



PRODUCTION, DRILLING,
DEVELOPMENT AND
INVESTMENT IN THE
UNITED KINGDOM ONSHORE
HYDROCARBON SECTOR

UNION JACK OIL plc

Half Yearly Report

FOR THE SIX MONTHS
ENDED 30 JUNE 2018



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Union Jack Oil plc is an onshore oil and gas exploration and production company with a focus on drilling, development, investment and production in the United Kingdom hydrocarbon sector. The issued share capital is traded on the AIM Market of the London Stock Exchange (Ticker: UJO).

Our strategy is the appraisal and exploitation of the assets currently owned. Simultaneous with this process, the Company's management expects to continue to use its 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.

Chairman's Statement

I am pleased to present this Half Yearly Report for the six months ended 30 June 2018 to the shareholders of Union Jack Oil plc ("Union Jack" or the "Company").

KEY ACTIVITIES IN THE PERIOD

The past six months have seen a number of Company building events that include the acquisition of a further 12.5% of PEDL180 and PEDL182 containing the Wressle discovery, an acquisition of a further 10% of PEDL253 containing the Biscathorpe Prospect, planned to be drilled following completion of construction of the wellsite, a successful workover campaign on the production wells at Fiskerton Airfield, and the formation of a Commercial Partnership with Humber Oil & Gas Limited ("Humber").

WRESSLE UPDATE

Wressle is currently the most valuable asset within Union Jack's portfolio that will propel the Company into a material revenue generating hydrocarbon production entity, following development approval. In pursuit of this, Union Jack and the other joint venture parties remain committed to utilising all available avenues to obtain the necessary planning approvals for the development of the Wressle discovery to proceed.

The acquisition of a further 12.5% of PEDL180 and PEDL182, from Celtique Energie Petroleum Limited in June 2018 increased Union Jack's interest to 27.5% and reaffirmed the Company's commitment to the Wressle development project.

The acquisition was completed on attractive terms and involved no initial cash consideration as the payment is deferred and conditional on establishing first oil production at Wressle. This acquisition had an immediate and positive effect on the Company by instantly increasing its reserves and resources base at Wressle by 83%.

When Wressle is in production, it will result in an initial constrained production rate anticipated to be 500 barrels of oil per day ("bopd"), adding net production to Union Jack in excess of 137 bopd. The economics of the project are robust and net asset value accretive down to US\$35 per barrel of oil.

In April and July 2018, the operator submitted two planning applications to the North Lincolnshire Council ("NLC") being the extension of the planning period for the wellsite for a one-year period and for the extraction and development of hydrocarbons from the Wressle discovery. The first application, which was recommended by the NLC Planning Officer, was denied by the NLC Planning Committee and this decision has now been promoted by the joint venture partners to an appeal process.



The past six months have seen a number of Company building events that include the acquisition of a further 12.5% of PEDL180 and PEDL182 containing the Wressle discovery.

The operator's second application to the NLC is due to be heard following the end of a consulting period concluding in late September 2018. The updated application follows the culmination of a significant amount of detailed work by a committed team of specialist technical consultants and planning advisers. The updated application comprehensively deals with the findings of the prior appeal process contained in the Planning Inspector's report dated 4 January 2018, principally in respect of groundwater integrity.

ACQUISITION OF ADDITIONAL INTEREST IN BISCATHORPE

During March 2018, Union Jack acquired a further 10% in PEDL253 containing the Biscathorpe Prospect, one of the largest UK onshore conventional plays which is planned to be drilled following completion of construction of the wellsite, pro-rata from Egdon Resources plc and Montrose Industries Limited, increasing its interest to 22%.

PEDL253 is located within the proven hydrocarbon fairway of the South Humber Basin. The Biscathorpe Prospect is a well-defined four-way dip closed structure mapped from modern 3D seismic. The Biscathorpe-1 discovery well was drilled by BP in 1987 and encountered a thin oil filled sandstone, which is expected to thicken downdip.

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 current Mean Prospective Resource at Biscathorpe-2 is estimated at 14 million barrels of oil gross with a geological Chance of Success of 40%.

Internal financial evaluations in respect of Biscathorpe are compelling with a current pre-drill Expected Monetary Value of £12.6 million, significantly in excess of our risk capital of approximately £1 million and an Internal Rate of Return on success of up to 328%.

The Biscathorpe-2 well will involve conventional drilling techniques and for clarity the site operations will not, either now, or in the future, involve the process of hydraulic fracturing ("fracking") for shale gas or shale oil.

Union Jack is fully funded for its share of drilling costs for Biscathorpe-2.

SUCCESSFUL WORKOVER CAMPAIGN AT FISKERTON

In November 2017, the Company acquired a 20% economic interest in EXL294 containing the producing Fiskerton Airfield oilfield (“Fiskerton”), located approximately seven miles East of the City of Lincoln.

As a result of underinvestment by its previous operator, Fiskerton represented an opportunity for the joint venture partners to enhance cash flows and profitability by executing low cost well interventions, including the installation of new tubing, pumps and the isolation of water producing zones. This initial well workover programme was completed in April 2018.

