



UNION JACK OIL

Union Jack Oil plc

Half Yearly Report

for the period ended
30 June 2013



Directors, Officers and Advisers

DIRECTORS

David Bramhill

Executive Chairman

Joseph O'Farrell

Executive

Martin Durham

Non-Executive

Raymond Godson

Non-Executive

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The Company holds an attractive drill ready portfolio of low to moderate risk and high reward projects.

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Chairman's Statement

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Introduction

I am pleased to present this Half Yearly Report for the six months ended 30 June 2013 to the shareholders of Union Jack Oil plc.

The Company's strategic objective remains focused on building a conventional exploration and production hydrocarbon business, located primarily onshore in the United Kingdom, by drilling and developing, a portfolio of drill ready projects.



Cash balances and receivables as at 5 September 2013 are in excess of £1.0 million and the Board intends to use some of its funds to drill the Wressle-I and Burton on the Wolds-I exploration wells.



The key highlights during the period are the acquisition of interests in four prospective Petroleum Exploration and Development Licences (“PEDL’s”) in the East Midlands Basin, which are further described later in this report.

Subsequent to the period end Union Jack was admitted to trading on AIM in conjunction with a successful fundraising, during a challenging economic back drop in respect of the resource sector, raising gross proceeds of £800,000. Additionally, planning permission was granted in respect of proposed drilling programmes for Burton on the Wolds-I and Wressle-I Prospects. Drilling is planned to commence later this year.

In the opinion of the Board, AIM provides Union Jack with greater access to investment, investor audiences, M&A opportunities and shareholder liquidity. The Board carries track records within the AIM arena, in some cases dating back to 1996 when the AIM market was in its infancy. The Board believes that the timing was correct for Union Jack and its shareholders to capitalise in this space.

Cash balances and receivables as at 5 September 2013 are in excess of £1.0 million and the Board intends to use some of its funds to drill the Wressle-I and Burton on the Wolds-I exploration wells.

OPERATIONAL HIGHLIGHTS

Acquisition of interests in four onshore Petroleum Exploration and Development Licences all containing drill ready prospects

Progress made towards delivering on strategy to rapidly appraise and exploit the acquired assets:

- Planning consent received in respect of the Burton on the Wolds-I and Wressle-I Prospects
- A two well drilling programme covering Burton on the Wolds-I and Wressle-I scheduled for later this year

Admitted to trading on AIM on 30 July 2013

FINANCIAL HIGHLIGHTS

Gross proceeds of £800,000 in connection with Admission

Cash position in excess of £1.0 million as at 5 September 2013

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Burton on the Wolds Prospect – PEDL201

In February 2013, Union Jack entered into an agreement with Egdon Resources U.K. Limited (“Egdon Resources”) a subsidiary of AIM listed Egdon Resources plc (“Egdon”), the licence operator, and privately controlled Celtique Energie Petroleum Limited (“Celtique Energie”) to acquire a 10 per cent. interest in PEDL201, located in the onshore UK East Midlands Province. PEDL201 contains the Burton on the Wolds Prospect, a four way dip closed, footwall structure on the Hoton Fault system.

The Burton on the Wolds Prospect is located on the southern boundary of the Widmerpool Gulf, a geological basin with proven oil generation and on trend with the Rempstone and Long Clawson producing oil fields.

Having been mapped from proprietary 2D seismic data which was acquired by Egdon during 2011, the geological evaluation has highlighted two stratigraphically independent Carboniferous targets within the prospect. The shallower target, the Rempstone Sandstone, is productive at a nearby oil field. In addition, a seismic anomaly, possibly indicative of a carbonate reef, underlies the Rempstone Sandstone and provides the deeper secondary target.

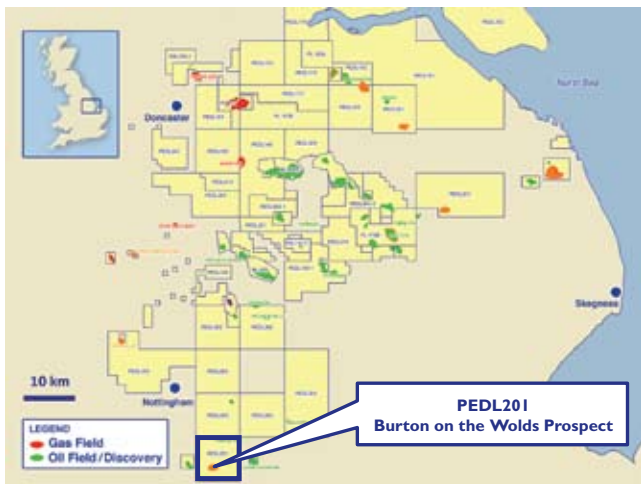
The subsurface target location to test the prospect has been agreed and in late July 2013 planning consent was granted by Leicestershire County Council for the drilling of an exploratory borehole, Burton on the Wolds-1.

