a 5 per cent. interest in PEDL068 containing the Westerdale Prospect for £175,000. The option cost £5,000 and will terminate on 31 July 2013 should it not be exercised.

In July 2013, the Company entered into agreements giving it the option to withdraw from its commitments arising from its interests in PEDL253 and PEDL241 for a fee of £5,000 for each licence interest. On exercise of the option/s the Company's interest in the licence/s would be terminated.

PART V

ADDITIONAL INFORMATION

1. The Company

- 1.1. The Company was incorporated and registered as a private company limited by shares in England and Wales on 18 January 2011 under the Act with the name Union Jack Oil Limited and with registered number 07497220.
- 1.2. The Company re-registered as a public limited company on 23 August 2012 with the name Union Jack Oil plc.
- 1.3. The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations are principally regulated by the Act and the regulations made thereunder.
- 1.4. The registered office of the Company is 6 Charlotte Street, Bath, BA1 2NE. The Company's telephone number is 01225 428 139.
- 1.5. The accounting reference date of the Company is currently 31 December.
- 1.6. The Company does not have any subsidiaries.

2. Share Capital

- 2.1. As at 22 July 2013, the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Number</i>	<i>Amount</i>
467,880,400 Ordinary Shares	£1,169,701.00

- 2.2. The following alterations to the Company's share capital have taken place since its incorporation when one subscriber share of £1 was issued:

- 2.2.1. on 26 June 2012, the subscriber share was sub-divided into 400 Ordinary Shares;
- 2.2.2. on 8 August 2012, 23,000,000 Ordinary Shares were issued for cash at par;
- 2.2.3. on 14 September 2012, 66,000,000 Ordinary Shares were issued for cash at par;
- 2.2.4. between 1 October 2012 and 20 December 2012, 153,980,000 Ordinary Shares were issued for cash at par; and
- 2.2.5. on 28 February 2013, 224,900,000 Ordinary Shares were issued for cash at par.

- 2.3. As at 31 December 2012, being the latest date to which audited accounts for the Company have been prepared, the issued share capital of the Company, of which all of the issued shares were fully paid up, was as follows:

<i>Number</i>	<i>Amount</i>
242,980,400 Ordinary Shares	£607,451.00

- 2.4. The issued share capital of the Company, all of which will be fully paid up on or before Admission, as it is expected to be immediately following Admission will be as follows:

<i>Number</i>	<i>Amount</i>
831,680,400 Ordinary Shares	£2,079,201

- 2.5. Warrants over an aggregate of 348,919,216 Ordinary Shares have been granted (of which those granted on 22 July 2013 are conditional upon Admission) as follows:

<i>Date of grant</i>	<i>Number of Ordinary Shares</i>	<i>Exercise price (p)</i>	<i>Exercise period</i>
17 December 2012	3,644,706	0.25	17 December 2012 – 19 December 2017
17 December 2012	6,074,510	0.25	17 December 2012 – 19 December 2022
22 July 2013	19,200,000	0.25	5 years from the date of Admission
22 July 2013	320,000,000	0.3	18 months from the date of Admission

Further details of the warrants are set out in paragraph 11 below.

- 2.6. Pursuant to the Act, with effect from 1 October 2009, the concept of authorised share capital was abolished and accordingly there is no limit on the maximum amount of shares that may be allotted by the Company.

- 2.7. A special resolution of the Company will be proposed at the General Meeting which, if passed, will:

- (a) generally and unconditionally authorise the Directors pursuant to section 551 of the Act to allot shares and grant rights to subscribe for or to convert any security into shares (such shares and rights to subscribe for or to convert any security into shares being “relevant securities”) up to an aggregate nominal amount of £1,683,500, such authority to be limited to:
 - (i) the allotment of Ordinary Shares and relevant securities pursuant to the Placing; and
 - (ii) the allotment of Ordinary Shares to the Directors and the Proposed Director as described in paragraph 7 below; and
- (b) empower pursuant to section 570(1) of the Act the allotment of equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by paragraph 2.7(a) above as if the provisions of section 561 of the Act did not apply to such allotment,

such authority to expire on 31 December 2013, except that the Directors may during such period make offers or arrangements which could or might require the allotment of equity securities after the expiry of such period.

- 2.8. An ordinary resolution of the Company will be proposed at the General Meeting which, if passed will, subject to and conditional upon Admission, generally and unconditionally authorise the Directors pursuant to section 551 of the Act to allot shares and grant rights to subscribe for or to convert any security into shares (such shares and rights to subscribe for or to convert any security into shares being “relevant securities”) up to an aggregate nominal amount of £1,027,100.50, such authority to be expire upon the conclusion of the next annual general meeting of the Company, except that the Directors may during such period make offers or arrangements which could or might require the allotment of relevant securities after the expiry of such period.

- 2.9. A special resolution of the Company will be proposed at the General Meeting which, if passed will empower pursuant to section 570(1) of the Act the allotment of equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act to be conferred by paragraph 2.8 above as if the provisions of section 561 of the Act did not apply to such allotment provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal value equal to £513,550.25, such authority to expire upon the conclusion of the next annual general meeting

of the Company, except that the Directors may during such period make offers or arrangements which could or might require the allotment of equity securities after the expiry of such period.

- 2.10. The provisions of section 561 of the Act (to the extent not disapplied pursuant to section 570 of the Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560(1) of the Act) which are, or are to be, paid up in cash. It is proposed that these provisions will be disapplied to the extent referred to in paragraphs 2.7(b) and 2.8 above.
- 2.11. Save as set out in this paragraph 2:
- 2.11.1. no unissued share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;
- 2.11.2. there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
- 2.11.3. there are no outstanding convertible securities issued by the Company; and
- 2.11.4. no share capital or loan capital of the Company is in issue and no such issue is proposed.
- 2.12. None of the Ordinary Shares has been sold or made available to the public in conjunction with the application for Admission.
- 2.13. Save as disclosed in this document, no commission, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.
- 2.14. Save as referred to in paragraph 11 below, the Company has not issued any convertible securities, exchangeable securities or securities with warrants.
- 2.15. The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to Euroclear for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders who have requested the issue of Ordinary Shares in certificated form by 31 July 2013. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00B814XC94.
- 2.16. The Placing Price of 0.25 pence per Ordinary Share does not represent a premium over the nominal value of 0.25 pence per Ordinary Share and is payable in full on Admission under the terms of the Placing.

3. Share Capital reconciliation

<i>Issued Ordinary Shares</i>	<i>Number</i>
Existing Ordinary Shares	467,880,400
Number of Placing Shares to be issued	320,000,000
Number of Subscription Shares to be issued	43,800,000
Enlarged Share Capital	831,680,400

On Admission, Shareholders who do not participate in the Placing will suffer an immediate dilution of 43.7 per cent. of their interests in the Company.

4. Summary of the Articles of Association of the Company

The Articles, which were adopted by a special resolution of the Company passed on 24 May 2013, contain, *inter alia*, provisions to the following effect:

(a) *Objects*

Section 31 of the Act provides that the objects of a company are unrestricted unless any restrictions are set out in its articles.

The Articles do not contain any restrictions on the objects of the Company.

(b) *Rights attaching to Ordinary Shares*

i. *Voting rights*

Subject to the provisions of the Act and the Articles and to any rights or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands, every member who (being an individual) is present in person has one vote. On a vote on a show of hands, a proxy appointed by one member has one vote and a proxy appointed by more than one member has one vote, if instructed to vote in the same way by all those members, and is entitled to one vote for and one vote against, if instructed to vote in different ways by those members. On a poll, every member present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each share of which he is the holder. A member of the Company shall not (unless the board of directors of the Company (for the purpose of this paragraph 2, the "Board") determines otherwise) be entitled, in respect of any share held by him, to vote (either personally or by proxy) at any general meeting (or at any separate meeting of the holders of any class of shares) of the Company unless all amounts payable by him in respect of that share in the Company have been paid or credited as having been paid.

ii. *Dividends*

Subject to the provisions of the Act and of the Articles and to any special rights attaching to any shares, the Company may, by ordinary resolution, declare that out of profits available for distribution dividends be paid to members of the Company according to their respective rights and interests in the profits of the Company. However, no such dividend shall exceed the amount recommended by the Board. Interim dividends may be paid provided that they appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except as otherwise provided by the Articles or by the rights attached to shares, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up or credited as paid up (otherwise than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid.

Unless otherwise provided by the rights attached to any share, no dividends payable by the Company shall bear interest as against the Company.

The Company in general meeting may, on the recommendation of the Board, by ordinary resolution direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular, of fully paid shares or debentures of any other company.

The Board may, with the prior authority of an ordinary resolution of the Company and provided the Company has sufficient undistributed profits or reserves to give effect to it, offer the holders of Ordinary Shares the right to elect to receive Ordinary Shares credited as fully paid in whole or in part instead of cash in respect of the whole or some part of any dividend specified in the resolution.

Any dividend unclaimed for a period of 12 years after having become due for payment shall (if the Board so resolves) be forfeited and shall revert to the Company.

iii. *Return of capital*

On a winding-up of the Company, the surplus assets remaining after payment of all creditors shall be divided among the members in proportion to the capital which, at the commencement of the winding up, is paid up on their respective shares or the liquidator may, with the sanction of a special resolution of the Company (and any other sanction required by law), divide amongst the members in specie the whole or any part of the assets of the Company in such manner as shall be determined by the liquidator.

(c) *Transfer of shares*

Save in the case of shares which have become participating securities for the purposes of the CREST Regulations, title to which may be transferred by means of a relevant system such as CREST without a written instrument, all transfers of shares must be effected by an instrument of transfer in writing in any usual form or in any other form approved by the Board. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The Board may, in its absolute discretion, refuse to register any transfer of certificated shares unless it is:

- i. in respect of a share which is fully paid up;
- ii. in respect of a share on which the Company has no lien;
- iii. in respect of only one class of shares;
- iv. in favour of a single transferee or not more than four joint transferees;
- v. duly stamped (if so required); and
- vi. delivered for registration to the registered office of the Company (or such other place as the Board may from time to time determine) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board may not exercise such discretion in such a way as to prevent dealings in such shares from taking place on an open and proper basis.

The Board shall register a transfer of title to any uncertificated share, except that the Board may refuse (subject to any relevant requirements of the London Stock Exchange) to register the transfer of an uncertificated share which is in favour of more than four persons jointly or in any other circumstances permitted by the CREST Regulations.

If the Board refuses to register a transfer of a share it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee together with its reasons for refusal.