Production operations have resumed at Fiskerton and field production, prior to further optimisation and operations during the coming months including the increasing of the pump rate, is approaching 30 bopd of good quality oil, a significant increase on the pre-workover rate of 16 bopd gross.

Additional intervention is being considered in the FA-I well for early 2019.

The Company’s initial review of historic 3D seismic data and drill logs suggested upside potential in the oil resources at Fiskerton. Union Jack is funding a 3D seismic re-processing exercise on behalf of the joint venture to assist in re-mapping the surrounding area to identify further production opportunities. The results from initial interpretations from the re-processing are expected to be available during Q4 2018.

HOLMWOOD UPDATE

Union Jack holds a 7.5% interest in PEDL143 for which the licence term has been extended until 30 September 2020 and contains the Holmwood exploration prospect.

The recent news that the Secretary of State for Environment, Food and Rural Affairs did not renew the lease for the proposed Holmwood-I exploratory well was disappointing, especially considering the efforts made by the operator and joint venture partners to make it happen, however, this decision will have minimal effect on Union Jack’s ongoing business activity.

Union Jack, along with its joint venture partners in this prospective licence in the Weald Basin, intend to work together in undertaking a full evaluation of alternative drill sites and other prospects in an area which is highly prospective following the Horse Hill discovery.

OTHER PORTFOLIO INTERESTS

Other project interests within the Company’s portfolio include the producing Keddington oilfield which we are particularly optimistic on the potential upside, Louth, North Kelsey, North Somercotes, Dukes Wood, Kirklington, the Widmerpool Gulf where Bowland potential exists, Kirklington and the Humber Basin.

A detailed review of Union Jack’s asset base can be found in the Review of Operations section within the Half Yearly Report which will be posted to shareholders and which can also be viewed on the Company’s website www.unionjackoil.com.

CORPORATE AND FINANCIAL

In March 2018, the Company raised £1.25 million, before expenses, from an oversubscribed placing and subscription to fund the additional drilling costs associated with the Biscathorpe-2 well.

Since entering into the Commercial Partnership with Humber, Union Jack and Humber have co-invested in a number of projects which include Wressle and Biscathorpe. A director of Humber is also beneficially interested in 754,482,736 ordinary shares of Union Jack representing 13% of the issued share capital of the Company.

I would like to take this opportunity to thank our supportive shareholders, my fellow directors and our team of advisers, all of whom work closely to ensure a smooth running entity going forward.

SUMMARY

I expect a very active six months for Union Jack with the drilling of the economically compelling Biscathorpe-2 conventional well and the upcoming planning processes to allow the Wressle discovery to move to development where we and our joint venture partners believe we have comprehensively addressed all previous technical concerns. The Wressle joint venture partners remain committed to pursuing all avenues to progress the Wressle development.

Success with either of these activities would have a transformational effect on Union Jack.

In addition, the Company continues to review exciting late-stage or near-production projects that will complement our attractive current UK onshore portfolio.

The Board continues to apply strict financial and technical discipline to the Company's activities and endeavours to ensure that our administrative costs are kept under control.

We believe our onshore focus and low-cost business model, combined with actively managing the risk profile of each asset, ensures that eventually we will achieve our ambitions of becoming a mid-tier cash generating entity.

I look forward to reporting further on progress in due course.

The future of Union Jack remains bright.



David Bramhill

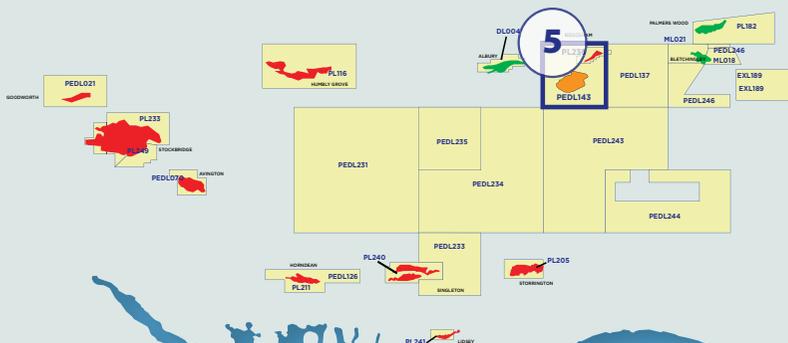
Executive Chairman

18 September 2018



1	PEDL180 PEDL182	WRESSLE DISCOVERY BROUGHTON NORTH	27.5%
2	PEDL005(R) PEDL339	KEDDINGTON OILFIELD LOUTH NORTH SOMERCOTES LOUTH EXTENSION	20%
3	EXL294	FISKERTON AIRFIELD OILFIELD	20%
4	PEDL253	BISCATHORPE	22%

REVIEW OF OPERATIONS



Union Jack's asset portfolio is well balanced, combining production, discovery, appraisal and exploration.