The planned well will be drilled to a total depth of approximately 1,000 metres and has been designed to evaluate the primary and secondary reservoir objectives. This well is planned for drilling later this year and has been designed to intersect both targets in a structurally favourable position near the crest of the structure.

The mean Prospective Resource volumes for the two target objectives, as calculated by Egdon are estimated to be 3.8 million barrels of oil.

The interests in PEDL201 are held by:

Egdon Resources (operator)	32.5%
Celtique Energie	32.5%
Terrain Energy Limited	12.5%
Corfe Energy Limited	12.5%
Union Jack Oil	10.0%



“ The Burton on the Wolds Prospect is located on the southern boundary of the Widmerpool Gulf, a geological basin with proven oil generation and on trend with the Rempstone and Long Clawson producing oil fields. ”

Wressle Prospect – PEDL180

In May 2013 Union Jack entered into an agreement with Egdon Resources, the licence operator, to acquire an 8.33 per cent. interest in PEDL 180 containing the Wressle Prospect.

PEDL180 is located in Lincolnshire, on the western margin of the Humber Basin and is on trend with the producing Crosby Warren oil field and the Brigg-1 oil discovery, situated to the immediate northwest and southeast of the licence respectively. These discoveries contain oil in various sandstone reservoirs within the Upper Carboniferous succession, highlighting the relatively low risk potential for one or more sand units to be hydrocarbon bearing over the Wressle structure.

A surface location for the well has been identified, a lease agreed with the landowner and planning consent was granted by the North Lincolnshire Council in June 2013 for the drilling of an exploratory borehole, Wressle-1.

The planned well will be drilled as a deviated well to a total depth of approximately 2,300 metres with a maximum offset of 1,250 metres and has been

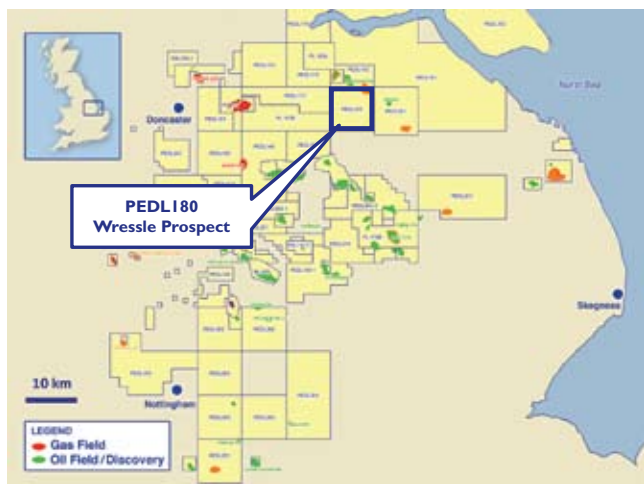
designed to intersect all of the prospective sandstone reservoirs in a structurally favourable position near the crest of the structure. This well is planned to be drilled later this year, as part of Egdon Resources’ drilling programme which will also include the Burton on the Wolds-1 well.

Under the terms of the agreement, should the Wressle-1 well be successful and prove the existence of an economically developable hydrocarbon accumulation that extends into the adjacent PEDL 182 then Union Jack has the option to require Egdon Resources to assign, at no extra cost, an 8.33 per cent. interest in that part of the designated field falling within PEDL182.

The mean Prospective Resource volume at Wressle as calculated by Egdon, is estimated to be 2.1 million barrels of oil.

The interests in PEDL180 are held by:

Egdon Resources (operator)	25.00%
Celtique Energie	33.33%
Europa Oil & Gas Limited	33.34%
Union Jack Oil	8.33%



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Chairman's Statement

Biscathorpe Prospect – PEDL253

In March 2013 Union Jack entered into an agreement with Egdon Resources, the licence operator, and Montrose Industries Limited (“Montrose”) to acquire a 10 per cent. interest in PEDL253 containing the Biscathorpe Prospect.