(d) *Disclosure of interests in shares*

The provisions of rule 5 of the Disclosure Rules and Transparency Rules of the FCA govern the circumstances in which a person may be required to disclose his interests in the share capital of the Company. *Inter alia*, this requires a person who is interested in 3% or more of the voting rights in respect of the Company's issued ordinary share capital to notify his interest to the Company (and above that level, any change in such interest equal to 1% or more). In addition, the City Code contains further provisions pursuant to which a person may be required to disclose his interests in the share capital of the Company.

Pursuant to the Articles, if a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act and has

failed in relation to any shares (the “default shares”) to give the Company the information thereby required within the prescribed period from the date of the notice or, in purported compliance with such notice, has made a statement which is false or inadequate in a material particular, then the Board may, at least 14 days after service of the notice, serve on the holder of such default shares a notice (“disenfranchisement notice”) pursuant to which the following sanctions shall apply:

- i. the member shall not, with effect from the service of the disenfranchisement notice, be entitled in respect of the default shares to be present or to vote (either in person or by proxy) at any general meeting or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- ii. where the default shares represent at least 0.25% in nominal value of their class:
 - (A) any dividend or other money payable in respect of the shares shall be withheld by the Company which shall not have any obligation to pay interest on it and the member shall not be entitled to elect in the case of a scrip dividend to receive shares instead of that dividend; and
 - (B) subject, in the case of uncertificated shares to the CREST Regulations, no transfer, other than an approved transfer, of any shares held by the member shall be registered unless:
 - the member is not in default as regards supplying the information required; and
 - the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

The above sanctions shall also apply to any shares in the Company issued in respect of the default shares (whether on capitalisation, a rights issue or otherwise) unless a separate notice is issued in respect of such further shares.

(e) *Purchase of own shares*

Subject to the provisions of the Act and to any rights for the time being attached to any shares, the Company may with the sanction of a special resolution enter into any contract for the purchase of its own shares.

(f) *Variation of rights*

Subject to the provisions of the Act and of the Articles, if at any time the share capital of the Company is divided into shares of different classes, any of the rights attached to any share or class of share in the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class duly convened and held as provided in the Articles (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or while the Company is or is about to be in liquidation.

The quorum for such separate general meeting of the holders of the shares of the class shall be not less than two persons present holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question.

(g) *General meetings*

Subject to the provisions of the Act, annual general meetings shall be held at such time and place as the Board may determine. The Board may convene any other general meeting whenever it thinks fit. A general meeting shall also be convened by the Board on the requisition of members in accordance with the Act.

A general meeting of the Company (other than an adjourned meeting) shall be called by notice of:

- in the case of an annual general meeting, at least 21 clear days; and
- in any other case, at least 14 clear days.

The accidental omission to give notice of a general meeting or, in cases where it is intended that it be sent out with the notice, an instrument of proxy, or to give notice of a resolution intended to be moved at a general meeting to, or the non-receipt of any of them by, any person(s) entitled to receive the same shall not invalidate the proceeding at that meeting and shall be disregarded for the purpose of determining whether the notice of the meeting, instrument of proxy or resolution were duly given.

No business shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and vote on the business to be transacted, each being a member present in person or a proxy for a member, shall be a quorum.

With the consent of any general meeting at which a quorum is present the chairman may, and shall if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as he shall determine. The chairman may, without consent of the meeting, interrupt or adjourn any general meeting if he is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting or to ensure that the business of the meeting is otherwise properly disposed of.

Notice of adjournment or of the business to be transacted at the adjourned meeting is not required unless the meeting is adjourned for 14 days or more, in which case at least 7 clear days' notice is required. No business shall be dealt with at any adjourned meeting, the general nature of which was not stated in the notice of the original meeting.

(h) *Board authorisation of conflicts*

Subject to and in accordance with the Act and the provisions of the Articles, the Board may authorise any matter or situation in which a director of the Company has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. Any such authorisation shall be effective only if:

- i. any requirement as to the quorum at any meeting of the directors at which the matter is considered is met without counting either the conflicted director or any other interested director;
- ii. the matter or situation was agreed to and any relevant resolution was passed without counting the votes of the conflicted director and without counting the votes of any other interested director; and

- iii. the conflicted director has disclosed in writing all material particulars of the matter, office, employment or position which relates to the matter or situation which is the subject of the conflict or possible conflict.

(i) *Directors' interests*

Provided permitted by any relevant legislation and provided that he has disclosed to the Board the nature and extent of his interest in accordance with the Articles, a director, notwithstanding his office:

- i. may be party to or otherwise interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested;
- ii. may hold any other office or position of profit under the Company (except that of auditor of the Company or of any subsidiary of the Company) and may act by himself or through his firm in a professional capacity for the Company;
- iii. may be a member of or a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by or promoting the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- iv. shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration, superannuation payment or other benefit which he derives from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate,

and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any director having any such interest or receiving any such dividend, profit, remuneration, payment or benefit and the receipt of any such dividend, profit, remuneration, payment or benefit shall not constitute a breach of duty not to accept benefits from third parties as set out in section 176 of the Act.

(j) *Directors' ability to vote and count for quorum*

A director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or any committee of the Board concerning any transaction or arrangement with the Company in which he has an interest which may reasonably be regarded as likely to give rise to a conflict of interest, save that a director shall be entitled to vote and be counted in the quorum in respect of any resolution at such meeting if the resolution relates to one of the following matters:

- i. the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- ii. the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- iii. where the Company or any of its subsidiary undertakings is offering securities in which offer the director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;
- iv. relating to another company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing 1% or more of either any class of the equity share capital, or the voting rights, in such company;

- v. relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- vi. concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons including directors;
- vii. the funding of expenditure by one or more directors in defending proceedings against him or them or doing anything to enable such directors to avoid incurring such expenditure provided that such funding is consistent with, or no more beneficial to him or them than the provisions of the Articles and is permitted pursuant to the provisions of the relevant legislation; or
- viii. the giving of an indemnity or indemnities in favour of one or more directors which is/are consistent with, or no more beneficial to him or them than any such indemnities provided pursuant to the Articles (and provided such indemnities are permitted pursuant to the relevant legislation).

A director may not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment as the holder of any office or position of profit with the Company or any company in which the Company is interested (including fixing or varying the terms of such appointment or its termination).

Where proposals are under consideration concerning the appointments (including fixing or varying the terms of the appointment) of two or more directors to offices or position of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each director. In such case, each such director (if not otherwise debarred from voting) is entitled to vote (and be counted in the quorum) in respect of each resolution except that resolution concerning his own appointment.

(k) *Directors*

The directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors such sum as the Board may from time to time determine (not exceeding £200,000 per annum in aggregate or such other sum as the Company in general meeting shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the directors in such proportions and in such manner as the Board may determine or, in default of such determination, equally (save where any director has held office for less than the whole of the relevant period in respect of which the fees are paid).

Each director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of his duties as director. If by arrangement with the Board any director performs any special duties or services outside his ordinary duties as a director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as the Board may from time to time determine.

(l) *Pensions and benefits*

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or who has at any time been a director or any director of a subsidiary company of the Company or allied to or associated with the Company or such subsidiary or predecessor in business of the Company or any such subsidiary (and for any member of his family including a spouse or former spouse or

civil partner or former civil partner or any person who is or was dependent on him). For this purpose the Board may, *inter alia*, establish, maintain, subscribe and contribute to any scheme, institution, club, trust or fund and pay premiums.

(m) *Indemnification of directors*

Subject to, and to the fullest extent permitted by, law, every director and every director of any associated company, former director, alternate director secretary or other officer of the Company (other than an auditor) shall be fully indemnified out of the assets of the Company against all or any part of any costs, charges, losses, damages and liabilities incurred by him in relation to anything done, omitted or alleged to have been done by him in the actual or purported execution or discharge of his duties or exercise of his powers in relation to the Company or in connection with the Company's activities as trustee of any occupational pension scheme, subject to the exclusions set out in the Articles.

(n) *Borrowing powers*

Subject to the provisions of the Act and to the provisions set out in the Articles, the Board may exercise all the powers of the Company to borrow money to guarantee, to indemnify and to mortgage or charge its undertaking, property assets (present or future) and uncalled capital, or any part or parts thereof, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

The aggregate principal amount at any one time outstanding in respect of monies borrowed or secured by the Company and its subsidiaries (exclusive of intra-group borrowings and after deducting cash deposited) shall not at any time without the previous sanction of an ordinary resolution of the Company, exceed the greater of £20,000,000 or an amount equal to 2.5 times the aggregate of:

- i. the amount paid up (or credited as or deemed to be paid up) on the issued share capital of the Company; and
- ii. the amount outstanding to the credit of the capital and revenue reserves of the Company and its subsidiaries, whether or not distributable (including any share premium account, capital redemption reserve fund or revaluation reserve and credit or debit balance on any other reserve) after adding thereto or deducting therefrom any balance standing to the credit or debit of the income statement of the Company and its subsidiaries,

all as shown in the relevant balance sheet of the Company and its subsidiaries but after any adjustments, exclusions and deductions as set out in the Articles.