5	PEDL143	HOLMWOOD PROSPECT	7.5%
6	PEDL241	NORTH KELSEY	20%
7	PEDL118 PEDL203	DUKES WOOD KIRKLINGTON	16.67%
8	PEDL201	WIDMERPOOL GULF	26.25%
9	PEDL181	HUMBER BASIN	12.5%
10	PEDL209	LAUGHTON	10%



REVIEW OF OPERATIONS

PEDL180
PEDL182

WRESSLE DISCOVERY BROUGHTON NORTH

INTERESTS HELD BY
UNION JACK OIL PLC

27.5%

A further acquisition has raised Union Jack's interest in PEDL180 and PEDL182 containing the Wressle hydrocarbon discovery to 27.5%.

The economics of the project are robust and net asset values are accretive down to US\$35 per barrel of oil.

Following a further acquisition of interest during 2018 in PEDL180 and PEDL182 from Celtique Energie Petroleum Limited, Union Jack now holds a 27.5% interest in these licences.

These licences contain the Wressle-1 conventional discovery well from which first commercial oil is expected to flow at an initial constrained rate of approximately 500 barrels per day subject to planning approval.

Located in Lincolnshire, on the western margin of the Humber Basin, the above licences contain the Wressle-1 oil discovery and are on trend with the nearby discoveries at Crosby Warren, Brigg and Broughton.

The results of a Competent Person's Report prepared by ERCE were published in September 2016. ERCE made independent estimates of the Reserves, Contingent and Prospective Resources associated with the Wressle-1 discovery and the Broughton North Prospect.

There were several highlights considered within this report which included:

- Gross P Mean Oil Originally in Place ("OOIP") is 14.8 million stock tank barrels in aggregate across three reservoir sands, the Ashover Grit, Wingfield Flags and Penistone Flags, of which 2.15 million stock tank barrels are potentially recoverable
- Gross 2P oil Reserves of 0.62 million stock tank barrels identified across two reservoir sands, the Ashover Grit and Wingfield Flags that form the basis of the initial development plan which currently excludes development of the material Penistone Flags reservoir sands

In respect of the drill-ready Broughton North Prospect ERCE commented;

- The Broughton North Prospect has OOIP of 3.43 million stock tank barrels, gross unriskened Mean Prospective Resources of 0.51 million stock tank barrels and 0.51 bcf of gas in aggregate across two reservoir sands, the Ashover Grit and Penistone Flags

The Wressle-1 well was spudded in July 2014. The Wressle-1 Prospect was defined on proprietary 3D seismic data acquired in 2012, and the well was drilled as a deviated well to a total depth ("TD") of 2,240 metres and was designed to intersect a number of prospective Upper Carboniferous age sandstone reservoirs in a structurally favourable position near the crest of the Wressle structure.

The table below show the net volumes of hydrocarbons attributable to Union Jack

	GROSS VOLUMES			NET VOLUMES ATTRIBUTABLE TO UNION JACK		
	OIL MMSTB	GAS BCF	OIL EQUIV MMBOE	OIL MMSTB	GAS BCF	OIL EQUIV MMBOE
2P Ashover Grit and Wingfield Flags	0.62	0.20	0.65	0.16	0.05	0.18
2C Penistone Flags	1.53	2.00	1.86	0.42	0.55	0.51
Broughton North Mean Unriskened Prospective Resources	0.51	0.51	0.60	0.15	0.15	0.16

The well was logged using measurement whilst drilling (MWD) logging tools run on the drill string. Petrophysical evaluation of the log data indicated the presence of hydrocarbon pay in three 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)

In February 2015, shareholders were updated on the initial successful Ashover Grit flow test which recorded 80 bopd and 47,000 cubic feet of gas per day during a 16 hour main flow period.

No appreciable volumes of water were observed. The oil is of good quality with a gravity of 39-40° API.

Following the Ashover Grit test, shareholders were updated on the initial successful Wingfield Flags flow test which recorded up to 182 bopd of good quality oil with a gravity of 39-40° API along with up to 456,000 cubic feet of gas per day.

The next horizon to be flow tested was the Penistone Flags, the last of three hydrocarbon bearing zones identified in the well. The Penistone Flags test produced gas at restricted flow rates of up to 1.7 million cubic feet of gas per day with associated oil of up to 12 bopd and no free water from a 9 metre perforated zone at the top of the formation. Gas flow rates were constrained by the equipment and flaring limits imposed by the environmental permit. The gas and oil are of good quality with the oil having a gravity of 35° API.

A further test was carried out to evaluate the gas-oil and oil-water contacts in the Penistone Flags by perforating the formation deeper in the section. Zone 3a was perforated over a 7.5 metre interval and produced good quality oil with a gravity of 33° API. A total of 98.5 barrels of oil were recovered during the test, of which flow induced by swabbing operations produced 34.3 barrels of oil. This equates to approximately 77 bopd.

The Penistone Flags Zone 3a interval was pumped for a period of time and achieved average rates over a three day period of 131 bopd and 222,000 cubic feet of gas per day, together totalling 168 barrels of oil equivalent per day (“boepd”) with an average producing gas oil ratio of approximately 1,700 cubic feet of gas per barrel of oil.