PEDL253 is located within the proven hydrocarbon fairway of the Humber Basin, on trend with the Saltfleetby gas field and the Keddington oil field which produces oil from the Upper Carboniferous Westphalian aged reservoir sandstones.

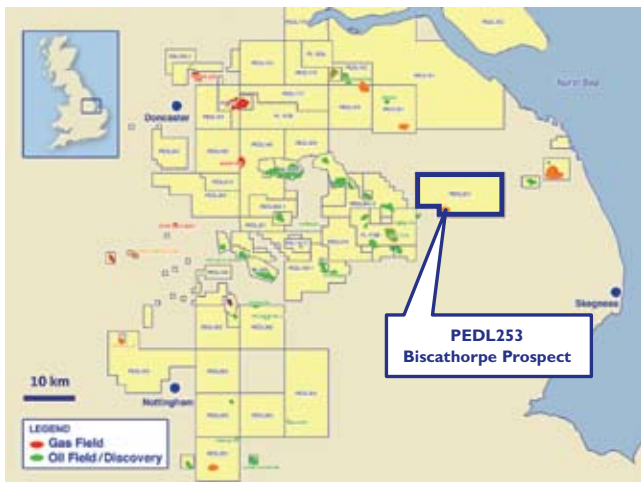
The Biscathorpe Prospect is a well defined four way dip closed structure mapped from recently reprocessed 3D seismic. The Biscathorpe structure was originally drilled and tested by BP in 1987 with the Biscathorpe-1 well which encountered a 1.2 metre thick, oil bearing sandstone of Lower Westphalian age within a 24 metres gross sequence. Biscathorpe-2 will be located in a direction towards a potentially thicker sand development within the structural closure of the trap.

A 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 2,100 metres can be drilled to test the primary subsurface objective. Drilling of the Biscathorpe-2 well is planned for Q2 2014 on receipt of planning and other consents.

The mean Prospective Resource volume for the main reservoir objective, as calculated by Egdon, is estimated to be 17.81 million barrels of oil. Further exploration upside is recognised from the 3D seismic and well data which suggests the presence of a pinchout providing a stratigraphic component to the trap.

The interests in PEDL253 are held by:

Egdon Resources (operator)	54.0%
Montrose	36.0%
Union Jack Oil	10.0%



North Kelsey Prospect – PEDL241

In March 2013 Union Jack entered into an agreement with Egdon Resources, the licence operator, to acquire a 10 per cent. interest in PEDL241 containing the North Kelsey Prospect.

PEDL241 is located within the proven hydrocarbon fairway of the Humberstone Platform and contains the North Kelsey Prospect.

This prospect is a well defined tilted fault block mapped from 3D seismic. Based on offset well data, potential exists for up to four separate stacked reservoir sequences to be hydrocarbon bearing. The nearby Crosby Warren oil field and the Brigg oil discovery are productive from Upper Carboniferous Namurian aged reservoirs.

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. Drilling operations are planned to commence in Q2 2014 subject to receipt of planning and other consents.

The mean Prospective Resource volume for the four reservoir objectives, as calculated by Egdon, is estimated to be 6.7 million barrels of oil.

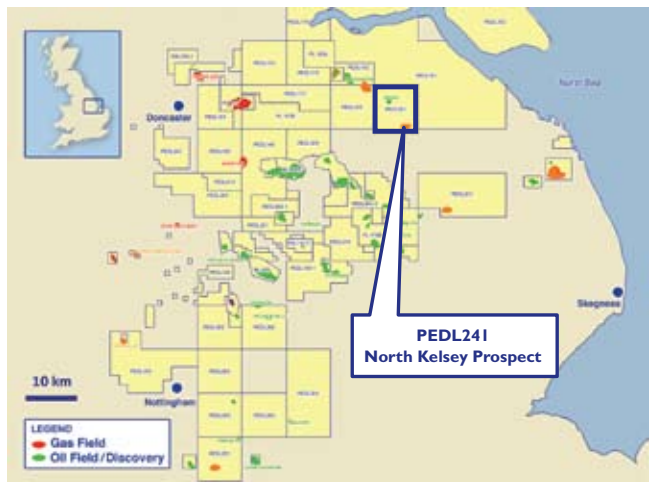
The interests in PEDL241 are held by:

Egdon Resources (operator)	40.0%
Celtique Energie	50.0%
Union Jack Oil	10.0%

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The mean combined Prospective Resource volume for the four reservoir objectives, as calculated by Egdon, is estimated to be 6.7 million barrels of oil.