5. Directors and employees

- 5.1. The Directors and each of their respective functions are set out in Part I of this document.
- 5.2. The business address of the Directors is 6 Charlotte Street, Bath, BA1 2NE.
- 5.3. Details of the length of service of each of the Directors to date in their current office are set out below:

<i>Name</i>	<i>Age</i>	<i>Commencement date in office</i>
David Bramhill	62	18 January 2011
Joseph O'Farrell	62	27 June 2012
Martin Durham	56	14 September 2012
Raymond Godson	69	Admission

- 5.4. Details of any directorship that is or was in the last five years held by each of the Directors and Proposed Director, and any partnership of which each of the Directors and Proposed Director is or was in the last five years a member in addition to their directorships of the Company are set out below:

<i>Director</i>	<i>Current directorships</i>	<i>Previous directorships</i>
David Bramhill	Corby Limited	Bluebird Energy plc Hawkwind Power Limited (d) Irish Gold Prospecting Limited Kwik Plumb South West Limited (d) Navy Avian Energy Limited (d) Nighthawk Energy plc Northpet Investments Limited Wessex Exploration plc
Joseph O'Farrell	J.C.P. Limited Mexican Renewables Limited Muglin Limited Gilmaul Limited	Abbey Convenience Retail Limited Ballyfermot Convenience Retail Limited Bluebird Energy plc Irish Gold Prospecting Limited (d) Mexican Minerals Limited (d) Mexican Silver Mines Limited (d) Nighthawk Energy plc OFD Retail Holdings Limited
Martin Durham	—	—
Raymond Godson	Agaso Investments Limited (Jersey) Bellerophon Limited Bryanston Mansions Limited Calavo Investments Limited Excalibur Exploration Limited FIL Resources Limited C.L. Godson & Co (Partnership) Godson & Co (Unincorporated company) Kaonga Investments Limited (Jersey) Montrose Industries Limited Montrose Petroleum Limited Moss Penny (UK) Limited PF Eurocom Limited Pollen Street Nominees Limited Progress-OR Limited Strobal Limited Stuart Seymour Consultants Limited Sue Wells Associates Limited Trajan Oil & Gas Limited Trajan Resources Limited UICG Limited	AOG Finance Limited Aurelian Finance Limited Aurelian Oil & Gas Romania Srl (Romania) Balkan Explorers (Bulgaria) Limited (Ireland) Balkan Explorers (Bulgaria) Limited Energia Zachod Sp z o.o (Poland) Falcon Oil & Gas B.V. (Netherlands) Friends of Peterhouse Millennium International Resources Corporation (Cayman Islands)

- 5.5. On the date of this document none of the Board named in this document has:
- 5.5.1. any unspent convictions in relation to indictable offences;
 - 5.5.2. been declared bankrupt or has entered into an individual voluntary arrangement;
 - 5.5.3. been a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
 - 5.5.4. been a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
 - 5.5.5. had his assets the subject of any receivership or was a partner in any partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership;
 - 5.5.6. been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body); or
 - 5.5.7. ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 5.6. During the financial period from the Company's incorporation to 31 December 2012, the Company had two employees, being David Bramhill and Joseph O'Farrell. As at 22 July 2013, they remain the only two employees of the Company.

6. Directors' and Proposed Director's and other interests

- 6.1. As at the date of this document and immediately following Admission, the interests of the Board, their immediate families and any persons connected with them (within the meaning of section 252 of the Act) (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company required to be notified to the Company pursuant to Rule 17 of the AIM Rules the existence of which is known or which could, with reasonable diligence, be ascertained by a Director or Proposed Director are, and following Admission, will be, as follows:

	<i>As at the date of this document</i>		<i>Immediately following Admission</i>			
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Placing Shares issued</i>	<i>Subscription Shares issued</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
<i>Director</i>						
Joseph O'Farrell ⁽¹⁾	28,000,000	5.98	62,464,180	12,000,000	102,464,180	12.32
David Bramhill ⁽²⁾	18,800,400	4.02	13,864,180	12,000,000	44,664,580	5.37
Raymond Godson	4,000,000	0.85	2,000,000	6,000,000	12,000,000	1.44
Martin Durham ⁽³⁾	3,200,000	0.68	1,200,000	4,800,000	9,200,000	1.11

Notes:

- ⁽¹⁾ Joseph O'Farrell is a director and owner of 50 per cent. of the issued share capital of Gilmaul Limited. Gilmaul Limited holds 8,000,000 Ordinary Shares in the Company, which are included in the above figure.
- ⁽²⁾ David Bramhill is the 100 per cent. beneficial owner of Corby Limited, a company incorporated in England and Wales, that holds 6,200,000 Ordinary Shares in the Company which are included in the above figure. In addition Jayne Bramhill, David Bramhill's wife, holds 800,000 Ordinary Shares in the Company, which are included in the above figure.
- ⁽³⁾ Julie Durham, Martin Durham's wife, holds 1,200,000 Ordinary Shares in the Company, which are included in the above figure.

- 6.2. Save as disclosed above, none of the Board nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.
- 6.3. In addition to the interests of the Board set out in paragraph 6.1 above, as at the date of this document, insofar as is known to the Company, the following persons are, or will at Admission be, interested in 3 per cent. or more of the issued share capital of the Company:

<i>Director</i>	<i>As at the date of this document</i>			<i>Immediately following Admission</i>		
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Placing Shares issued</i>	<i>Subscription Shares issued</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
XCAP Nominees Limited	—	—	110,000,000	—	110,000,000	13.23
Joseph O'Farrell ⁽¹⁾	28,000,000	5.98	62,464,180	12,000,000	102,464,180	12.32
David Bramhill ⁽²⁾	18,800,400	4.02	13,864,180	12,000,000	44,664,580	5.37

Notes:

- ⁽¹⁾ Joseph O'Farrell is a director and owner of 50 per cent. of the issued share capital of Gilmaul Limited. Gilmaul Limited holds 8,000,000 Ordinary Shares in the Company, which are included in the above figure.
- ⁽²⁾ David Bramhill is the 100 per cent. beneficial owner of Corby Limited, a company incorporated in England and Wales, that holds 6,200,000 Ordinary Shares in the Company which are included in the above figure. In addition Jayne Bramhill, David Bramhill's wife, holds 800,000 Ordinary Shares in the Company, which are included in the above figure.

- 6.4. Save as disclosed above, there are no persons, so far as the Company is aware, who are or will be immediately following Admission interested in 3 per cent. or more of the Company's issued share capital, nor, so far as the Company is aware, are there any persons who at the date of this document or immediately following Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 6.5. Save as disclosed in this document, there are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.
- 6.6. The Company's share capital consists of one class of ordinary shares with equal voting rights (subject to the Articles). No major Shareholder of the Company has any different voting rights from the other Shareholders.
- 6.7. Save as disclosed in this document, no Director or Proposed Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.
- 6.8. There are no outstanding loans or guarantees provided by the Company to or for the benefit of any of the Directors.
- 6.9. There have been no related party transactions of the kind set out in the standards adopted according to the Regulation (EC) No 1606/2002 that the Company has entered into since its incorporation.
- 6.10. There are no actual or potential conflicts of interest between any Director's duties to the Company and any private interests and/or other duties he may have.
- 6.11. No Director or Proposed Director nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) has a Related Financial Product (as defined in the AIM Rules) referenced to Ordinary Shares.

7. Directors' remuneration and service agreements

- 7.1. David Bramhill is employed as Executive Chairman pursuant to the terms of a service agreement with the Company dated 22 July 2013. The agreement is terminable by either party on not less than 12 months' written notice. With effect from Admission, Mr Bramhill will be paid a basic annual salary of £80,000. His basic salary is subject to annual review by the Remuneration Committee. Mr Bramhill is subject to certain non-competition and non-solicitation covenants for a period of 12 months' following the termination of his employment. The agreement is governed by English law.

Pursuant to the terms of a letter between the Company and Mr Bramhill dated 22 July 2013 varying the terms of his service agreement, Mr Bramhill will receive £50,000 of his salary entitlement (subject to deduction of tax and national insurance) in respect of the 12 months following Admission as a lump sum on Admission, which Mr Bramhill will apply in subscribing for Ordinary Shares at the Placing Price.

- 7.2. Joseph O'Farrell is employed as an Executive Director pursuant to the terms of a service agreement with the Company dated 22 July 2013. The agreement is terminable by either party on not less than 12 months' written notice. With effect from Admission, Mr O'Farrell will be paid a basic annual salary of £50,000. His basic salary is subject to annual review by the Remuneration Committee. Mr O'Farrell is subject to certain non-competition and non-solicitation covenants for a period of 12 months' following the termination of his employment. The agreement is governed by English law.

Pursuant to the terms of a letter between the Company and Mr O'Farrell dated 22 July 2013 varying the terms of his service agreement, Mr O'Farrell will receive his entire salary entitlement (subject to deduction of tax and national insurance) in respect of the 12 months following Admission as a lump sum on Admission, which Mr O'Farrell will apply in subscribing for Ordinary Shares at the Placing Price.

- 7.3. Pursuant to the terms of a letter of engagement with the Company dated 22 July 2013, Martin Durham has agreed to serve as a Non-executive Director for an annual fee (with effect from Admission) of £25,000 (exclusive of VAT). This appointment is for a fixed term of 12 months but will terminate automatically if Mr Durham is removed from office by a resolution of the Shareholders or is not re-elected to office. The agreement is terminable by either party on not less than 6 months' written notice after the initial fixed term of 12 months.

Pursuant to the terms of a letter between the Company and Mr Durham dated 22 July 2013 varying the terms of his letter of engagement, Mr Durham will receive £20,000 of his annual fee (subject to deduction of tax and national insurance) in respect of the 12 months following Admission as a lump sum on Admission, which Mr Durham will apply in subscribing for Ordinary Shares at the Placing Price.

- 7.4. Pursuant to the terms of a letter of engagement with the Company dated 22 July 2013, Raymond Godson has agreed to serve as a Non-executive Director for an annual fee (with effect from Admission) of £25,000 (exclusive of VAT). This appointment is for a fixed term of 12 months but will terminate automatically if Mr Godson is removed from office by a resolution of the Shareholders or is not re-elected to office. The agreement is terminable by either party on not less than 6 months' written notice after the initial fixed term of 12 months.

Pursuant to the terms of a letter between the Company and Mr Godson dated 22 July 2013 varying the terms of his letter of engagement, Mr Godson will receive his entire annual fee (subject to deduction of tax and national insurance) in respect of the 12 months following Admission as a lump sum on Admission, which Mr Godson will apply in subscribing for Ordinary Shares at the Placing Price.

- 7.5. Save as disclosed in this document there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company.
- 7.6. There is no arrangement under which any Director or Proposed Director has waived or agreed to waive future emoluments.
- 7.7. In the financial period ended 31 December 2012 (being the only completed financial period of the Company) the aggregate remuneration paid, including pension contributions and benefits in kind granted to the Directors, was nil.
- 7.8. On the basis of the arrangements in force at the date of this document it is estimated that the aggregate remuneration payable for the year ending 31 December 2013 (being the current financial year of the Company) will be approximately £175,000, of which the Board has agreed to apply an aggregate of £145,000 (subject to the deduction of tax and national insurance contributions) in subscribing for Subscription Shares.

8. Corporate Governance

- 8.1. The Board fully supports the underlying principles of corporate governance contained in the Corporate Governance Code, notwithstanding that, as its securities are not listed on the Official List, it is not required to comply with such recommendations. With effect from Admission the Company will seek to comply with the provisions of the Corporate Governance Code, insofar as is practicable and appropriate for a public company of its size and nature, and recognises its overall responsibility for the Company's systems of internal control and for monitoring their effectiveness.
- 8.2. The main features of the Company's corporate governance procedures, which do not constitute full compliance with the Corporate Governance Code, will be as follows:
 - 8.2.1. the Board will have two independent non-executive directors who take an active role in board matters;
 - 8.2.2. the Company will have an audit committee (the "Audit Committee") and a remuneration committee (the "Remuneration Committee"), each of which consists of the non-executive directors which will meet regularly with executive directors in attendance by invitation. The audit committee will have unrestricted access to the Company's auditors and will ensure that auditor independence has not been compromised;
 - 8.2.3. all business activity will be organised within a defined structure with formal lines of responsibility and delegation of authority, including a schedule of "matters reserved for the Board"; and
 - 8.2.4. key performance indicators and financial results will be regularly monitored and compared with expectations.