Due to increasing gas rates, the pump was then stopped and the well allowed to naturally flow to surface with a series of decreasing choke sizes from 12/64” down to 8/64” (being the smallest available). Average rates over a two day period on the 8/64” choke were 105 bopd with 465,000 cubic feet of gas per day, together totalling 182 boepd.

An application to extend the existing planning consent for a further year was submitted to the North Lincolnshire Council (“NLC”) in April 2018.

In July 2018 this extension was refused by the NLC and this decision has gone to appeal.

The revised Wressle Field Development application was submitted in July 2018.

This application is awaiting consideration by the NLC.

The operator has drilled two deeper cored ground water bore holes in addition to the investigation bore holes previously drilled. The positive data from these operations were used to support the revised application.

Confidence remains that the Wressle development will be brought to production status in due course.

THE INTERESTS IN PEDL180 AND PEDL182 ARE HELD BY:

Egdon Resources U.K. Limited (operator)	30.0%
Europa Oil & Gas Limited	30.0%
Union Jack Oil plc	27.5%
Humber Oil & Gas Limited	12.5%

REVIEW OF OPERATIONS

PEDL005(R)

KEDDINGTON

PEDL339

LOUTH EXTENSION

INTEREST HELD BY
UNION JACK OIL PLC

20%

Producing oilfield with increased production potential from two additional prospects.

Louth Prospect extends into PEDL339.

In July 2015, Union Jack agreed to acquire a 10% interest from Egdon in PEDL005(R) located in Lincolnshire and incorporating the producing Keddington oilfield, the Louth oil prospect and the North Somercotes gas prospect.

Under the terms of the acquisition agreement, Union Jack agreed to pay 20% of the costs of the Keddington-5 sidetrack development well drilled in January 2016 and the proposed Louth exploration well. The Company did not pay any upfront cash to earn its 10% economic interest in PEDL005(R). Under the terms of the agreement Union Jack would also earn a 10% interest from Egdon in any new licence awarded to the existing Joint Venture group in the UK 14th Landward Oil and Gas Licensing Round which contains the mapped extension to the Louth Prospect.

In December 2015, Egdon and its application partners were offered Block TF38c, now known as PEDL339, located within the Humber Basin and containing the western section of the Louth Prospect. Consequently, Egdon has transferred a 10% interest in PEDL339 to Union Jack at no cost.

In October 2017 the Company acquired a further 10% interest in PEDL005(R) via the purchase of the entire onshore portfolio of Cairn Energy plc.

Keddington Oilfield

Union Jack owns a 20% interest in Keddington and the associated infrastructure and production facilities. Union Jack receives 20% of all production revenues. The partners in Keddington are seeking to maximise the value of the “Greater Keddington” area through two additional prospects located within PEDL005(R), namely the Louth oil and the North Somercotes gas prospects. As part of the acquisition, Union Jack also holds a 20% interest in both of these prospects.

Keddington has produced in excess of 300,000 barrels of oil to date and is currently producing approximately 25 bopd from the Keddington-3Z well. Testing of the recently drilled Keddington-5 sidetrack well saw production dominated by formation water and plans are being considered to target undrained reservoir sequences.

The operator continues to review the possibility of further sidetrack drilling at Keddington.

Louth Prospect

The Louth oil prospect is located mostly within PEDL005(R) and extends into PEDL339. Located on the margins of the Humber Basin, the prospect is defined on reprocessed 3D seismic data and is estimated by the operator to contain a STOIPP of 5.5 million barrels and gross mean Prospective Resources of 1.4 million barrels with an attractive COS of 37%.

North Somercotes

Located on the margins of the Humber Basin, the North Somercotes gas prospect is within PEDL005(R) to the north of the Saltfleetby gasfield and is estimated by the operator to contain gross mean Prospective Resources of 11.0 billion cubic feet of gas and to have a COS of 25%.

THE INTERESTS IN PEDL005(R) ARE HELD BY:

	KEDDINGTON OILFIELD	PEDL005(R) EXCLUDING KEDDINGTON
Egdon Resources U.K. Limited (operator)	45.0%	65.0%
Terrain Energy Limited	35.0%	15.0%
Union Jack Oil plc	20.0%	20.0%

EXL294

FISKERTON AIRFIELD OILFIELD

INTEREST HELD BY
UNION JACK OIL PLC

20%

Successful workovers completed on two production wells.

3D seismic processing ongoing.

In November 2017, Union Jack acquired a 20% economic interest in EXL294 containing the producing Fiskerton Airfield oilfield.

EXL294 is located approximately seven miles East of the City of Lincoln. Fiskerton was discovered in 1997 and cumulative production has totalled approximately 440,000 barrels of oil from the most likely mapped Oil in Place of 2.2 million barrels.

Fiskerton was producing approximately 16 barrels of oil per day from one of two production wells (FA-3).

The second production well (FA-1) had been shut in for several months. Workovers of FA-1 and FA-3 were successfully completed in the period January to March 2018.

