

Union Jack Oil plc

(AIM: UJO)

Unaudited Results for the Six Months Ended 30 June 2015

Union Jack Oil plc (“**Union Jack**” or the “**Company**”), an onshore oil and gas production and 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 2015.

Operational Highlights

- Successful flow testing of the Wressle-1 discovery well of in excess of 700 barrels of oil equivalent per day gross
- Planning permission granted for the Biscathorpe-2 exploration well on licence PEDL253 located in Lincolnshire, drilling scheduled for Q1 2016
- Increased interest in PEDL253 by a further 2% to 12%
- Acquisition of a further 10% interest in PEDL241, containing the North Kelsey Prospect, for a nominal consideration and without promote

Post Period Events

- Operator of Wressle has commenced the planning and permitting work which will support the submission of a Field Development Plan and a planning application for early oil production
- Acquisition of a 10% interest in PEDL005(R) which incorporates the producing Keddington oilfield, transforming Union Jack from a pure explorer to producer

Financial Highlights

- Cash position in excess of £2.5 million as at 28 September 2015
- Company remains debt free
- Company is fully funded for the current planned drill programme

David Bramhill, Executive Chairman, commented: “Union Jack is well placed to take advantage of the dislocation that currently exists within the oil and gas market. The Company’s strategy is to continue focusing on its low-cost UK onshore portfolio and similar opportunities, with a view to generating additional value for its shareholders. To that end the Company has already utilised its robust balance sheet position to increase its interests in drill-ready projects at Biscathorpe and North Kelsey and to acquire an interest in the producing Keddington oilfield at an attractive entry point post period end.”

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CHAIRMAN'S STATEMENT

INTRODUCTION AND PROJECT REVIEW

I am pleased to present this Half Yearly Report for the six months ended 30 June 2015 to the shareholders of Union Jack Oil plc ("**Union Jack**" or the "**Company**").

I wish to re-state the Directors' confidence in the future of our Company despite the sustained decline in worldwide oil prices which commenced in Q3 2014, with the corresponding impact on the economic conditions within the oil and gas sector.

Over the past two years, Union Jack's strategy has been to focus on low-cost UK onshore projects initially in exploration and more recently in development and production. This focus has enabled the Company to achieve a number of important milestones whilst retaining a strong balance sheet, with in excess of £2.5 million in cash held on deposit at 28 September 2015. In addition, the Company remains debt free.

During the period, we have continued to expand our portfolio of assets whilst driving forward development and value of our existing assets, with ongoing well tests at the oil and gas discovery at the Wressle-1 well within PEDL180. The Company has additionally increased its stake in PEDL253 which contains the Biscathorpe Prospect and PEDL241 containing the North Kelsey Prospect. The Board will continue to seek to add further shareholder value to the enlarged asset portfolio going forward.

Whilst hydrocarbon asset values have declined globally, the Board remains optimistic that they will recover in line with the oil price. The current oil price decline provides the Company, with its healthy cash balance, with the opportunity to leverage its position to acquire further interests at good value entry points in additional licences to gain further exposure to production, development and appraisal assets. One such example is the acquisition, after the period end, of a 10% interest in the producing Keddington oilfield, part of PEDL005(R) located in Lincolnshire which also incorporates the Louth and North Somercotes prospects.

Keddington has produced in excess of 300,000 barrels of oil to date and is currently producing approximately 30 to 35 barrels of oil per day gross from two wells. Union Jack owns an interest in Keddington, the associated infrastructure and production facilities, providing Union Jack with an instant, albeit currently small, production base, transforming your Company from a pure explorer to a producer. This demonstrates the Board's intent to eventually progress to a cash positive scenario. A step-out/appraisal well is expected to be drilled at Keddington in Q4 2015, which, if successful, has the potential to increase production dramatically.

However, the highlight of the last six months has been the results of the ongoing production tests at the Wressle-1 discovery within PEDL180 in Lincolnshire in which Union Jack holds an 8.33% interest. Significant value has been created by the drill-bit at Wressle which is being confirmed by the excellent flow results from the Penistone Flags, Ashover Grit and Wingfield Flags formations, which have test produced an aggregate of over 700 barrels of oil equivalent per day gross.

Encouragingly, oil and gas has flowed from the Penistone Flags reservoir without any sign of water being present and the well test data together with the log data indicate that the elevation of the oil water contact is deeper than previously considered, a highly positive situation.

Plans are currently being finalised for a workover of the well in order to remove the existing completion, cement off the existing Zone 3a perforations in the Penistone Flags and radial drill horizontal bores to be followed by a short flow test to establish the nature of the fluids in this interval.

