

Union Jack Oil plc
(AIM: UJO)

Unaudited Results for the Half Year Ended 30 June 2014

Union Jack Oil plc (“Union Jack” or “the Company”), an on-shore oil and gas exploration company with a focus on drilling and development opportunities in the United Kingdom hydrocarbon sector is pleased to announce its unaudited results for the half year ended 30 June 2014.

Operational Highlights

- The successful drilling of Wressle-1 conventional exploration well awaiting flow testing following indication of the presence of hydrocarbons in three main potential pay zones
- Independent technical report published highlighting the shale potential of northern section of PEDL201 indicating un-risked volumes of approximately 540 million stock tank barrels of oil and 270 billion standard cubic feet of gas net to Union Jack

Financial Highlights

- Approximately £4.0 million raised before expenses via three combined oversubscribed institutional placings
- Cash position in excess of £3.5 million as at 29 September 2014

David Bramhill, Executive Chairman, commented: “Overall I am pleased with the progress of Union Jack. The Company is in a good place in respect of funding and the preliminary results from the Wressle-1 well, soon to be tested.

A number of potential drill ready projects are currently being assessed and we look forward to expanding our drill ready portfolio over the coming months”

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Chairman's Statement

Introduction

I am pleased to present this Half Yearly Report for the six months ended 30 June 2014 to the shareholders of Union Jack Oil plc ("Union Jack" or "the Company").

This report is being issued late in September in order to incorporate the successful preliminary result of the Wressle-1 exploration well and the raising of £2.0 million via an institutional placing, the latter of which concluded last week.

The Board's strategy is to maintain a low cost base while seeking to generate shareholder value through focusing on the acquisition of interests in late stage, drill ready exploration prospects on-shore UK. Union Jack currently holds material interests in four on-shore Petroleum Exploration and Development Licences ("PEDLs") all of which contain drillable prospects, one of which, the Wressle Prospect has recently been drilled. The interpretation of wireline and drilling data from the Wressle-1 exploration well has confirmed the presence of hydrocarbons in three main potential pay zones. The well is currently being prepared for flow testing.

The Company's four current projects are more fully described later in this statement.

The six months to 30 June 2014 and subsequent period up to current time have given Union Jack and its shareholders reason to be optimistic in respect of future rewards.

Within this timeframe the Company has raised in aggregate over £4.0 million through three oversubscribed institutional placings and remains debt free. Consequently, the Company is now fully funded to participate, at the Board's election, in the drill programme for its existing portfolio and has the balance sheet to finance participation in further wells. One project under strong consideration by the Board is participation in the proposed Biscathorpe-2 well, located within PEDL253, in which Union Jack holds a 10% interest. Currently the Company has sole discretion on whether to participate in the drill programme.

Biscathorpe's gross Mean Prospective Resource Volume is estimated by Molten Limited ("Molten") to be 11.73 million barrels of oil. Molten calculated the Risked Net Present Value to be £4.2 million in respect of the Company's interest in PEDL253. The addition of the Biscathorpe-2 well to the firm drill portfolio would add considerable risk-adjusted value relative to the Company and will also offer lower geological risk than a pure exploration well given the prior discovery of a 1.2 metre thick oil bearing sandstone of Lower Westphalian age on the block by BP in 1987.

During the coming months the Board will continue to evaluate entry into a number of additional late stage projects where drilling is planned.

In addition to conventional exploration the Board commissioned Molten to examine the shale resource potential of part of PEDL201 within the Widmerpool Gulf. The resultant technical report, published in June 2014, highlighted material potential for shale oil and gas in the northern section of PEDL201 in which Union Jack holds a 10% interest.

The report emphasises that there exist areas with significant thicknesses of Upper and Lower Bowland Shale which Molten believes are likely to be primarily oil bearing due to the geological history and proximity of shallower oil field developments.

Union Jack's equity interest in the mean un-risked in place volumes within the shale area, according to Molten, amount to approximately 540 million stock tank barrels of oil initially in place and approximately 270 billion standard cubic feet of gas. These estimates are subject to exploration risk, which is likely to be considerable and there is no certainty that any portion of this resource will be commercially producible.

The report also comments that, if recovery factors, even at the low end of those achieved in the United States (1% to nearly 10%) can be achieved in the UK, the volumes highlighted would have a significant commercial value.