Production operations have resumed at Fiskerton and initial field production, prior to further optimisation and further operations during the coming period, including the increasing of the pumping rate, is approaching 30 bopd of good quality (35.2° API gravity) oil, a significant increase on the pre-workover rate of 16 bopd.

Additional intervention is being considered on the FA-1 well for early 2019.

Oil production since resumption of operations to date exceeds 2,600 barrels gross and product is being sold and transported by road tanker to a refinery at Immingham, North East Lincolnshire.

There is also a dedicated water disposal well (FA-2) to re-inject any produced water into the reservoir for pressure support.

Fiskerton has suffered from a marked lack of investment by its previous owners over the past few years.

The Company's initial review of historic 3D seismic suggests there is upside potential in the oil resources at Fiskerton. Union Jack is funding a 3D re-processing exercise over an area surrounding Fiskerton to identify further production opportunities from the reservoir. Results from this exercise will be available during Q4 2018. Subject to the results of the 3D seismic re-processing, the joint venture partners will investigate the potential to increase further production through infill drilling.

THE INTERESTS IN EXL294 ARE HELD BY:

Egdon Resources UK Limited (operator)	80%
Union Jack Oil plc	20%

REVIEW OF OPERATIONS

PEDL253

BISCATHORPE

INTEREST HELD BY
UNION JACK OIL PLC

22%

Drill-ready, conventional prospect planned to be drilled following completion of construction of the wellsite adding considerable risk adjusted value.

In March 2013, Union Jack entered into an agreement with Egdon, the licence operator, and Montrose Industries Limited (“**Montrose**”) to acquire a 10% interest in PEDL253 containing the Biscathorpe Prospect. During June 2015, Union Jack subsequently acquired an additional 2% interest pro-rata from Egdon and Montrose bringing the Company’s interest to 12%.

In March 2018, Union Jack acquired a further 10% in PEDL253 bringing its interest to 22%.

PEDL253 is located in Lincolnshire, within the proven hydrocarbon fairway of the Humber Basin, on trend with the Saltfleetby gas field and the Keddington oilfield 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 and adds considerable risk adjusted value that also offers lower geological risk than a pure exploration well given that a prior well, Biscathorpe-1, encountering oil bearing sands, has already been drilled.

The Biscathorpe structure was initially 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 located in a direction towards a potentially thicker sand development within the structural closure of the trap.

The sand unit is predicted to thicken away from the crest of the structure and the operator’s Best Estimate is a gross Prospective Resource of 14 million barrels of oil, with a COS of 40%, within the mapped structural closure. There is also the potential for stratigraphic trapping to the west which, if present, could increase the expected gross Prospective Resources to 41 million barrels of oil. The same sand unit is the producing reservoir in the Keddington oilfield in which Union Jack has a 20% interest.

A subsurface target location to evaluate the exploration potential of the Biscathorpe Prospect and a surface drilling location have been identified from which a vertical well to the depth of 2,100 metres can be drilled.

In March 2015, planning consent was granted for the drilling and any subsequent testing of the Biscathorpe-2 exploration well.

In July 2017, the EA issued the environmental permits for the planned Biscathorpe-2 well.

Drilling of the Biscathorpe-2 conventional exploration well is planned following completion of the construction of the wellsite.

A two year extension has been granted by the OGA to 30 June 2020 in respect of this licence.

In May 2018 an application to extend the existing planning permission to drill a conventional exploratory well, Biscathorpe-2 was approved by the Lincoln County Council Planning Committee.

THE INTERESTS IN PEDL253 ARE HELD BY:

Egdon Resources U.K. Limited (operator)	35.8%
Montrose Industries Limited	22.2%
Union Jack Oil plc	22.0%
Humber Oil & Gas	20.0%

PEDL143

HOLMWOOD PROSPECT

INTEREST HELD BY
UNION JACK OIL PLC

7.5%

The first Weald Basin licence interest in Union Jack's expanding UK onshore portfolio.

Unrisked gross mean prospective resources of 5.6 million barrels from the shallower sandstone reservoirs only.

In May 2016, Union Jack entered into an agreement with the operator, to acquire a 7.5% economic interest in PEDL143 located within the Weald Basin in southern England.

The Holmwood Prospect is a conventional oil prospect first identified by BP in 1988, and is estimated by the operator to hold gross mean unrisked prospective resources of 5.6 million barrels of oil in the Portlandian and Corallian sandstones with a geological COS of 50%. The P90 – P10 range of prospective resources is 1 to 11 million barrels of oil which is the typical range for the Weald Basin, based on the 14 oil and gas fields that have been discovered and produced in the Weald Basin to date.

The Holmwood-1 conventional well was planned to be drilled in late 2018. The operator was informed in early September 2018 that the Minister for the Environment, Food and Rural Affairs had decided not to renew the lease at Bury Hill Wood, Coldharbour Lane, Surrey for the proposed site for the temporary exploration well to test the Holmwood Prospect on the licence. The lease expired on 12 September 2018.

As a result of the Minister's decision, the operator on behalf of the Joint Venture Partners, has withdrawn its planning application to drill the Holmwood Prospect from the Bury Hill Wood site.