8.3. *Audit Committee*

The following is a summary of the terms of reference under which the Company's Audit Committee will operate.

The Audit Committee will have at least two members, a majority of which shall be independent non-executive directors. The initial members of the Audit Committee following Admission will be Raymond Godson as chairman and Martin Durham. The Board must be satisfied that at least one member of the Audit Committee has recent and relevant financial experience. Appointments to the Audit Committee should be made by the Board on the recommendation of the Remuneration Committee and in consultation with the chairman of the Audit Committee. The Audit Committee shall meet at least three times in every year and any other time as required by either the chairman of the Audit Committee or the external auditors of the Company. In addition, the Audit Committee will meet with the external auditors of the Company (without any of the executives attending) at least once a year.

The Audit Committee will, *inter alia*:

- 8.3.1. monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgments contained in them. This will include:
 - considering whether the Company has followed appropriate accounting standards and, where necessary, made appropriate estimates and judgments taking into account the views of the external auditors;
 - reviewing the clarity of disclosures in the financial statements and considering whether the disclosures made are set properly in context;
 - where the Audit Committee is not satisfied with any aspect of the proposed financial reporting of the Company, reporting its view to the Board;
 - reviewing material information presented with the financial statements and corporate governance statements relating to the audit and to risk management; and
 - reviewing the adequacy and effectiveness of the Company's internal financial controls and, unless expressly addressed by a separate Board risk committee composed of independent directors, or by the Board itself, review the Company's internal control and risk management systems and, except where dealt with by the Board or risk management committee, review and approve the statements included in the annual report in relation to internal control and the management of risk;
- 8.3.2. monitor and review the effectiveness of the Company's internal function in the context of the Company's overall risk management system. This shall include:
 - considering and approving the remit of the internal audit function and ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
 - reviewing and assessing the annual internal audit plan;
 - reviewing reports from the internal auditor;
 - reviewing and monitoring management's responsiveness to the findings and recommendations of the internal auditor;
 - meeting with the internal auditor at least once a year (without any of the executives attending) to discuss their remit and any issues arising from the internal audits; and
 - approving the appointment or termination of appointment of the head of internal audit and monitoring and reviewing the effectiveness of the internal audit function in the context of the Company's overall risk management system;
- 8.3.3. make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor. This shall include:
 - overseeing the selection process;

- annually assessing the qualification, expertise and resources, and independence of the external auditors and the effectiveness of the audit process;
 - making recommendations on the remuneration of the external auditors, whether in relating to fees in respect of audit or non-audit services;
 - approving the engagement letter at the start of each audit, ensuring that it has been updated to reflect changes in circumstances which have arisen in the previous year;
 - discussing and agreeing the scope of the audit with the external auditor and arranging for additional work to be undertaken as necessary; and
 - ensuring that the level of fee payable is appropriate and that an adequate audit can be conducted for such a fee;
- 8.3.4. review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements. This shall include considering all relationships between the Company and the audit firm (including the provision of non-audit services) and whether such relationships impair the external auditor's judgment or independence. The Audit Committee shall also satisfy itself that there are no relationships between the external auditor and the Company (other than in the ordinary course of business);
- 8.3.5. develop and implement a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board identifying any matters in respect of which it considers that any action or improvement is needed and making any recommendations as to the steps to be taken. This shall include setting and applying a formal policy specifying the types of non-audit work which the external auditors will not be permitted to carry out for the Company and those which are permitted subject to the prior consent of the Audit Committee; and
- 8.3.6. review arrangements by which staff of the Company may, in confidence, raise concerns about possible wrongdoing in financial reporting or other matters and ensure that arrangements are in place for proportionate and independent investigations of such matters with appropriate follow-up action.

The Audit Committee will report annually on the Board's behalf to the Shareholders. The Audit Committee will compile a report to Shareholders on its activities to be included in the Company's annual report or, where the Audit Committee has determined that there are good reasons for not compiling such report, an explanation of those reasons will be provided.

The Audit Committee will be authorised to:

- 8.3.7. investigate any activity within its terms of reference;
- 8.3.8. seek any information it requires from any employee of the Company; and
- 8.3.9. obtain, at the Company's expense, outside legal or other independent professional advice.

8.4. *Remuneration Committee*

The following is a summary of the terms of reference under which the Company's Remuneration Committee will operate. The Remuneration Committee will have at least two members, a majority of which will be independent non-executive directors. The initial members

of the Remuneration Committee will be Martin Durham as Chairman and Raymond Godson. The members of the Remuneration Committee will be appointed by the Board in consultation with the Chairman of the Remuneration Committee. The Remuneration Committee may invite any person it thinks appropriate to join the members of the Remuneration Committee at its meetings. The Remuneration Committee will meet at least three times in every year and at any other time as required by either the chairman of the Remuneration Committee, the chairman of the Board or the external auditors of the Company.

The Remuneration Committee will, *inter alia*:

- 8.4.1. determine and agree with the Board the framework or broad policy for the remuneration of such members of the executive management as it is designated to consider. As a minimum, the Remuneration Committee should have responsibility for setting the remuneration for all executive directors, the chairman of the Board and the company secretary. The remuneration of non-executive directors will be a matter for the chairman of the Board and the other executive directors;
- 8.4.2. ensure that no director or manager is involved in any decisions as to their own remuneration;
- 8.4.3. determine targets for any performance-related pay schemes operated by the Company and approve the total annual payments under such schemes;
- 8.4.4. determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 8.4.5. ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 8.4.6. determine the total individual remuneration package of the chairman of the Board, each executive director and the company secretary within the terms of the agreed policy and in consultation with the chairman of the Board and/or the chief executive;
- 8.4.7. review the design of all share option schemes for approval by the Board and Shareholders and, for any such schemes, determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive directors and the performance targets to be used;
- 8.4.8. have regard in the performance of the duties of the Remuneration Committee to all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Corporate Governance Code and associated guidance and to obtain reliable, up to date information about remuneration in other companies;
- 8.4.9. review and oversee any major changes in employee benefit structures throughout the Company including reviewing and noting annually the remuneration trends across the Company;
- 8.4.10. agree the policy for authorising claims for expenses from the directors of the Company;
- 8.4.11. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee.

The chairman of the Remuneration Committee will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The

Remuneration Committee will produce an annual report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to the Shareholders for approval at the annual general meeting.

The Remuneration Committee will be authorised to:

- 8.4.12. investigate any activity within its terms of reference;
- 8.4.13. seek any information it requires from any employee of the Company;
- 8.4.14. assess the remuneration paid by other UK listed companies of a similar size in any comparable industry sector and assess whether changes to the executive directors' remuneration are appropriate for the purpose of making their remuneration competitive or otherwise comparable with the remuneration paid by such companies; and
- 8.4.15. obtain, at the Company's expense, outside legal or other independent professional advice, including that of independent remuneration consultants, on any matter within its terms of reference.

In addition to the duties outlines above, the Remuneration Committee will also responsible for reviewing the composition of the Board including, but not limited to, regularly reviewing the skills, knowledge, experience and diversity of the Board, giving its full consideration to successions planning of the Directors and identifying and nominating for the approval by the Board candidates to fill any vacancies as and when they arise.

9. Taxation

The following statements are intended only as a general guide current as at 22 July 2013 (being the latest practicable date prior to publication of this document) to United Kingdom tax legislation and to the current practice of the HMRC and do not constitute tax advice. They may not apply to certain categories of shareholder, such as dealers in securities. Levels and bases of taxation are subject to change. Any person who is in any doubt as to his tax position or who is resident for tax purposes outside the United Kingdom is strongly recommended to consult his professional advisers immediately.

9.1. *Stamp Duty and Stamp Duty Reserve Tax*

Save in relation to depository receipt arrangements or clearance services, where special rules apply, no charge to stamp duty or stamp duty reserve tax ("SDRT") should arise on the issue of new Ordinary Shares pursuant to the Placing or on their registration in the names of applicants.

A subsequent transfer on the sale of Ordinary Shares held in certificated form will ordinarily be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the amount or value of the consideration, rounded up to the next highest multiple of £5, in the hands of the purchaser or transferee. An exemption from stamp duty applies where the amount or value of the consideration does not exceed £1,000 and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. An unconditional agreement to transfer shares will normally give rise to a charge to SDRT in the hands of the purchaser at the rate of 0.5 per cent. of the amount or value of the consideration for the shares. However, where within six years of the date of the agreement, an instrument of transfer is executed and duly stamped, the SDRT liability will be cancelled and any SDRT which has been paid will be repaid.

Paperless transfers of shares within CREST will be liable to SDRT rather than stamp duty (generally at a rate of 0.5 per cent. of the amount or value of the consideration) in the hands of

the purchaser and SDRT on the relevant transactions settled in CREST or reported through CREST for regulatory purposes will generally be settled by CREST, although, CREST is obliged to collect SDRT from the purchaser of the shares on relevant transactions settled within the system.

Special rules apply to market intermediaries, dealers and certain other persons and professional advice should be sought if these rules apply.

In his budget speech in March 2013, the Chancellor announced that the Finance Act 2014 will introduce legislation to abolish the 0.5 per cent. stamp duty applicable to instruments transferring shares listed on AIM (or other growth markets, such as the ISDX Growth Market). Although the published information refers only to abolishing stamp duty, given that many AIM-listed shares are held in uncertificated form so that transfers take place electronically through a settlement system such as CREST (ie, without a physical instrument of transfer capable of being stamped), it is expected that this abolition will extend to SDRT and remove the SDRT charge that would otherwise apply to an agreement to transfer uncertificated shares within CREST. However, the final position will depend on the legislation, if any, that is ultimately included in the proposed Finance Act 2014.

9.2. *Dividends*

The United Kingdom taxation implications relevant to the receipt of dividends on the Placing Shares are as follows:

There is no United Kingdom withholding tax on dividends. Individual holders of Placing Shares will be taxable on the total of the dividend and the related notional tax credit (“**gross dividend**”), which will be regarded as the top slice of the individual’s income.