Wressle Prospect – PEDL180

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. Molten estimate that the total mean Prospective Resource volume at Wressle is approximately 2.13 million barrels of oil.

The Wressle-1 well spudded on 18 July 2014 and on 23 August 2014 reached a total depth of 2,240 metres measured depth (1,814 metres true vertical depth below OS datum). Elevated gas readings were observed over large parts of the interval from the top of the Penistone Flags reservoir target (1,831.5 metres) to target depth.

The well was logged using measurement whilst drilling logging tools run on the drill string. Preliminary petrophysical evaluation of the log data has indicated the presence of potential hydrocarbon pay in three main intervals;

- Penistone Flags - up to 19.8 metres measured thickness (15.9 metres vertical thickness)
- Wingfield Flags - up to 5.64 metres measured thickness (5.1 metres vertical thickness)
- Ashover Grit - up to 6.1 metres measured thickness (5.8 metres vertical thickness)

The well is currently being completed with a 4.5" liner to enable selective and sequential testing of these intervals as part of an extended well test, for which planning consent has already been received. These test operations, which will be designed to determine the flow rates, hydrocarbon type and hence commerciality of the Wressle-1 well, will be undertaken using a work-over rig and are expected to commence during October 2014.

Under the terms of the interest acquisition agreement signed in May 2013 with Egdon Resources UK Limited ("Egdon Resources") a subsidiary of Egdon Resources plc ("Egdon"), should the Wressle-1 well be successful and prove the existence of an economically developable hydrocarbon accumulation that extends into adjacent PEDL182, then Union Jack has the option to require Egdon Resources to assign, at no extra cost, an 8.33% interest in that part of the designated field falling within PEDL182.

The Company's interest in PEDL180 is subject to a 0.648% net profit interest (based on Petroleum income less certain deductible expenditure) in favour of Egdon Resources (equivalent to 7.8% of the Company's interest). Following this event, Union Jack will hold 7.682% of PEDL180.

The interests in PEDL180 are held by:

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

Burton on the Wolds Prospect – PEDL201

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 Burton on the Wolds-1 conventional well is planned for drilling during Q4 2014. The 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 and to intersect both targets in a structurally favourable position near the crest of the structure. Molten estimate that the total mean Prospective Resource volume at Burton on the Wolds is approximately 4.83 million barrels of oil.

The interests in PEDL201 are held by:

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

Biscathorpe Prospect – PEDL253

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 metre gross sequence. Biscathorpe-2 will be directed 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 conventional well is planned for Q1 2015 on receipt of planning and other consents. Molten estimate that the total mean Prospective Resource volume at Biscathorpe is approximately 11.73 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 Company has an option to withdraw from this licence interest. In addition, a royalty agreement is in place in respect of the Company's interest in PEDL253 whereby with effect of first production of oil or gas a beneficial interest of 0.6% will be assigned to Charnia Resources Limited. Following this event the Company will hold 9.4% of PEDL253.

The interests in PEDL253 are held by:

Holders	Holding (%)
Egdon Resources (operator)	54.0%
Montrose Industries Limited	36.0%
Union Jack Oil	10.0%
	<u>100.0%</u>

North Kelsey Prospect – PEDL241

PEDL241 is located within the proven hydrocarbon fairway of the Humberside 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. Molten estimate that the total mean Prospective Resource volume at North Kelsey is approximately 9.91 million barrels of oil.

A planning application was recently submitted and North Kelsey is expected to be drilled in Q1 2015 following receipt of planning and other consents.

The Company has an option to withdraw from this licence interest.

The interests in PEDL241 are held by:

 Holders	 Holding (%)
Egdon Resources (operator)	40.0%
Celtique Energie Petroleum Limited	50.0%
Union Jack Oil	10.0%
	<hr/> 100.0% <hr/>

Corporate and Financial

Union Jack has raised a combined sum of £4.0 million before expenses from three separate oversubscribed institutional placings held in March, June and September 2014, respectively. The funds raised have put the Company into a strong financial position with the ability to participate in a number of additional conventional exploration wells over and above the already drilled Wressle-1 and forthcoming Burton on the Wolds-1 exploration well which is expected to spud in Q4 2014. The Board, in conjunction with its advisers, is currently evaluating several potential opportunities.

