

20 March 2018

Union Jack Oil plc
("Union Jack" or the "Company")
Farm-in for an Additional 10% Interest in the Drill-Ready Biscathorpe Prospect

Further to the announcement of 5 March 2017, the Directors of Union Jack, a UK onshore focused hydrocarbon production, development and exploration company (AIM: UJO), are pleased to announce that the Company has signed a Farm-in Agreement for a further 10% licence interest in PEDL253 increasing the Company's economic interest to 22%.

Highlights

- Biscathorpe Farm-in Agreement signed, increasing Union Jack's licence interest to 22%, subject to OGA approval
- The drill-ready conventional Biscathorpe-2 well is scheduled to be drilled around mid-year 2018
- Biscathorpe represents a highly attractive, risk-adjusted investment opportunity for Union Jack with gross mean prospective oil resources of 14 million barrels and a 40% geological Chance of Success
- Biscathorpe-2 represents the first project with Union Jack's commercial partner, Humber Oil & Gas Limited ("Humber"), where both parties have acquired a 10% interest

David Bramhill, Executive Chairman of Union Jack, commented:

"We are pleased to be able to further increase our interest in the drill-ready conventional Biscathorpe-2 well to 22% that is planned to be drilled around mid-year 2018. Biscathorpe-2 holds considerable upside potential for our Company with gross prospective oil resources of 14 million barrels and a high geological Chance of Success of 40%. The oil logged in BP's 1987 well, Biscathorpe-1, has significantly de-risked the Biscathorpe Prospect.

"Union Jack's proprietary economic modelling of the Biscathorpe Prospect highlights its attractiveness and shows a pre-drill value for the success case of circa £24 million net to Union Jack (using the industry standard net present value after tax at a 10% discount rate). This is significantly in excess of the approximate £1 million drilling cost we will be incurring, for which we are fully funded following our recent placing.

"We look forward to the drilling of the Biscathorpe-2 well this year. This well, together with the Company's wider portfolio, and the newly-formed commercial partnership with Humber, puts Union Jack in a strong position to deliver growth in reserves, production and asset value, while adhering to our principles of strict financial and technical disciplines."

Farm-in Details

PEDL253 is located in the South Humber Basin and contains the drill-ready Biscathorpe Prospect, where the Biscathorpe-2 conventional exploration well is planned to be drilled around mid-year 2018.

Pursuant to the Farm-in, Union Jack and Humber will each acquire 6% of Egdon Resources U.K. Limited's interest in PEDL253 by paying their pro-rata share of the cost of the Biscathorpe-2 well, plus an additional £10,000 per percentage point interest acquired. In addition, Union Jack and Humber will each acquire 4% of Montrose Industries Limited's interest in PEDL253 under the same terms. The Company is not required to make any up-front cash payment.

The Farm-in is subject to Oil & Gas Authority approval.

PEDL253 is within the proven hydrocarbon fairway of the South Humber Basin and contains the drill-ready Biscathorpe Prospect and is on trend with the Saltfleetby gas field, Keddington oil field and the Louth and North Somercotes prospects. The Biscathorpe-1 well drilled by BP in 1987 encountered a thin oil filled sandstone which is expected to thicken down-dip.

The Biscathorpe Prospect is a well-defined four-way dip closed structure mapped from recently re-processed 3D seismic data..

The Biscathorpe-2 conventional well will be located in a direction towards a potentially thicker sand development within the structural closure of the trap. The Biscathorpe-2 well has received full sanction from the PEDL253 partnership. The current Mean Estimate Prospective Resource is 14 million barrels of oil (gross) with a geological Chance of Success of 40%.

During 2017, Union Jack commissioned an independent review of the Biscathorpe 3D seismic survey which was conducted by geophysical consultants Sotwell Exploration Ltd ("**Sotwell**"). Sotwell's findings were encouraging, confirming the Biscathorpe 'concept' with good evidence from seismic attributes of the sand thickening away from the Biscathorpe-1 well location, with the Biscathorpe-2 location, in the opinion of Sotwell, appearing to be optimal to appraise the prospect. In addition, Sotwell's opinion is that the whole area, within PEDL253, is attractive for hydrocarbon exploration and that significant upside may exist due to potential stratigraphic trapping.

The proposed Biscathorpe-2 well will involve conventional drilling for oil trapped in a sandstone reservoir and, for clarity, the operations at the site will neither now nor in the future involve the process of hydraulic "fracking" for shale gas or shale-oil.

Commercial Partnership with Humber Oil & Gas Limited

Union Jack and Humber recently signed a Memorandum of Understanding ("MOU") to progress a Commercial Partnership where both parties will seek to co-invest in the UK conventional upstream onshore oil and gas sector.

The farm-in for a combined 20% economic interest in PEDL253 by both Union Jack and Humber represents the first such commercial collaboration between both parties under the MOU.

Resulting Licence Interests in PEDL253

Following the Farm-in by Union Jack and Humber, and subject to OGA approval, the resulting economic interests in PEDL253 will be:

Edgon Resources UK Limited (Operator)	40.80%
Montrose Industries Limited	27.20%
Union Jack Oil Plc	22.00%
Humber Oil & Gas Limited	10.00%

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In accordance with the "AIM Rules - Note for Mining and Oil and Gas Companies", the information contained within the announcement has been reviewed and signed off by Graham Bull, Non-Executive Director, who has over 46 years of international oil and gas industry exploration experience.