The notional tax credit on dividends is one-ninth of the dividend paid (or 10 per cent. of the aggregate of the dividend and the tax credit). For individuals, the income tax rates on dividend income are such that basic rate taxpayers will have no further tax liability on a dividend receipt.

Individuals who pay income tax at the higher rate of 40 per cent. will pay income tax on dividends at an effective rate of 32.5 per cent. so that a higher rate taxpayer receiving a dividend of £90 will be treated as having gross income of £100 (the net dividend of £90 plus a tax credit of £10) and after allowing for the tax credit of £10 will have a further £22.50 liability. His effective tax rate on the net dividend received will, therefore, be 25 per cent.

An individual who receives a dividend falling above the threshold for additional rate tax (and who therefore pays income tax at 45 per cent.) will be subject to tax on the gross dividend exceeding the threshold at the rate of 37.5 per cent. Therefore, if he receives a dividend of £90, he will be treated as having gross income of £100 (the net dividend of £90 plus a tax credit of £10) and after allowing for the tax credit of £10 will have a further £27.50 liability. His effective tax rate on the net dividend received will therefore be 30.55 per cent.

Generally, holders of Placing Shares will not be entitled to reclaim the tax credit attaching to any dividends paid.

A holder of Placing Shares which is a company resident for tax purposes in the United Kingdom will have to pay corporation tax in respect of any dividends it receives from another company resident for tax purposes in the United Kingdom, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular UK resident company Shareholder, although it is expected that the dividends paid would normally be exempt.

Shareholders not resident for tax purposes in the UK may be subject to foreign taxation on dividends received on their Placing Shares or in respect of other transactions relating to the shares under the tax law of their country of residence. Such Shareholders will not be subject to any further UK tax on their dividends where they have no other sources of income from the UK and do not have a UK representative or, in the case of trustees, there are no UK resident beneficiaries of the trust. Entitlement to claim repayment of any part of a tax credit, however, will depend, in general, on the existence and terms of any double tax convention between the United Kingdom and the country in which the holder is resident (however, given the rate of the tax credit on dividends, any such repayment may not be significant). Non-UK resident Shareholders should consult their own tax advisers as soon as possible concerning their tax liability on dividends received; what relief, credit or entitlement to a refund of any tax credit may be available in the jurisdiction in which they are resident for tax purposes; or other taxation consequences arising from their ownership of the Placing Shares.

9.3. *Disposal of shares acquired under the Placing*

A Shareholder who is an individual resident for tax purposes in the UK who sells or otherwise disposes of his Ordinary Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised. Capital gains tax is charged at a rate of 28 per cent. where income and gains exceed the threshold for higher rate tax, and 18 per cent. if income and gains are below this level. In computing any chargeable gain, the shareholder should be entitled to deduct from proceeds the cost to him of the shares (together with incidental costs of acquisition and disposal). A UK resident Shareholder is also entitled to deduct the annual exemption (currently £10,900).

Corporate Shareholders within the charge to UK corporation tax may be liable to corporation tax on any chargeable gains realised on the disposal of Ordinary Shares but will generally be entitled to indexation allowance in respect of these Ordinary Shares up until the date of disposal (together with deductions in respect of the cost of shares and incidental costs of acquisition and disposal).

A Shareholder who is not resident for tax purposes in the UK will not normally be liable for UK tax on capital gains realised on the disposal of his Ordinary Shares unless at the time of the disposal such Shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a permanent establishment and such Ordinary Shares are to have been used, held or acquired for the purposes of such UK permanent establishment. However, a Shareholder who has been resident in the United Kingdom may in some cases be subject to United Kingdom tax on capital gains in respect of a disposal of Ordinary Shares in the event that they re-establish residence in the United Kingdom.

9.4. *Tax reliefs*

Entrepreneurs' Relief may be available to reduce the capital gains tax rate to 10 per cent. on a disposal of Ordinary Shares by a Shareholder who is an officer or employee of the Company and who meets certain other conditions, including holding at least 5 per cent. of the ordinary share capital and voting power of the Company for a continuous period of at least 12 months ending with the date of disposal. A holding in the shares of the Company may qualify for other reliefs such as capital gains tax gift relief and inheritance tax business property relief. However, individuals should seek confirmation as to whether any relief is available in their own particular circumstances at the relevant time.

9.5. *Venture Capital Trust ('VCT') and Enterprise Investment Scheme ('EIS')*

The Company has obtained from HMRC written assurance, on the basis of the information provided, that for VCT purposes the Company's Ordinary Shares represent a qualifying holding and its Ordinary Shares comply with the requirements of Chapter 4 Part 6 of the Income Tax

Act 2007. The Company has also separately obtained written assurance from HMRC, on the basis of the information provided, that in relation to EIS it will be authorised to issue compliance certificates under section 204 (1) Income Tax Act 2007 in relation to Ordinary Shares issued, upon receipt by HMRC of a satisfactory EIS1 form.

Persons who are not resident in the United Kingdom should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

These comments are intended only as a general guide to the current tax position in the United Kingdom as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of a financial trade and that any dividends paid are not foreign income dividends. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.

10. Summary of Licences and joint operating arrangements

10.1. *Petroleum exploration and development licence*

(a) Exclusive nature of the Licence

Each Licence follows a standard model and grants to the licensee(s) an exclusive licence to search and bore for, and get, Petroleum in the licensed area.

(b) Term

- i. Unless sooner determined, each Licence will continue for an initial term of six years.
- ii. Upon notice given by the licensee(s) to the Minister and subject to fulfilment by the licensee(s) of its obligations under the Licence (including an agreed work programme), the Licence will continue for a second term of five years in relation to the designated part of the licensed area (the “continuing licensed area”) over which it wishes to continue the Licence. The continuing licensed area cannot be more than half of the original licensed area, provided that the continuing licensed area must comprise at least 25 square kilometres and the licensee(s) will not be required to surrender such part of the original license area as is necessary to secure the recovery of Petroleum from such area.
- iii. Upon notice given by the licensee(s) to the Minister and subject to the Minister having approved a development programme for extracting Petroleum from the continuing licensed area, the Licence will continue for a further term of up to 20 years (the “production term”).
- iv. The licensee(s) may apply to extend the production term (with a view to securing the maximum economic recovery of Petroleum from the continuing licensed area) for such further period and on such terms as may be agreed by the Minister.

The licensee(s) may, at any time, determine the Licence or surrender part of the licensed area by giving notice to that effect to the Minister.

(c) Payments

On the date on which the initial term of the Licence begins and on each subsequent anniversary, the licensee(s) must pay to the Minister a fixed amount multiplied by the number of square kilometres comprised in the license area at that time. Subject to the periodic reviews referred to below, the fixed amount is £25 up to the fifth anniversary

of the initial term, £50 on the sixth anniversary, increasing by a further £50 for each of the seventh to the eleventh anniversaries, £400 on the twelfth anniversary, increasing by a further £100 for each of the thirteenth to the twentieth anniversaries, and remaining at £1,100 on every subsequent anniversary. If the Minister so determines, the fixed amounts shall be increased or reduced (but not below the above amounts) at two-yearly intervals in line with movements in the Index of the Price of Crude Oil acquired by Refineries (or any other comparable successor index).

(d) *Approval and reporting obligations*

Each Licence contains standard rules and regulations as to the manner in which the work, development and production programmes must be agreed with the Minister and carried out by the licensee(s) (including the commencement and abandonment and plugging of wells).

The licensee(s) must:

- i. keep accounts covering prescribed information (including the quantities of Petroleum won and saved), which must be shared on a half yearly basis with the Minister;
- ii. must keep drilling and geological records which must be shared with the Minister on request; and
- iii. must report to the Minister on an annual basis on the progress of operations, such report to contain certain prescribed information.

(e) *Assignment*

No right granted by the Licence may be assigned without the written consent of the Minister.

(f) *Revocation*

The Minister may revoke the Licence upon the occurrence of certain specified events, including failure by the licensee(s) to meet any payment obligations within two months of the due date, any breach by a licensee of the Licence, and any insolvency of a licensee.

(g) *Disputes*

Subject to any prescribed process set out in the Licence, any disputes arising between the Minister and the licensee(s) relating to the Licence will be referred to arbitration by a single arbitrator who, in default of agreement between the Minister and the licensee(s), will be appointed by the Lord Chief Justice of England for the time being.

10.2. *Joint Operating Agreements*

- i. Those persons with interests in the Licences (“participants”) have also entered into a separate Joint Operating Agreement in respect of each Licence (or, if a participant was not a party to the Licence, a deed of novation of such agreement). The Joint Operating Agreements, which follow an industry standard model contract, regulate the operations under the Licences (including work, development and production programmes) and define the respective rights, interests, duties and obligations of the participants in connection with the Licences and in connection with all Petroleum produced under the Licences, in each case during the period of the relevant Licence.

- ii. The operator is generally responsible for the day to day conduct of operations (including insurance and the maintenance of records and the provision of reports to participants) under the overall supervision of a joint operating committee (made up of one representative appointed by each participant, and chaired by the representative of the operator). As well as its supervisory function, the joint operating committee is also responsible for the approval of budgets and work, development and production programmes, and for expenditure in excess of specified amounts, and for certain strategic decisions. Unless agreed otherwise, the costs of the activities carried out by the operator shall be shared by the participants in proportion to their respective percentage interests in the relevant Licence (“percentage interest”).
- iii. Ownership of all assets developed for or derived from the joint operations (including Petroleum) follows the percentage interests.
- iv. The operator may resign by giving 90-180 days’ notice, depending on the relevant Licence (or such shorter period as the joint operating committee may decide) to the participants. The operator may be removed on between 30 and 90 days’ notice depending on the terms of the relevant Licence) in the event of a material breach of its obligations under the joint operating arrangements or in the event that its percentage interest falls below a specified figure (typically 15-25 per cent.) where another participant holds a larger percentage interest.
- v. Provided that it has complied with its obligations, a participant may give notice to withdraw from a Licence or a Joint Operating Agreement (such notice in relation to select Licences being given at 5-6 months before the expiration of the initial term of the relevant Licence). Within 30 days of such notice, any of the other participants may give a similar withdrawal notice, following which the withdrawing participants shall assign their percentage interests to the continuing participants. If all participants wish to withdraw, the joint operators shall be abandoned and the Licence surrendered.