The Company currently has 375,352,548 warrants outstanding. 308,300,000 of these relate to warrants issued to places on admission of the Company to trading on AIM. These warrants have an exercise price of 0.3p and expire on 28 January 2015.

In September 2014, Martin Durham, non-executive director stepped down from the Board to accept a full time appointment with our joint venture partner Egdon. As a result of this appointment there was potential for conflicts of interests. My fellow Board members, Joe O'Farrell and Ray Godson and myself all thank Martin for his significant contributions to the Company since its inception which have extended far beyond the normal responsibilities expected of a non-executive director. In addition, it is pleasing that Martin leaves Union Jack with a successful well result behind him in respect of the recently drilled Wressle-1 exploration well.

It is also good news that we will be continuing to work with Martin going forward as he forms part of the excellent Egdon technical team with whom we currently have four common project interests.

Union Jack has the good fortune to have secured the services of Graham Bull to succeed Martin as a non-executive director. Graham was instrumental in introducing two ventures to OilQuest Resources plc, a company founded by Joe O'Farrell and myself, subsequently the target of a reverse takeover by EnCore Oil plc in the mid 2000's and then subject to a takeover by Premier Oil plc in 2012.

Graham has already played an important part in the formation of Union Jack's current exploration portfolio including the introduction of the Wressle project.

We welcome Graham to the team and look forward to him utilising his immense experience in helping to bring new ventures to the Company.

Our key risks and uncertainties are documented on page 4 of the 31 December 2013 Annual Report and Financial Statements. Our key risks remain materially unchanged since that report.

In summary, the key risks are operational reliance on third parties, the ability to exploit discoveries and the risk of cost overruns.

Summary and Future Prospects

The past six months and subsequent weeks have seen excellent activity both operationally and corporately for Union Jack.

Within both of these provinces we have been fortunate enough to experience success with the recent £2.0 million placing to fund the acquisition of interests in new drilling projects and the success of the Wressle-1 well which has the potential to be a maiden producer for Union Jack following the planned testing programme following the indication of hydrocarbons in at least three potential pay zones.

Following on from its recent successes the Board intend to remain active in its appraisal of projects and consequently expect to be able to update the market regularly during the remaining part of 2014 and beyond. In the immediate future we expect the results of the testing of Wressle-1 and a drilling update from the soon to be spudded Burton on the Wolds-1 conventional exploration well to be announced.

A thank you is given to our advisers all of whom have played a part in the growth seen during the period under review. In addition, there are numerous independent researchers and analysts who have taken a positive interest in the Company to whom we also extend our thanks to.

The future of Union Jack remains bright.

David Bramhill
Executive Chairman

29 September 2014

Unaudited Condensed Income Statement

for the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 £	Six months ended 30 June 2013 £	Year 1 January 2013 to 31 December 2013 £
Continuing operations				
Revenue		–	–	–
Administrative expenses		(222,221)	(238,547)	(713,876)
Operating loss		(222,221)	(238,547)	(713,876)
Finance income		1,448	2,300	5,025
Loss before taxation		(220,773)	(236,247)	(708,851)
Taxation	3	–	–	(69)
Loss for the period		(220,773)	(236,247)	(708,920)
Attributable to:				
Equity shareholders of the Company		(220,773)	(236,247)	(708,920)
Loss per share from continuing operations attributable to equity shareholders				
Basic and diluted loss per share (pence)	2	(0.02)	(0.06)	(0.12)

Unaudited Condensed Statement of Comprehensive Income
for the six months ended 30 June 2014

	Six months ended 30 June 2014 £	Six months ended 30 June 2013 £	Year 1 January 2013 to 31 December 2013 £
Loss for the financial period	(220,773)	(236,247)	(708,920)
Other comprehensive income	–	–	–
Total comprehensive loss for the period	(220,773)	(236,247)	(708,920)