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Corporate and Financial

In February 2013 the Company raised £562,250 before expenses for working capital. After the period end, in July 2013, the Company cancelled its listing on the ISDX Growth Market and was admitted to trading on the AIM market of the London Stock Exchange Plc. Admission to AIM was accompanied by placing and subscription raising gross proceeds of £800,000. The Board intends to use the funds along with existing cash resources to undertake the drilling of the Wressle-1 and the Burton on the Wolds-1 exploration wells and to meet the Company's working capital requirements.

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The Company successfully applied to HMRC for Venture Capital Trust (VCT) and Enterprise Investment Scheme (EIS) status, offering investors some excellent tax incentives for direct investment into the Company.

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The majority of the funds raised are currently invested in high interest rate deposit accounts with a high street bank. In the current environment of low interest rates we are pleased to receive a competitive return on shareholder funds without placing the capital at risk.

The transition from the ISDX Growth Market to AIM saw the appointment of Shore Capital Stockbrokers Limited and Northland Capital Partners Limited as joint brokers and Shore Capital and Corporate Limited as Nominated Adviser. The Board of Union Jack would like to thank Peterhouse Corporate Finance Limited, ISDX Growth Market Corporate adviser and broker for the excellent service provided to the Company during its time on the ISDX Growth Market. In addition, Deloitte LLP was appointed as auditor to the Company.

The Company successfully applied to HMRC for Venture Capital Trust (VCT) and Enterprise Investment Scheme (EIS) status, offering investors some excellent tax incentives for direct investment into the Company.

On admission to AIM, Willie O'Dea, non-executive director stepped down and was replaced by Ray Godson. Ray has 40 years experience in the provision of oil and gas related services to energy companies. Both an appreciative thank you is given to Willie O'Dea for his valued advice during the incorporation and formation of Union Jack, and a warm welcome given to Ray Godson from the rest of the Board.

Summary

In the space of just over one year Union Jack has obtained interests in four onshore UK PEDLs, all containing drill ready prospects and will be involved in the drilling of the Burton on the Wolds-1 and Wressle-1 exploration wells during the coming months.

The Board of Union Jack anticipates regular news flow in relation to drilling and corporate updates during the coming months and beyond. The Board also believes the Company offers shareholders the opportunity to back a UK focused business with an experienced management team holding in excess of 20% of the issued share capital and with whom I am delighted to be working.

As to the future, in conjunction with an imminent, multi target drilling programme, the directors intend to use their collective business knowledge and industry contacts to expand the Company's asset portfolio.

Your Company has made significant progress during the first half of 2013 and I look forward to reporting on drill results and other matters in respect of the remaining period of the year in due course.

David Bramhill

Chairman

5 September 2013

Financial Statements

Unaudited Condensed Income Statement

for the six months ended 30 June 2013

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	Notes	Six months ended 30 June 2013 £	Six months ended 30 June 2012 £	Period 1 February 2012 to 31 December 2012 £
Continuing operations				
Revenue		–	–	–
Administrative expenses		(238,547)	–	(142,966)
Operating loss		(238,547)	–	(142,966)
Finance income		2,300	–	393
Loss before taxation		(236,247)	–	(142,573)
Taxation	3	–	–	–
Loss for the period		(236,247)	–	(142,573)
Attributable to:				
Equity shareholders of the Company		(236,247)	–	(142,573)
Loss per share from continuing operations attributable to equity shareholders				
Basic and diluted loss per share (pence)	2	(0.00057)	–	(0.0024)

Unaudited Condensed Statement of Comprehensive Income

for the six months ended 30 June 2013

	Six months ended 30 June 2013	Six months ended 30 June 2012	Period 1 February 2012 to 31 December 2012
	£	£	£
Loss for the financial period	(236,247)	–	(142,573)
Other comprehensive income	–	–	–
Total comprehensive income for the period	(236,247)	–	(142,573)
Attributable to:			
Equity shareholders of the company	(236,247)	–	(142,573)