10.3. *The Company’s interests in the Licences*

(a) The Company has the following interests in PEDLs:

(1) <i>Licence</i>	(2) <i>Prospect</i>	(3) <i>Licence commencement date</i>	(4) <i>Percentage interest currently held by the Company</i>	(5) <i>Other percentage interests currently held</i>	(6) <i>Operator</i>	(7) <i>Area Km²</i>
PEDL201	Burton on the Wolds	1 July 2008	10.00	Egdon Resources (32.5%) Celtique Energie (32.5%) Terrain Energy Limited (12.5%) Corfe Energy Limited (12.5%)	Egdon Resources	40.00

(1) <i>Licence</i>	(2) <i>Prospect</i>	(3) <i>Licence commencement date</i>	(4) <i>Percentage interest currently held by the Company</i>	(5) <i>Other percentage interests currently held</i>	(6) <i>Operator</i>	(7) <i>Area Km²</i>
PEDL253	Biscathorpe†	1 July 2008	10.00	Egdon Resources (54%) Montrose (36%)	Egdon Resources	189.30
PEDL241	North Kelsey†	1 July 2008	10.00	Egdon Resources (40%) Celtique Energie (50%)	Egdon Resources	110.00
PEDL180	Wressle†	1 September 2008	8.33	Europa Oil & Gas Limited (33.34%) Celtique Energie (33.33%) Egdon Resources (25.00%)	Egdon Resources	100.00

Note:

† The register of PEDLs maintained by DECC has yet to be updated to reflect Union Jack Oil's interest in these Licences.

- (b) With effect from the date of first production of oil or gas within the licensed area of PEDL253, and subject to the consent of the Secretary of State and Charnia being in good standing at that time, the participants will procure that a legal and beneficial interest of 6 per cent. in PEDL253 (the "Carry Interest") shall be assigned by them to Charnia. By a deed of assignment between Egdon Resources, Montrose, Charnia and the Company in respect of such carry arrangement dated 11 April 2013, the participants have agreed that the Carry Interest will be assigned by them in the following proportions: Egdon Resources: 3.24 per cent.; Montrose: 2.16 per cent.; and the Company: 0.6 per cent., so that, following any such assignment, the percentage interests in PEDL253 will be held as follows: Egdon Resources: 50.76 per cent.; Montrose: 33.84 per cent.; the Company: 9.4 per cent.; and Charnia: 6 per cent.
- (c) Of the percentage interest held by Egdon Resources in PEDL 180 immediately prior to the Farmout Agreement with the Company, part is encumbered by a net profit interest agreement dated 11 March 2011 between Egdon Resources and Valhalla Oil & Gas Limited ("Valhalla NPI"). The Company has entered into a net profit interest agreement in identical terms to the Valhalla NPI such that the Company's interest in PEDL 180 is subject to a 0.6248 per cent. Net profit interest (based on Petroleum income less deductible expenditure) in favour of Egdon Resources (equivalent to 7.5 per cent. of the Company's percentage interest).
- (d) In the event that the first well on PEDL180 discovers Petroleum and that discovery is developed as part of a field designated by the Secretary of State as extending into PEDL182, then within 30 days of such designation the Company shall have the option to require Egdon Resources to assign an 8.33 per cent. interest in the part of the designated field falling with PEDL182, such assignment to be on the same terms as the acquisition of the Company's interest in PEDL180 (other than in relation to the payment of costs of the first well).

10.4. *Farmout Agreements*

- (a) The Company acquired the interests in the Licences pursuant to the following Farmout Agreements:

(1) <i>Date of Farmout Agreement</i>	(2) <i>Licence</i>	(3) <i>Farmor</i>	(4) <i>Percentage interest in the Licence farmed out to the Company</i>	(5) <i>Effective date of transfer to the Company of interest in the Licence</i>
4 March 2013 ⁽¹⁾	PEDL253	Egdon Resources	6.00	1 January 2013
		Montrose	4.00	2013
18 February 2013	PEDL201	Egdon Resources	5.00	1 January 2013
		Celtique Energie	5.00	2013
4 March 2013 ⁽²⁾	PEDL241	Egdon Resources	10.00	1 January 2013
7 May 2013 ⁽³⁾	PEDL180	Egdon Resources	8.33	1 January 2013

- (b) the Secretary of State has given written consent to the assignment of the interests of the Farmors in the Licences as described above.
- (c) Under each of the Farmout Agreements, the Company has agreed to pay its percentage share of all costs pursuant to the relevant Joint Operating Agreement, together with an additional percentage (of an amount equal to its percentage interest) of the costs of drilling the first well on the relevant prospect.
- (d) In relation to each Licence, the Farmors, the Company and the Secretary of State have entered into a deed of licence assignment following the entering into of the corresponding Farmout Agreement, pursuant to which the Farmors and the Company have jointly and severally covenanted to the Secretary of State and each other to perform and observe the terms and conditions contained in the relevant Licence. At the same time, the Company and each of the parties to the Joint Operating Agreement relating to the corresponding Licence entered into a deed of novation pursuant to which the relevant Farmors are released, and the Company assumes, the liabilities and obligations under the Joint Operating Agreement in so far as they relate to the interests in the Licence transferred by the Farmors to the Company.
- (e) The Licence and all agreements referred to above which relate to the Licences are governed by the laws of England & Wales.

10.5 *Supplemental Farmout Agreements*

The Company has entered into agreements with each of the relevant Farmor(s) supplementing the Farmout Agreements for each of PEDL253 and PEDL241 (each a “Supplemental Farmout Agreement”).

Pursuant to each Supplemental Farmout Agreement, the Farmor(s) have granted, for a fee of £5,000 for each licence interest, to the Company an option (a “Withdrawal Option”) to terminate the relevant Farmout Agreement and withdraw from the relevant Licence prior to three months before the anticipated date on which the first well will be spudded, as notified by the relevant operator, or seven days after such notification, if given later (and prior to the costs of drilling the first well being incurred). Similarly, the Company has granted to the Farmor(s) an option (a “Termination Option”) to terminate the relevant Farmout Agreement at any time prior to the Company terminating the relevant Supplemental Farmout Agreement or affirming the relevant Farmout Agreement as referred to below.

On termination of a Farmout Agreement pursuant to the exercise of either a Withdrawal Option or a Termination Option, the Company has agreed, subject to the consent of the Secretary of State, to transfer its interest in the relevant Licence to the Farmor(s) for no consideration.

In the event that the Company exercises a Withdrawal Option, it has agreed to pay to the relevant Farmor(s) a withdrawal fee of £5,000 in respect of each Supplemental Farmout Agreement.

Provided that notice to exercise a Withdrawal Option or a Termination Option has not been given, the Company may at any time serve notice on the relevant Farmor(s) unilaterally terminating the relevant Supplemental Farmout Agreement and affirming the relevant Farmout Agreement.

11. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business or as otherwise described in paragraph 10 above) have been entered into by the Company (i) within the period of two years immediately preceding the date of this document and which are, or may be, material or (ii) which contain any provision under which the Company has an obligation or entitlement as at the date of this document:

- 11.1. On 4 March 2013, the Company entered into a letter of intent with Egdon Resources relating to the intended acquisition from Egdon Resources of an additional 5 per cent. interest in PEDL241 and a 10 per cent. interest in PEDL005 (Remainder). Any such acquisition would be on substantially the same terms and conditions as the original acquisition in PEDL241 (other than percentage interests), and must be entered into prior to 31 July 2013. Under the terms of any such acquisition in relation to PEDL005 (Remainder), the Company would pay 20 per cent. of the costs of drilling the first well. However, the Board does not intend to proceed with the acquisition.
- 11.2. On 13 May 2013 the Company entered into an agreement with Dorset Exploration pursuant to which the Company has the option, exercisable until 6.00 p.m. on 31 July 2013, to acquire with effect from 1 May 2013 all of Dorset Exploration's interests in PL090 and PEDL237 comprising 10 per cent of the obligations and benefits under each of such Licences. The Company has paid a cash sum of £20,000 to Dorset Exploration for such option, such sum to be non-returnable other than in the event of a material breach of the warranties given by Dorset Exploration in such agreement. On exercise of the Waddock Cross Option Agreement, the Company will pay Dorset Exploration a further cash sum of £540,000, subject to adjustment to reflect expenses borne or income received by Dorset Exploration between 1 May 2013 and the date of exercise. However, the Board does not intend to exercise its rights under the Waddock Cross Option Agreement.
- 11.3. On 3 June 2013 the Company entered into an agreement with Montrose pursuant to which the Company has the option, exercisable until 6.00 p.m. on 31 July 2013, to acquire with effect from 1 July 2013 all of Montrose's interest in PEDL068 (Block NZ/60a) comprising 5 per cent. of the obligations and benefits under such interest (the "PEDL068 Interest"). The Company has paid a cash sum of £5,000 to Montrose for such option, such sum to be non-returnable other than in the event of a material breach of the warranties or the undertakings given by Montrose in such agreement. On completion of the acquisition, the Company would be obliged to pay Montrose a further cash sum of £170,000, subject to adjustment to reflect expenses borne or income received by Montrose between 1 July 2013 and the date of completion. However, the Board does not intend to exercise the option.

During the period prior to completion, Montrose will carry on its activities in relation to the PEDL068 Interest in the ordinary course so as to protect and maintain such licence interests; will provide to the Company access to technical, financial and contractual information

regarding such licence interests; and will keep the Company informed of developments regarding such licence interest.