Unaudited Condensed Balance Sheet

as at 30 June 2014

	Notes	Six months ended 30 June 2014 £	Six months ended 30 June 2013 £	Year 1 January 2013 to 31 December 2013 £
Assets				
Non-current assets				
Exploration and evaluation assets		218,868	39,179	44,294
Investments		20,000	–	20,000
		238,868	39,179	64,294
Current assets				
Trade and other receivables		41,490	24,596	40,673
Cash and cash equivalents		2,406,865	804,499	867,207
		2,448,355	829,095	907,880
Total assets		2,687,223	868,274	972,174
Liabilities				
Current liabilities				
Trade and other payables		231,035	61,100	71,262
Total liabilities		231,035	61,100	71,262
Net assets		2,456,188	807,174	900,912
Capital and reserves attributable to the Company's equity shareholders				
Called up share capital	4	2,291,495	1,169,701	2,079,201
Share premium		1,541,755	–	–
Share-based payment reserve		306,263	16,293	284,263
Retained earnings		(1,683,325)	(378,820)	(1,462,552)
Total equity		2,456,188	807,174	900,912

Unaudited Condensed Statement of Cash Flows

for the six months ended 30 June 2014

	Six months ended 30 June 2014 £	Six months ended 30 June 2013 £	Year 1 January 2013 to 31 December 2013 £
Cash outflow from operating activities	(217,283)	(206,059)	(688,949)
Cash flow from investing activities			
Purchase of intangible assets	(20,556)	(39,179)	(44,294)
Purchase of investments	–	–	(20,000)
Interest received	1,448	2,300	5,025
Net cash used in investing activities	(19,108)	(36,879)	(59,269)
Cash flow from financing activities			
Proceeds on issue of new shares	2,050,712	562,250	1,471,750
Cost of issuing new shares	(274,663)	–	(341,512)
Net cash generated from financing activities	1,776,049	562,250	1,130,238
Net increase in cash and cash equivalents	1,539,658	319,312	382,020
Cash and cash equivalents at beginning of period	867,207	485,187	485,187
Cash and cash equivalents at end of period	2,406,865	804,499	867,207

Notes to the Unaudited Financial Information

for the six months ended 30 June 2014

1 Accounting Policies

Basis of Preparation

These condensed half yearly financial statements are for the six month period ended 30 June 2014.

The information for the year ended 31 December 2013 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 2014 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 year ended 31 December 2013.

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.

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 2014 pence	Six months ended 30 June 2013 pence	Year January 2013 to 31 December 2013 pence
Loss per share from continuing operations	(0.02)	(0.06)	(0.12)

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 2014 £	Six months ended 30 June 2013 £	Year January 2013 to 31 December 2013 £
Earnings used in the calculation of total basic and diluted earnings per share	(220,773)	(236,247)	(708,920)

Number of Shares	Six months ended 30 June 2014	Six months ended 30 June 2013	Year January 2013 to 31 December 2013
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1,033,318,325	411,655,000	585,020,400

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

In March 2014, 288,888,889 ordinary shares were issued for cash at 0.225 pence per share raising £650,000 before expenses.

In March 2014, 17,333,333 warrants, exercisable at 0.225 pence each were issued. These warrants expire on 17 March 2019.

In March 2014, shareholders approved a share sub-division at a General Meeting.

This means that, ordinary shares of 0.25 pence in the capital of the Company were sub-divided into one new ordinary share of 0.025 pence each, and one deferred share of 0.225 pence.

The new ordinary shares have the same rights, being subject to the restrictions and ranking *pari passu* in all respects with the existing ordinary shares (save as to the nominal value).

In June 2014, 560,284,640 ordinary shares were issued for cash at 0.25 pence raising £1.4 million before expenses.

Following the share placings described above there were 1,680,853,929 ordinary shares in issue of 0.025 pence as at 30 June 2014.

5 Events after the Balance Sheet Date

In July 2014, 19,200,000 warrants were exercised at a price of 0.25 pence each.

In July 2014, a further 11,700,000 warrants were exercised at a price of 0.3 pence each.

In September 2014, 666,666,641 ordinary shares were issued for cash at 0.3 pence per share raising £2,000,000 before expenses.

In September 2014, 39,999,999 warrants, exercisable at 0.3 pence were issued. These warrants expire on 26 September 2019.

The total number of warrants outstanding is 375,352,548.

The enlarged issued share capital following the two warrant exercises and issue of new shares described above is 2,378,420,540 ordinary shares of 0.025 pence each.

Martin Durham resigned as a non-executive director on 15 September 2014.

Graham Bull was appointed as a non-executive director on 15 September 2014.

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.