In addition, the partners in Wressle are expecting in the near future the results of the re-processing of the 3D seismic data over the Wressle structure which will assist in finalising the Field Development Plan and identifying any further prospectivity.

Post the period, end the operator, Egdon Resources U.K. Limited, commenced the planning and permitting work which will support the submission of a Field Development Plan and a planning application for early oil production at Wressle.

On the exploration front, the Board looks forward to the drilling of the Biscathorpe-2 well within PEDL253. During the period, Union Jack increased its interest to 12% from an original 10%. The exploration well is expected to be drilled during Q1 2016. Union Jack will finance its share of the drill costs from existing cash resources.

The Biscathorpe-2 well adds considerable risk adjusted value to the portfolio as the size of the resource is material and the prospect represents a lower geological risk than a pure exploration well given the Biscathorpe-1 well drilled by BP in 1987 encountered thin oil bearing sands.

The Biscathorpe-2 well will be located in a direction towards a potentially thicker sand development within the structural closure of the trap. There also exists potential for stratigraphic trapping in the west of PEDL253 which, if present, could increase the expected gross Prospective Resources as estimated by the operator, from a Best Estimate case of 14 million barrels of oil to a High case of 41 million barrels of oil.

The North Kelsey Prospect, located within PEDL241, in which Union Jack now holds a 20% interest, has multiple targets and is also planned for drilling during 2016. PEDL241 is located within the proven hydrocarbon fairway of the Humberside Platform. The gross mean combined Prospective Resources are estimated by the operator to be 6.7 million barrels of oil.

A comprehensive review of our projects can be found in the Review of Operations section of the Half Yearly Report.

CORPORATE AND FINANCIAL

Administrative expenses for the six month period are effectively the same as those seen in 2014. Net assets have risen from £2,456,188 to £3,842,646 and, as mentioned earlier in this statement, cash balances at time of writing stand in excess of £2.5 million, enough to cover the costs of our current planned drill programme and

Wrestle-1 well testing exercises. The Board intends to continue with the same low salary commitment going forward.

I would like to take this opportunity to thank the rest of my Board, Joe O'Farrell, Graham Bull and Ray Godson, for their continued support and guidance. The same comment applies to Shore Capital, our Nominated Adviser and joint broker, and SP Angel, our other joint broker, for their genuine interest in assisting in the growth of Union Jack.

SUMMARY

As we enter the closing stages of 2015 and start to look forward to 2016 and beyond, we find ourselves in a sound position, both in regard to the excellent opportunities within our existing asset portfolio and without any financial concerns in respect of funding our share of future drilling and other commitments.

Consequently, the Company is also well placed to take advantage of the dislocation that currently exists within the oil and gas market. Union Jack's strategy will continue to focus on its low-cost UK onshore portfolio and similar opportunities to create additional value for the Company's owners.

David Bramhill
Executive Chairman
28 September 2015

UNAUDITED CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Notes | Six months ended 30 June 2015 £ | Six months ended 30 June 2014 £ | Year ended 31 December 2014 £ |
|--|-------|--|--|--|
| Continuing operations | | – | – | – |
| Revenue | | | | |
| Administrative expenses | | (259,512) | (222,221) | (551,056) |
| Operating loss | | (259,512) | (222,221) | (551,056) |
| Finance income | | 3,474 | 1,448 | 4,702 |
| Loss before taxation | | (256,038) | (220,773) | (546,354) |
| Taxation | 3 | – | – | (902) |
| Loss for the period | | (256,038) | (220,773) | (547,256) |
| Attributable to: | | | | |
| Equity shareholders of the Company | | (256,038) | (220,773) | (547,256) |
| Loss per share from continuing operations attributable to equity shareholders | | | | |
| Basic and diluted loss per share (pence) | 2 | (0.01) | (0.02) | (0.04) |

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Six months ended 30 June 2015 £ | Six months ended 30 June 2014 £ | Year ended 31 December 2014 £ |
|--|---------------------------------------|---------------------------------------|-------------------------------------|
| Loss for the financial period | (256,038) | (220,773) | (547,256) |
| Other comprehensive income | – | – | – |
| Total comprehensive loss for the period | (256,038) | (220,773) | (547,256) |