PEDL143 has been extended by the OGA until 30 September 2020. In addition to the established Portland sandstone reservoir, PEDL143 also contains the Kimmeridge Limestone which, following the success of the Horse Hill discovery, is an emerging play in the Weald Basin.

Europa, with its partners, intends to undertake a full evaluation of alternative sites from which to target the Holmwood Prospect and other plays within the licence area.

THE INTERESTS IN PEDL143 ARE HELD BY:

Europa Oil and Gas Limited (operator)	20.0%
UK Oil & Gas Investments PLC	40.0%
Egdon Resources UK Limited	18.4%
Angus Energy plc	12.5%
Union Jack Oil plc	7.5%
Altwood Petroleum Limited	1.6%

REVIEW OF OPERATIONS

PEDL241

NORTH KELSEY

INTEREST HELD BY
UNION JACK OIL PLC

20%

Drill-ready multi-target prospect.

Union Jack holds a 20% interest in PEDL241 containing the North Kelsey Prospect. The initial holding was 10% which was acquired from Egdon, the operator, during 2013 on a two for one promote agreement whereby Union Jack earned its interest by bearing an increased share of certain costs.

In June 2015, Celtique Energie Petroleum Limited relinquished its interest in PEDL241 and the Company acquired pro-rata a further 10% interest for a nominal consideration and without promote.

PEDL241 is located within the proven hydrocarbon fairway of the Humberside platform. The North Kelsey Prospect is located approximately 10 kilometres to the south of the Wressle-1 discovery in PEDL180.

The prospect is defined on 3D seismic data and has the potential for up to four stacked sandstone reservoirs in the Chatsworth, Beacon Hill, Raventhorpe and Santon sandstones. The nearby Crosby Warren oilfield and the Brigg oil discovery are productive from the Upper Carboniferous Namurian aged reservoirs.

The gross mean combined Prospective Resources for these multiple objectives, as calculated by the operator, are estimated to be 6.7 million barrels of oil.

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.

In December 2014, the Planning and Regulation Committee of Lincolnshire County Council granted planning consent for the drilling of, and any subsequent testing of, the North Kelsey-1 well.

Drilling of the North Kelsey-1 well is subject to farm out.

A two year extension has been granted by the OGA to 30 June 2020 in respect of this licence.

In May 2018, an application to extend the existing planning permission to drill a conventional exploratory well, North Kelsey-1, was approved by the Lincoln County Council Planning Committee.

THE INTERESTS IN PEDL241 ARE HELD BY:

Egdon Resources U.K. Limited (operator)	80.0%
Union Jack Oil plc	20.0%

PEDL118

DUKES WOOD

PEDL203

KIRKLINGTONINTEREST HELD BY
UNION JACK OIL PLC**16.67%**

Various studies are ongoing on both licences to identify reservoir zones containing previously undrained resources.

PEDL118 Dukes Wood Oilfield (16.67%)

PEDL118 contains the Dukes Wood oilfield originally discovered by a predecessor company to BP in 1939. The oilfield was decommissioned in 1966 having produced approximately 6.5 million barrels of oil from a mapped 25.6 million barrels of oil in place representing a recovery factor of 24.5%. The Dukes Wood-1 well was drilled in 2010 and encountered three reservoir zones, the Ashover Grit, Crawshaw sandstone and Loxley Edge Rock, all of which were flow tested.

PEDL203 Kirklington Oilfield (16.67%)

PEDL203 contains the Kirklington oilfield that was originally discovered by BP in 1985 and produced oil from two Carboniferous reservoirs.

The Kirklington-3 and 3-Z sidetrack wells were drilled in 2010 and produced oil from only one of nine potential pay zones until mid 2013. The Kirklington 3-Z well is currently shut in and production facilities have been preserved on a care and maintenance basis. Should a future production decision be taken, the existing production facilities can be made production ready once remedial work has been conducted to site equipment.

THE INTERESTS IN PEDL118 AND PEDL203 ARE HELD BY:

Egdon Resources U.K. Limited (operator)	55.55%
Terrain Energy Limited	27.78%
Union Jack Oil plc	16.67%

PEDL181

HUMBER BASININTEREST HELD BY
UNION JACK OIL PLC**12.5%****Significant Bowland-Hodder Shale potential.**

PEDL181 is located within the Humber Basin.

This licence has no immediate conventional or unconventional work commitments or planned activities.

THE INTERESTS IN PEDL181 ARE HELD BY:

Europe Oil & Gas Limited	50.0%
Egdon Resources UK Limited	25.0%
Union Jack Oil plc	12.5%
Humber Oil & Gas Limited	12.5%

REVIEW OF OPERATIONS

PEDL201

WIDMERPOOL GULF

INTEREST HELD BY
UNION JACK OIL PLC

26.25%

Significant Bowland-Hodder Shale potential.

Drilling operations were completed in October 2014 on the Burton on the Wolds-1 well located on PEDL201 in Leicestershire.

The well encountered the primary target, the Rempstone sand, which was water wet and as a result the well was plugged and abandoned.

