

29 August 2019

Union Jack Oil plc
("Union Jack" or the "Company")
West Newton Update

Union Jack Oil plc (AIM: UJO), a UK focused onshore hydrocarbon production, development and exploration company is pleased to announce an update in respect of the West Newton A-2 conventional appraisal well, located within PEDL183 and operated by Rathlin Energy (UK) Limited ("Rathlin" or the "Operator"). Union Jack holds a 16.665% interest in this licence containing the West Newton A-1 discovery well and the West Newton A-2 appraisal well.

Highlights

- The Operator and project partners now believe that the West Newton project represents a significant oil and gas discovery rather than a pure gas discovery as originally perceived
- Evaluation of the West Newton A-2 open hole data has identified an estimated gross hydrocarbon column of approximately 65 metres in the Kirkham Abbey formation
- Initial petrophysical evaluation identifies a gross oil column of approximately 45 metres underlying a gross gas column of approximately 20 metres within the Kirkham Abbey interval
- With the indication of a potentially significant oil column, the Extended Well Test ("EWT") has been temporarily suspended in order to review and revise the well test design to deliver the necessary test information to validate this important onshore resource
- Following the integration and evaluation of the core, petrophysical, seismic and test data, the Operator and partners intend to commission a revised CPR to re-assess volumetrics and revise NPV10 values based on the information acquired from the West Newton A-2 well

The West Newton A-2 well was drilled as an appraisal of the West Newton A-1 discovery well. Based on the results of the West Newton A-1 well, a Best Estimate Contingent Resource of 189 Bcfe of gas was identified in a Competent Person's Report ("CPR") compiled by Deloitte and dated 1 June 2017.

The West Newton A-2 well was spudded on 26 April 2019 and on 9 June 2019 reached a total depth of 2,061 metres. A full suite of open hole logs was run and 28 metres of core were successfully cut and recovered from the Kirkham Abbey Formation.

Initial open hole information indicated that in many respects the zone penetrated was consistent with that encountered in the West Newton A-1 well, however, the West Newton A-2 well indicated the presence of both gas and oil in the reservoir as opposed to a pure gas project as originally thought.

Evaluation of the West Newton A-2 open hole data has identified an estimated gross hydrocarbon column of approximately 65 metres in the Kirkham Abbey formation. Based on the previously described data in conjunction with cuttings analysis and mudlogging data, a cased hole pulsed-neutron tool was run across the Kirkham Abbey zone as a means to differentiate and confirm fluid saturations.

Initial petrophysical evaluation identifies a gross oil column of approximately 45 metres underlying a gross gas column of approximately 20 metres within the Kirkham Abbey interval. The West Newton A-2 well exhibits encouraging porosities on logs and in core, particularly in the identified oil zone, where in excess of 30 metres of porosity has been measured. The core also exhibits natural fracturing which is confirmed by an imaging log run across the entire Kirkham Abbey interval.

The cased hole logging and completion programmes were initiated on 6 August 2019, followed by well test operations which commenced on 20 August 2019. Completion and testing efforts focused on the newly identified oil column. With the indication of a potentially significant oil column, the EWT has been temporarily suspended in order to review and revise the well test design to deliver the necessary test information to validate this important onshore resource.

Additionally, the West Newton A-2 well data provides a good tie to the high quality three component 3D seismic volume that covers the entire West Newton project. The new data allows for a revised interpretation of the seismic volume incorporating the well and the newly identified gas over oil gross hydrocarbon column.

Following the integration and evaluation of the core, petrophysical, seismic and test data, the Operator and partners intend to commission a revised CPR to re-assess volumetrics and revise NPV10 values based on the information acquired from the West Newton A-2 well.

David Bramhill, Executive Chairman of Union Jack commented:

“The confirmation of a major oil discovery at the West Newton project is highly encouraging compared to its original perception as a substantial gas discovery. We now await a revised CPR that Union Jack expects will provide details on the oil in place, gas in place and recoverable volumes. Given the positive value implications of a major onshore oil development, rather than predominantly gas as originally believed, we expect this will also lead to a meaningful uplift in the NPV10 calculations in the Revised CPR.

“The EWT will now be paused to allow the test equipment to be reconfigured to design and implement a revised production test which will better reflect the increased liquid hydrocarbon content of the production fluid. We believe this to be necessary in order to maximise the information derived from this EWT test information to drive this important onshore oil project forward.

“We now believe that West Newton will become a significant oil development project for Union Jack, our joint venture partners and for the onshore UK hydrocarbon industry.”

Competent Person’s Statement

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

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