UNAUDITED CONDENSED BALANCE SHEET

AS AT 30 JUNE 2015

| | Notes | Six months ended 30 June 2015 £ | Six months ended 30 June 2014 £ | Year ended 31 December 2014 £ |
|---|-------|--|--|--|
| Assets | | | | |
| Non-current assets | | | | |
| Exploration and evaluation assets | | 1,057,573 | 218,868 | 832,100 |
| Investments | | 40,000 | 20,000 | 20,000 |
| | | 1,097,573 | 238,868 | 852,100 |
| Current assets | | | | |
| Trade and other receivables | | 62,852 | 41,490 | 33,238 |
| Cash and cash equivalents | | 2,741,214 | 2,406,865 | 3,474,320 |
| | | 2,804,066 | 2,448,355 | 3,507,558 |
| Total assets | | 3,901,639 | 2,687,223 | 4,359,658 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 58,993 | 231,035 | 260,974 |
| Total liabilities | | 58,993 | 231,035 | 260,974 |
| Net assets | | 3,842,646 | 2,456,188 | 4,098,684 |
| Capital and reserves attributable to the Company's equity shareholders | | | | |
| Called up share capital | 4 | 2,475,811 | 2,291,495 | 2,475,811 |
| Share premium | | 3,464,757 | 1,541,755 | 3,282,848 |
| Share-based payment reserve | | 167,924 | 306,263 | 349,833 |
| Retained earnings | | (2,265,846) | (1,683,325) | (2,009,808) |
| Total equity | | 3,842,646 | 2,456,188 | 4,098,684 |

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Six months ended 30 June 2015 £ | Six months ended 30 June 2014 £ | Year ended 31 December 2014 £ |
|---|--|--|--|
| Cash outflow from operating activities | (301,254) | (217,283) | (354,811) |
| Cash flow from investing activities | | | |
| Purchase of intangible assets | (415,326) | (20,556) | (787,806) |
| Purchase of investments | (20,000) | – | – |
| Interest received | 3,474 | 1,448 | 4,702 |
| Net cash used in investing activities | (431,852) | (19,108) | (783,104) |
| Cash flow from financing activities | | | |
| Proceeds on issue of new shares | – | 2,050,712 | 4,243,912 |
| Cost of issuing new shares | – | (274,663) | (498,884) |
| Net cash generated from financing activities | – | 1,776,049 | 3,745,028 |
| Net increase in cash and cash equivalents | (733,106) | 1,539,658 | 2,607,113 |
| Cash and cash equivalents at beginning of period | 3,474,320 | 867,207 | 867,207 |
| Cash and cash equivalents at end of period | 2,741,214 | 2,406,865 | 3,474,320 |

NOTES TO THE UNAUDITED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2015

1 Accounting Policies

Basis of Preparation

These condensed financial statements are for the six month period ended 30 June 2015.

The information for the year ended 31 December 2014 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 2015 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 2014.

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 2015 pence | Six months ended 30 June 2014 pence | Year ended 31 December 2014 pence |
|--|--|--|--|
| Loss per share from continuing operations | (0.01) | (0.02) | (0.04) |

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 2015 £ | Six months ended 30 June 2014 £ | Year ended 31 December 2014 £ |
|---|--|--|--|
| Earnings used in the calculation of total basic and diluted earnings per share | (256,038) | (220,773) | (547,256) |

| Number of Shares | Six months ended 30 June 2015 | Six months ended 30 June 2014 | Year ended 31 December 2014 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share | 2,418,120,570 | 1,033,318,325 | 1,558,344,760 |

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

At 30 June 2015, there were 2,418,120,570 ordinary shares of a nominal value of 0.025 pence in issue.

At 30 June 2015, there were 831,680,400 deferred shares of 0.225 pence nominal value in issue.

In January 2015, 280,600,000 warrants issued on 22 July 2013, exercisable at 0.30p, expired and were cancelled from the Company's Warrant Register leaving 55,052,548 warrants outstanding at 30 June 2015.

5 Events after the Balance Sheet Date

On 14 July 2015, the Company reached agreement with Egdon Resources plc to acquire a 10% interest in licence PEDL005(R), located in Lincolnshire.

PEDL005(R) incorporates the Keddington oilfield and the Louth and North Somercotes prospects.

A full review of the acquisition can be found within the Review of Operations in the Half Yearly Report.

6 Related Party Transactions

In June 2015, Union Jack entered into a farm-in agreement to earn an additional 2% interest in PEDL253 containing the Biscathorpe Prospect, bringing the Company's total interest in PEDL253 to 12%. Under the terms of this new farm-in agreement, Union Jack will earn an additional 1.2% interest from Egdon and 0.8% from Montrose Industries Limited. Ray Godson, Non-Executive Director of Union Jack, is also a Director of Montrose Industries Limited which holds a 32.5% interest in PEDL253.

Charnia Resources (UK) Limited, an entity owned by Graham Bull, Non-Executive Director of Union Jack, holds a total 6% carried interest in PEDL253. The carried interest in PEDL253 is assigned to the participants on a pro-rata basis to first production.

Charnia Resources (UK) an unincorporated entity, also owned by Graham Bull, was paid a total of £10,450 during the period under review in respect of consulting fees.

7 Copies of the Half Yearly Report

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