However, a thickness of Bowland Shale was encountered during drilling, which according to studies undertaken by the British Geological Survey ("**BGS**"), has potential for unconventional resources of shale oil or gas if buried to greater depths.

Drill cutting samples of the Bowland Shale source rock collected at the well were sent for analysis to Houston based, Weatherford Laboratories to determine source rock quality. Weatherford are recognised experts in source rock evaluation.

Following analysis, Weatherford concluded that the Upper Bowland-Hodder Shale interval in the Burton on the Wolds well from the East Midlands region of the UK is a very good source rock containing predominantly oil prone Type I I organic matter.

The Bowland Shale at the site of the Burton on the Wolds-1 well is deemed, not unsurprisingly, to be thermally immature owing to its shallow depth. Source rock maturity is a function of heat flow, burial depth and time. To the north of the well location is the Hoton Fault which forms the southern boundary of the Widmerpool Trough. Regional well correlations show the Bowland Shale to be buried at a much greater depth and is believed to be thermally mature for hydrocarbon generation.

The results of the Weatherford analysis and the BGS studies suggest an unconventional shale play is present under the retained part of PEDL201.

In June 2014, industry consultants Molten Limited completed a report commissioned by Union Jack reviewing the shale resource potential within PEDL201. Molten's review and summary concluded that the mean deterministic unrisks in place volumes within that shale area could be approximately 5.4 billion barrels of oil and in excess of 2.7 trillion standard cubic feet of gas gross.

Elsewhere in the world, the combination of the technologies has permitted extensive shale developments such as the Bakken oil play in the US. Shale oil recovery factors in the US have ranged from 1% to nearly 10%. If recovery factors, even at the low end of those achieved in the US can be seen in the UK these volumes would represent significant economic developments.

Awards of licences adjacent to PEDL201 to other parties under the 14th Round, offer encouragement regarding the unconventional play within the area under licence.

The directors are considering options to monetise the unconventional potential which has been highlighted within the licence area.

THE INTERESTS IN PEDL201 ARE HELD BY:

Egdon Resources U.K. Limited (operator)	45.00%
Union Jack Oil plc	26.25%
Humber Oil & Gas Limited	16.25%
Terrain Energy Limited	12.50%

PEDL209

LAUGHTONINTEREST HELD BY
UNION JACK OIL PLC**10%****Two additional conventional prospects and hydrocarbon potential to be further evaluated.**

In January 2016, Union Jack acquired from Egdon a 10% interest in PEDL209 in respect of the conventional prospects only within the licence area for no upfront consideration.

PEDL209 is located along the eastern side of the Gainsborough Trough, a proven hydrocarbon province within the East Midlands.

In February 2016, the Laughton-1 well was spudded and reached a total depth of 1,700 metres in line with the pre-drill prognosis. During drilling, the well recorded hydrocarbon shows from a number of potential reservoir sequences including the Kilburn Sandstone, Chatsworth Grit, Ashover Grit and Kinderscout Grit.

The Silkstone Rock primary objective was poorly developed in the well. Analysis of the wireline log data indicated that the hydrocarbon saturations associated with the shows were not sufficiently encouraging to warrant testing and the well was plugged and abandoned and the well-site restored to its original condition.

No immediate future activity is expected within the licence, although it contains two further conventional prospects with hydrocarbon potential that continue to be evaluated.

THE INTERESTS IN PEDL209 ARE HELD BY:

Egdon Resources UK Limited (operator)	38.0%
Blackland Park Exploration Limited	28.0%
Stelinmatvic Industries Limited	24.0%
Union Jack Oil plc	10.0%

UNAUDITED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Revenue		73,044	17,331	46,203
Cost of sales		(90,566)	(16,803)	(65,949)
Gross profit (loss)		(17,522)	528	(19,746)
Administrative expenses (excluding impairment charge)		(402,469)	(310,152)	(722,502)
Impairment		–	(6,078)	(5,078)
Total administrative expenses		(402,469)	(316,230)	(744,902)
Operating loss		(419,991)	(315,702)	(747,326)
Finance income		1,232	95	504
Loss before taxation		(418,759)	(315,607)	(746,822)
Taxation	3	–	–	–
Loss for the period / year		(418,759)	(315,607)	(746,822)
Attributable to:				
Equity shareholders of the Company		(418,759)	(315,607)	(746,822)
Loss per share				
Basic and diluted loss per share (pence)	2	(0.01)	(0.01)	(0.02)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Loss for the period / year	(418,759)	(315,607)	(746,822)
Other comprehensive income	–	–	–
Total comprehensive loss for the period / year	(418,759)	(315,607)	(746,822)