- 11.4. On 4 December 2012, the Company executed a warrant instrument pursuant to which warrants exercisable over 3,644,706 Ordinary Shares have been granted to Peterhouse Corporate Finance Limited (formerly St. Helen's Capital Partners LLP) ("Peterhouse") in its capacity as the Company's ISDX Corporate Adviser at that time, such warrants to be exercisable at 0.25p per Ordinary Share at any time prior to 4 December 2017. At the same time the Company executed a warrant instrument pursuant to which warrants exercisable over 6,074,510 Ordinary Shares have been granted to Northland in its capacity as financial adviser and broker to the Company at that time, such warrants to be exercisable at 0.25p per Ordinary Share at any time prior to 4 December 2022. The warrant instruments are part of the fee arrangements agreed with Peterhouse and Northland. The exercise price is subject to appropriate adjustment in the event of the Company's share capital being consolidated or subdivided. The Company shall, subject to certain exemptions, apply for all of the Ordinary Shares issued upon exercise of the warrants to be admitted to trading on AIM or such other recognised investment exchange on which the Ordinary Shares of the Company are being traded from time to time.
- 11.5. A nominated adviser and broker agreement dated 16 July 2013 and made between (1) the Company (2) SCC and (3) SCS pursuant to which the Company has appointed SCC to act as nominated adviser and SCS to act as broker, in each case to the Company for the purposes of the AIM Rules. The agreement is for an initial term of 12 months following Admission ("initial term") and thereafter is terminable upon not less than three months' prior written notice by either the Company or Shore Capital such notice to expire on or after the end of such initial term. In return for its services as nominated adviser and broker under this agreement, the Company has agreed to pay Shore Capital a fee of £40,000 plus VAT per annum for the initial term, increasing thereafter to £50,000 plus VAT per annum.
- 11.6. A broker agreement dated 22 July 2013 and made between (1) the Company and (2) Northland pursuant to which the Company has appointed Northland to act as broker. In return for its services as broker under this agreement, the Company has agreed to pay Northland a fee of £15,000 plus VAT per annum. The Company will pay to Northland the annual fee in respect of the 12 months following Admission up front and Northland has agreed to apply such fee in addition to the fee of £7,500 it received from the Company in respect of brokerage services provided in connection with the Placing in subscribing for Ordinary Shares at the Placing Price.
- 11.7. On 22 July 2013, the Company executed a warrant instrument pursuant to which warrants exercisable over 19,200,000 Ordinary Shares were granted to SCS, such warrants to be exercisable at the Placing Price at any time prior to the fifth anniversary of Admission. The warrants may be transferred by SCS within its group of companies but are not otherwise transferable.
- 11.8. On 22 July 2013 the Company executed a warrant instrument constituting warrants exercisable over an aggregate 320,000,000 Ordinary Shares. The Board has resolved, subject to Shareholder authority being obtained at the General Meeting and Admission, to grant such warrants to subscribers of the Placing Shares on a one for one basis. The Placing Warrants are exercisable at a price of 0.3p per Ordinary Share at any time prior to the expiry of 18 months following Admission.
- 11.9. Between June and July 2013 the Company received subscription letters from several investors who have agreed to subscribe for an aggregate of 119,640,000 new Ordinary Shares at the Placing Price.
- 11.10. the Placing Agreement, further details of which are contained in paragraph 12 of this Part V.

12. Arrangements relating to the Placing

12.1. Pursuant to the Placing Agreement dated 22 July 2013 and made between (1) the Company (2) the Directors (3) SCC and (4) SCS:

12.1.1. SCS has agreed as agent for the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares which are not subscribed under the letters of subscription described in paragraph 11.9 above at the Placing Price but is under no obligation to subscribe for any such Placing Shares for which it is unable to procure subscribers;

12.1.2. the Company and the Board have given certain warranties and the Company has given indemnities to Shore Capital as to the accuracy of information contained in this document and other matters in relation to the Company; and

12.1.3. the Company has agreed to pay all of Shore Capital's costs and expenses (including any applicable VAT) of the Placing.

12.2. The Placing Agreement is:

12.2.1. conditional *inter alia* upon certain documents specified in the Placing Agreement being delivered to Shore Capital, and Admission taking place not later than 8.00 a.m. on 30 July 2013 or such later date as is agreed in writing between the Company and Shore Capital (being not later than 31 August 2013); and

12.2.2. terminable by Shore Capital before Admission in certain circumstances, including a breach of any of the warranties, the failure to comply with obligations by the Company or any Director or any statement in this document being untrue, incorrect or misleading, and which in each such case would have a material effect on the Company or the Placing.

12.3. Placing Agreement fees:

12.3.1. SCC is entitled to receive a corporate finance advisory fee (plus applicable VAT) payable in cash by the Company immediately on Admission and SCC will be issued with the warrants referred to in paragraph 11.7 of this Part V. In addition, the Company has agreed to pay SCS a commission of 6 per cent. of the aggregate value of the Placing Shares for which SCS procures places at the Placing Price.

13. Share Option Scheme

13.1. The Directors believe that equity incentives are, and will continue to be, an important means of retaining, attracting and motivating employees to the Company and have adopted the Share Option Scheme for that purpose.

At Admission the Directors have not granted any options under the Share Option Scheme or otherwise. It is the intention of the Directors that options will be granted but that the total of all outstanding options from time to time will not exceed 10.0 per cent. of the issued share capital of the Company from time to time. The exercise price will be the market price at the date of grant.

13.2. The principal features of the Union Jack Oil plc Unapproved Employee Share Option Scheme are as follows:

13.2.1. *General*

The Share Option Scheme is unapproved for UK tax purposes.

13.2.2. *Operation*

The Share Option Scheme will be administered by the Remuneration Committee (the “Committee”). The Share Option Scheme is discretionary and will only operate in those years that the Committee determines. Currently, it is expected that options will be granted annually.

13.2.3. *Eligibility*

Any employee or executive director of the Company will be eligible to participate in the Share Option Scheme at the discretion of the Committee.

13.2.4. *Grant of options*

Options may be granted within the 42 day period following the date on which the Share Option Scheme is adopted by the Company. Thereafter, options may normally only be granted in the 42 days following the announcement by the Company of its interim or final results, or on a day on which an admission document relating to its shares is issued. If the Committee deems that exceptional circumstances exist to justify it, options may be granted at other times. However, at all times, the grant of options will be subject to the AIM Rules and any share dealing code adopted by the Company.

Options may be granted over newly issued ordinary shares and shares purchased in the market (“Shares”). No payment will be required for the grant of an option. Options will not be taken into account in determining a participant’s pension rights. Options are not transferable (other than on death in which case they may be exercised by the participant’s personal representatives).

13.2.5. *Option exercise price*

The price per Share payable on the exercise of an option will not be less than the higher of:

- the middle market quotation of a Share at close of dealings on the dealing day prior to the date of grant or, if the Committee so determines, the average of such quotations for the five dealing days immediately preceding the date the option is to be granted; and
- the nominal value of a Share.

13.2.6. *Limits on the issue of shares*

The Share Option Scheme is subject to an overall limit on the number of new Shares which may be subscribed, namely that in any 10 year period not more than 10 per cent. of the issued ordinary share capital of the Company from time to time may be issued or issuable pursuant to rights acquired under the Share Option Scheme and any other employees’ share schemes adopted by the Company.

For the purposes of this limit, options or other rights to acquire Shares which lapse or have been released do not count.

13.2.7. *Exercise of options*

On the grant of an option, the Committee shall specify the normal first exercise date on or after which the option may be exercised in normal circumstances.

Subject to the participant discharging any relevant tax liability, it is anticipated that an option will normally be exercisable from that date until its lapse (which will be no later than the tenth anniversary of the date of its grant).

13.2.8. *Performance conditions*

The exercise of options may be subject to the achievement of objective performance conditions. These will be determined by the Committee on grant of an option as appropriate.

The Committee will regularly review the performance conditions and they may be varied in certain circumstances following the grant of an option so as to achieve their original purpose but not so as to make their achievement any more difficult to satisfy.

13.2.9. *Leavers*

If a participant leaves employment of the Company because of death, options (whether or not vested) will be capable of exercise to the extent to which the Committee may determine within a period of 12 months following death following which, to the extent unexercised, such options will lapse.

If a participant leaves employment by reason of injury, disability, ill-health, redundancy, retirement, the sale of the business or company for which he works to a third party or for such other reason as the Committee may determine in its discretion, options (whether or not vested) may be exercised within 6 months of cessation following which, to the extent unexercised, such options will lapse.

If a participant ceases to be an employee of the Company for any other reason, his unexercised options will lapse on the date of cessation.

13.2.10. *Change of Control, Reorganisations, etc*

In the event of a takeover, reconstruction or winding up of the Company, vested options may be exercised to such extent as the Committee may determine within 6 months of the change of control (or such earlier date as may be specified). The Committee has a discretion to allow the exercise of unvested options within the same time frame. Alternatively, options may be exchanged for new equivalent options in certain circumstances.

13.2.11. *Rights attaching to Shares*

Shares allotted or transferred under the Share Option Scheme will rank equally with all other Shares of the Company for the time being in issue (except for rights attaching to such shares by reference to a record date prior to the date of exercise) and the Company will apply for the listing of any new shares allotted under the Share Option Scheme. The Committee may also satisfy options in cash or other assets provided the participant receives the same economic value as would have been provided by an option over shares.

13.2.12. *Variation of capital*

In the event of any rights or capitalisation issue, subdivision, consolidation, reduction or other variation of share capital, the Committee may make such adjustments as they consider appropriate to the number of Shares subject to options and/or the price payable on the exercise of options.

13.2.13. *Alterations to the Share Option Scheme*

The Committee may amend the Share Option Scheme. However, any alterations to the material advantage of participants to the provisions relating to the eligibility of participants, individual participation limits, the number of securities subject to the Share Option Scheme, the basis for determining a participant's entitlement and any

adjustment thereof in the event of a variation in the Company's share capital must be approved in advance by shareholders in general meeting, unless the alteration or addition is minor in nature and made to benefit the administration of the Share Option Scheme, to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or the Company.

No amendment may be made to the Share Option Scheme which would adversely affect the subsisting rights of a participant unless the consent of a majority of the participants to the making of such amendment is obtained.

13.2.14. *Term of the Share Option Scheme*

The Share Option Scheme will terminate on the tenth anniversary of its adoption or such earlier date as the Company, in its sole discretion, shall determine, but any termination will not affect the existing rights of any participant.

13.2.15. *Overseas employees*

The Committee may grant options to overseas employees on different terms so as to take account of relevant overseas tax, securities or exchange control laws subject to the Share Option Scheme limits.

14. Working capital

In the opinion of the Board having made due and careful enquiry, taking into account the net proceeds of the Placing, the working capital available to the Company will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

15. Litigation

The Company is not nor has it been involved in any governmental, legal or arbitration proceedings which may have or have had during the last 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Company nor, so far as the Company is aware, are any such proceedings pending or threatened.

16. Significant change

There has been no significant change in the financial or trading position of the Company since 31 December 2012, being the end of the last financial period for which audited financial information of the Company has been published, save in relation to the items disclosed in note 18 of Part IV and paragraphs 10.4 and 11.1 of Part V of this document.

17. Consents

- 17.1. Shore Capital and Corporate Limited of Bond Street House, 14 Clifford Street, London W1S 4JU is authorised and regulated in the United Kingdom by the FCA. SCC has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.
- 17.2. Shore Capital Stockbrokers Limited of Bond Street House, 14 Clifford Street, London W1S 4JU is authorised and regulated in the United Kingdom by the FCA. SCS has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.
- 17.3. Molten Limited of 22 Grafton Street, Mayfair, London W1S 4EX has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and its report in

Part III of this document and the references to such report and its name in the form and context in which they appear.