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Unaudited Condensed Balance Sheet

as at 30 June 2013

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	Notes	Six months ended 30 June 2013 £	Six months ended 30 June 2012 £	Period 1 February 2012 to 31 December 2012 £
Assets				
Non-current assets				
Intangibles		39,179	–	–
Current assets				
Trade and other receivables		24,596	1	25,564
Cash and cash equivalents		804,499	–	485,187
Total current assets		829,095	1	510,751
Total assets		868,274	1	510,751
Equity and liabilities				
Capital and reserves attributable to the Company's equity shareholders				
Share capital	4	1,169,701	1	607,451
Share-based payment reserve		16,293	–	14,716
Retained earnings		(378,820)	–	(142,573)
Total equity		807,174	1	479,594
Current liabilities				
Trade and other payables		61,100	–	31,157
Total equity and liabilities		868,274	1	510,751

Unaudited Condensed Statement of Cash Flows

for the six months ended 30 June 2013

	Six months ended 30 June 2013	Six months ended 30 June 2012	Period 1 February 2012 to 31 December 2012
	£	£	£
Cash outflow from operating activities	(206,059)	–	(117,656)
Cash flow from investing activities			
Purchase of intangible assets	(39,179)	–	–
Interest received	2,300	–	393
Net cash used in investing activities	(36,879)	–	393
Cash flow from financing activities			
Proceeds on issue of new shares	562,250	–	602,450
Net cash generated from financing activities	562,250	–	602,450
Net increase in cash and cash equivalents	319,312	–	485,187
Cash and cash equivalents at beginning of period	485,187	–	–
Cash and cash equivalents at end of period	804,499	–	485,187

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Notes to the Unaudited Financial Information

for the six months ended 30 June 2013

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I Accounting Policies

Basis of Preparation

These condensed half yearly financial statements are for the six month period ended 30 June 2013.

The information for the period ended 31 December 2012 does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. A copy of the statutory financial statements for that period has been delivered to the Registrar of Companies. The Auditor's Report was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The interim financial statements for the six months ended 30 June 2013 are unaudited.

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

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

Significant Accounting Policies

The accounting policies and methods of computation followed in the interim financial statements are consistent with those as published in the Company's Annual Report and Financial Statements for the eleven month period ended 31 December 2012.

The Annual Report and Financial Statements are available from the Company Secretary at the Company's registered office, 6 Charlotte Street, Bath BA1 2NE or on the Company's website www.unionjackoil.com.

Going Concern

The directors have, at the time of approving the interim financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting.

Notes to the Unaudited Financial Information

for the six months ended 30 June 2013

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

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

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

Basic loss per share	Six months ended 30 June 2013 pence	Six months ended 30 June 2012 pence	Period 1 February 2012 to 31 December 2012 pence
Loss per share from continuing operations	(0.00057)	–	(0.0024)

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

	Six months ended 30 June 2013 pence	Six months ended 30 June 2012 pence	Period 1 February 2012 to 31 December 2012 pence
Earnings used in the calculation of total basic and diluted earnings per share	(236,247)	–	(142,573)

Number of Shares	Six months ended 30 June 2013 pence	Six months ended 30 June 2012 pence	Period 1 February 2012 to 31 December 2012 pence
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	411,655,000	–	59,450,909

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Notes to the Unaudited Financial Information

for the six months ended 30 June 2013

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3 Taxation

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

4 Share Capital

During the period to 30 June 2013, 224,900,000 ordinary shares were issued for cash at 0.25 pence raising £562,250 before expenses.

Following this placing there were 467,880,400 ordinary shares in issue as at 30 June 2013.

5 Events after the Balance Sheet Date

On 30 July 2013 the whole of the issued share capital of the Company was admitted to trading on AIM.

In July 2013, 320,000,000 Placing Shares were issued for cash at a price of 0.25 pence raising £800,000 before expenses

In July 2013, 43,800,000 Subscription Shares were issued at 0.25 pence.

Following the issue of the Placing and Subscription Shares there are 831,680,400 ordinary shares in issue.

In July 2013, 19,200,000 warrants were issued at an exercise price of 0.25 pence exercisable 5 years from the date of AIM admission.

In July 2013, 320,000,000 warrants were issued at an exercise price of 0.3 pence exercisable 18 months from the date of AIM admission.

6 Copies of the Half Yearly Report

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



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