UNAUDITED BALANCE SHEET

AS AT 30 JUNE 2018

Notes	As at 30 June 2018 Unaudited £	As at 30 June 2017 Unaudited £	31 December 2017 Audited £
Assets			
Non-current assets			
Exploration and evaluation assets	3,044,232	2,829,249	2,806,278
Property, plant and equipment	535,409	–	496,859
Investments	40,000	40,000	40,000
	3,619,641	2,869,249	3,343,137
Current assets			
Trade and other receivables	109,969	65,843	65,872
Cash and cash equivalents	1,827,229	2,015,448	1,578,514
	1,937,198	2,081,291	1,644,386
Total assets	5,556,839	4,950,540	4,987,523
Liabilities			
Current liabilities			
Trade and other payables	113,606	53,799	310,079
Non-current liabilities			
Provisions	264,854	18,000	229,918
Total liabilities	378,460	71,799	539,997
Net assets	5,178,379	4,878,741	4,447,526
Capital and reserves attributable to the Company's equity shareholders			
Share capital	4 3,322,194	2,954,546	2,954,547
Share premium	6,161,633	5,561,579	5,379,670
Share-based payment reserve	61,438	167,924	61,438
Accumulated deficit	(4,366,886)	(3,805,308)	(3,948,129)
Total equity	5,178,379	4,878,741	4,447,526

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June 2018 Unaudited £	Six months ended 30 June 2017 Unaudited £	Year ended 31 December 2017 Audited £
Cash outflow from operating activities	(648,332)	(344,280)	(503,331)
Cash flow from investing activities			
Purchase of intangible assets	(203,018)	(755,986)	(872,482)
Purchase of property, plant and equipment	(50,777)	–	(161,797)
Interest received	1,232	95	504
Net cash used in investing activities	(252,563)	(755,891)	(1,033,775)
Cash flow from financing activities			
Proceeds on issue of new shares	1,250,000	1,393,997	1,393,997
Cost of issuing new shares	(100,390)	(140,342)	(140,342)
Net cash generated from financing activities	1,149,610	1,253,655	1,253,655
Net increase / (decrease) in cash and cash equivalents	248,715	153,484	(283,450)
Cash and cash equivalents at beginning of period / year	1,578,514	1,861,964	1,861,964
Cash and cash equivalents at end of period / year	1,827,229	2,015,448	1,578,514

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2018

I ACCOUNTING POLICIES

Basis of Preparation

These financial statements are for the six month period ended 30 June 2018.

The information for the year ended 31 December 2017 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 2018 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 2017.

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. Due to the simple nature of the Company's revenue from oil sales, it has been determined that no change in the Company's accounting policy for revenue recognition is required. In accordance with the transition provisions in IFRS 15, the Company has adopted the new rules retrospectively, however as no adjustments arise from the application of these new rules, no restatement of comparatives for the 2017 financial year is required.

The Company has also adopted IFRS 9 Financial Instruments from 1 January 2018. The application of this standard has no impact on the Company's financial statements.

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 2018 pence	Six months ended 30 June 2017 pence	Year ended 31 December 2017 pence
Loss per share from continuing operations	(0.01)	(0.01)	(0.02)

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

	Six months ended 30 June 2018 £	Six months ended 30 June 2017 £	Year ended 31 December 2017 £
Loss used in the calculation of total basic and diluted earnings per share	(418,759)	(315,607)	(746,882)

Number of Shares	Six months ended 30 June 2018	Six months ended 30 June 2017	Year ended 31 December 2017
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	5,267,414,840	3,962,243,702	4,149,180,372

NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 2018, 1,470,588,226 new ordinary shares were issued for cash at 0.085 pence per share raising approximately £1,250,000 before expenses of £100,390.

At 30 June 2018, there were 5,803,651,431 ordinary shares of a nominal value of 0.025 pence in issue.

At 30 June 2018, there were 831,680,400 deferred shares of 0.225 pence nominal value in issue.

At 30 June 2018, there were 51,407,842 warrants outstanding and exercisable.

5 EVENTS AFTER THE BALANCE SHEET DATE

In July 2018, 120,000,000 share options were granted to David Bramhill, Executive Chairman and 60,000,000 share options were granted to Joe O'Farrell, Executive Director.

The share options have an exercise price of 0.09 pence, being the mid-market closing price as of 17 July 2018.

The share options granted represent approximately 3.1% of the issued share capital.

In August 2018, North Lincolnshire Council declined to extend planning permission for the Wressle site planning extension. This decision has gone to appeal by the operator.

In September 2018, the operator of PEDLI43 was notified by the Minister of Environment, Food and Rural Affairs that he had decided not to renew the lease for the site of the proposed well, Holmwood-1 to test the conventional target. Union Jack holds a 7.5 interest in the licence, which remains valid for further exploration until 30 September 2020.

6 RELATED PARTY TRANSACTIONS

Charnia Resources (UK), an unincorporated entity owned by Graham Bull, non-executive director, received from the Company the sum of £24,800 during the period under review in respect of consulting fees.

Jayne Bramhill, spouse of David Bramhill, received from the Company the sum of £3,000 during the period under review in respect of IT maintenance and administration costs.

In March 2018, Joe O'Farrell, Executive Director, purchased 58,823,529 new ordinary shares at a price of 0.085 pence.

In March 2018, David Bramhill, Executive Chairman purchased 11,764,705 new ordinary shares at a price of 0.085 pence.

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.



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