- 17.4. Deloitte LLP, Chartered Accountants and registered auditors, of 3 Rivergate, Temple Quay, Bristol BS1 6GD, have given and have not withdrawn their written consent to the inclusion in this document of their report in Part IV of this document, in the form and context in which it is included.

18. General

- 18.1. The net proceeds of the Placing are expected to be approximately £321,000 net of expenses of the Placing which are estimated at £479,000, excluding VAT, and are payable by the Company.
- 18.2. Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- 18.2.1. fees totalling £10,000 or more;
- 18.2.2. securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or
- 18.2.3. any other benefit with a value of £10,000 or more at the date of Admission.
- 18.3. Information in this document which has been sourced from third parties has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 18.4. Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 18.5. Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.
- 18.6. Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Company.
- 18.7. Save as disclosed in this document, the Directors believe that the Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 18.8. The Company will be subject to the provisions of the City Code, including the rules regarding mandatory takeover offers set out in the City Code. Under Rule 9 of the City Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the City Code), carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.

- 18.9. The Ordinary Shares will also be subject to the compulsory acquisition procedures set out in sections 979 to 991 of the Act. Under section 979 of the Act, where an offeror makes a takeover offer and has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. of the shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, that offeror is entitled to compulsorily acquire the shares of any holder who has not acquired the offer on the terms of the offer.
- 18.10. Since the date of incorporation of the Company, there has been no takeover offer (within the meaning of Part 28 of the Act) for any Ordinary Shares.
- 18.11. The current accounting reference period of the Company will end on 31 December 2013.
- 18.12. The financial information contained in Parts IV and V of this document does not constitute statutory accounts within the meaning of section 434 of the Act. The auditors for the financial period ended 31 December 2012 were Deloitte LLP, Chartered Accountants and registered auditors, of 3 Rivergate, Temple Quay, Bristol BS1 6GD. A copy of the audited statutory accounts of the Company for the financial period ended 31 December 2012 has been delivered to the Registrar of Companies in England and Wales. The auditors' report for the financial period ended 31 December 2012 under section 495 of the Act on those accounts was unqualified and did not contain any statement under section 498 of the Act.

19. Availability of this document

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the offices of Osborne Clarke LLP at 2 Temple Back East, Temple Quay, Bristol BS1 6EG from the date of this document for a period of at least one month from Admission. This document is also available at the Company's website www.unionjackoil.com.

Dated 22 July 2013

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Act”	the Companies Act 2006, as amended
“Admission”	admission of the Existing Ordinary Shares and Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“AIM”	the AIM market operated by London Stock Exchange plc
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange governing admission to, and the operation of, AIM as in force as at the date of this document or, where the context so required, as amended or modified after the date of this document
“Articles” or “Articles of Association”	the articles of association of the Company from time to time
“Board”	the Directors and Proposed Director
“Directors”	the directors of the Company as at the date of this document, being David Bramhill, Joseph O’Farrell and Martin Durham
“Business Day”	a day other than Saturday or Sunday or a public holiday in England and Wales
“Celtique Energie”	Celtique Energie Petroleum Ltd
“Charnia”	Charnia Resources Limited
“City Code”	the City Code on Takeovers and Mergers
“Company” or “Union Jack Oil”	Union Jack Oil plc (a company registered in England and Wales with company number 07497220) whose registered office is at 6 Charlotte Street, Bath, BA1 2NE
“Competent Person”	Molten Limited, the independent technical consultant appointed under AIM guidance note for Mining, Oil and Gas Companies
“Corporate Governance Code”	the UK Corporate Governance Code issued from time to time by the Financial Reporting Council
“CPR” or “Competent Person’s Report”	the competent person report set out in Part III of this document
“CREST”	the computerised settlement system to facilitate the transfer of title in shares and the holding of shares in uncertificated form which is operated by Euroclear UK & Ireland Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)
“DECC”	the Department of Energy and Climate Change

“Dorset Exploration”	Dorset Exploration Limited, a wholly owned subsidiary of Egdon
“Egdon”	Egdon Resources plc
“Egdon Resources”	Egdon Resources U.K. Limited, a wholly owned subsidiary of Egdon
“EIS”	Enterprise Investment Scheme under the provisions of Part 5 of the Income Tax Act 2007
“Enlarged Share Capital”	the Existing Ordinary Shares together with the Placing Shares, being the issued ordinary share capital of the Company immediately following Admission
“Euroclear”	Euroclear UK & Ireland Limited
“Existing Ordinary Shares”	the 467,880,400 Ordinary Shares in issue as at the date of this document
“Farmor”	a licensee under a Licence which farms out an interest under such Licence
“Farmout Agreement”	an agreement relating to the farmout of a percentage interest in a Licence
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the Company convened at the offices of Osborne Clarke at 2 Temple Back East, Temple Quay, Bristol BS1 6EG at 10.00 a.m. on 29 July 2013
“Group”	the Company and its subsidiaries from time to time
“HMRC”	HM Revenue & Customs
“ISDX Growth Market”	means the primary market for unlisted securities operated by ICAP Securities & Derivatives Exchange Limited, a recognised investment exchange under section 290 of FSMA
“Joint Operating Agreement”	an agreement relating to the conduct of operations on, and the rights and obligations of, the parties in respect of a Licence
“Licences”	Production Licence or PEDL as the context admits
“Minister”	means the Secretary of State for Business, Innovation and Skills
“Montrose”	Montrose Industries Limited
“Northland”	Northland Capital Partners Limited
“Official List”	the Official List of the UK Listing Authority

“Options”	the options which may be granted after Admission under the Share Option Scheme
“Ordinary Shares”	ordinary shares of 0.25p each in the capital of the Company
“PEDL”	a United Kingdom onshore petroleum exploration and development licence issued by the Secretary of State for Business, Innovation and Skills
“Petroleum”	any mineral oil or relative hydrocarbon and natural gas existing in its natural condition in strata but does not include coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation
“Placing”	the subscription of Placing Shares described in paragraph 11.9 of Part V of this document and conditional placing of Placing Shares at the Placing Price by SCS on behalf of the Company to the relevant placees
“Placing Agreement”	the conditional agreement dated 22 July 2013 and made between (1) the Company (2) the Board (3) SCC and (4) SCS, a summary of the principal terms of which are set out in paragraph 12 of Part V of this document
“Placing Price”	0.25p per Placing Share
“Placing Shares”	320,000,000 Ordinary Shares to be issued and allotted by the Company pursuant to the Placing
“Placing Warrants”	the unlisted 320,000,000 warrants to subscribe for new Ordinary Shares at 0.3p per share for a period of 18 months from Admission as described in paragraph 11.8 of Part V
“Production Licence” or “PL”	a United Kingdom onshore production licence issued by the Secretary of State for Business, Innovation and Skills
“Proposed Director”	Raymond Godson
“Prospective Resource”	those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from accumulations according to the definitions of the Society of Petroleum Engineers, World Council and American Association of Petroleum Geologists
“Prospectus Rules”	the Prospectus Rules brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004
“Reserves”	those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions
“SCC”	Shore Capital and Corporate Limited
“SCS”	Shore Capital Stockbrokers Limited

“Secretary of State”	the Secretary of State for Energy & Climate Change
“Shareholders”	the persons who are registered as the holders of Ordinary Shares from time to time
“Share Option Scheme”	the share option scheme to be adopted by the Company on or immediately prior to Admission, further details of which are set out in paragraph 13 of Part V of this document
“Shore Capital”	SCC and/or SCS as the context admits
“Subscription Shares”	the 43,800,000 Ordinary Shares to be issued and allotted to Northland and the Board following the application of their fees and salaries which the Company is to pay upfront
“Subsidiary”	as defined in the Act
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the UK Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of FSMA
“uncertificated” or “in uncertificated form”	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations, may be transferred by means of CREST
“US” or “United States”	the United States of America, each State thereof (including the District of Columbia), its territories, possessions and all areas subject to its jurisdiction
“VCT”	Venture Capital Trust under the provisions of Part 6 of the Income Tax Act 2007
“Waddock Cross Option Agreement”	the option agreement entered into between (1) the Company and (2) Dorset Exploration in relation PL090 and PEDL237, a summary of the principal terms of which are set out in paragraph 11.2 of Part V of this document
“Warrants”	the warrants granted to SCS to subscribe for Ordinary Shares as described in paragraph 11.7 of Part V of this document

GLOSSARY OF TECHNICAL TERMS

£	Pound sterling (United Kingdom currency)
1P	Taken to be equivalent to Proved Reserves; denotes low estimate scenario of Reserves
2-D	Two dimensional
2P	Taken to be equivalent to the sum of Proved plus Probable Reserves; denotes best estimate scenario of Reserves
3-D	Three dimensional
3P	Taken to be equivalent to the sum of Proved plus Probable plus Possible Reserves; denotes high estimate scenario of Reserves
AAPG	American Association of Petroleum Geologists
API	American Petroleum Institute gravity
bbbl	US barrel
bbbl/d	US barrels per day
bcf	Billion cubic feet
BOE	US barrels of oil equivalent
BOPD or bopd	Barrel of oil per day
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially
COS	Chance of success, probability of success or risk factor
CPR	Competent Person Report
DCF	Discounted cash flow
DCQ	Daily contract quantity
Discount Rate	The interest rate used to discount future cash flows into a value of a reference date
DOM	Département d'outre-mer or French overseas department
EMV	Expected monetary value
Expectation	The mean of a probability distribution
FPSO	Floating offshore production and storage unit
IRR	Internal Rate of Return is the discount rate that results in the NPV being equal to zero.
km²	Square kilometres

Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect
m	Metres
mD	Millidarcies (permeability)
Mean	Arithmetic average of a series of values
MM or mm	Million
NPV	Net Present Value (of a series of cash flows)
P10/high estimate	There should be at least a 10% probability that the quantities actually recovered will equal or exceed the high estimate
P50/best estimate	There should be at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate
P90/low estimate	There should be at least a 90% probability that the quantities actually recovered will equal or exceed the low estimate
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent viable drilling target or COS greater than 10 percent
Prospective Resources	Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from accumulations according to the definitions of the Society of Petroleum Engineers, World Council and American Association of Petroleum Geologists.
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions
scf	Standard cubic feet (measured at 60 degrees F and 14.7 psia)
scf/d	Standard cubic feet (measured at 60 degrees F and 14.7 psia) per day
SPE	Society of Petroleum Engineers
STOIIP	Stock tank oil initially in-place
US\$	United States dollar
WPC	World Petroleum Council

