Market Abuse Regulation (MAR) Disclosure
Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement

11 May 2020

Union Jack Oil plc

("Union Jack" or the "Company")

Final Results for the Year Ended 31 December 2019

Union Jack Oil plc (AIM: UJO), a UK focused onshore hydrocarbon production, development and exploration company, is pleased to announce its audited results for the year ended 31 December 2019.

Operational Highlights

- Successful drilling of the West Newton A-2 conventional appraisal well where initial petrophysical evaluation has identified a gross oil column of 45 metres underlying a gross gas column of 20 metres within the Kirkham Abbey formation
- Permission granted by the Planning Inspectorate for the development of the Wressle hydrocarbon discovery where first oil is anticipated during H2 2020
- Economic modelling at Biscathorpe indicates a financially robust project in the current oil price environment
- Environment Agency approval received for the recommencement of well testing at West Newton A-2

Financial Highlights

- Fully funded for all current drilling and well testing commitments
- Cash balance in excess of £5.5 million as at 1 May 2020
- Company remains debt free

David Bramhill, Executive Chairman, commented:

"My confidence in respect of Union Jack's future remains highly positive.

"The Company, during 2019 and to date, has advanced its key projects, and seen drilling and appraisal activity, supported by technical research input from our very competent technical team, resulting in an accretion in asset value and providing clarity on the next steps towards commerciality.

"I have no doubt that, even in these difficult times, given our attractive projects, we will achieve our goal of increasing production materially and becoming a significant mid-tier UK onshore producer in the medium term. In the meantime, I am certain that the news stream arising from the ongoing progress of our endeavours will vindicate our optimism in respect of our licence interests.

"Union Jack's wider asset portfolio is well balanced with the relevant components of production, development, appraisal and discovery and we are fully funded for all our planned commitments going forward.

The future of Union Jack remains bright."

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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 exploration experience. This announcement contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business. While the directors believe the expectation reflected within this announcement to be reasonable in light of the information available up to the time of approval of this announcement, the actual outcome may be materially different owing to factors either beyond the Company's control or otherwise within the Company's control, for example, owing to a change of plan or strategy. Accordingly, no reliance may be placed on the forward-looking statements.

Evaluation of hydrocarbon volumes has been assessed in accordance with 2018 Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), the Society of Petroleum Evaluation Engineers (SPEE), the Society of Exploration Geophysicists (SEG), the Society of Petrophysicists and Well Log Analysts (SPWLA) and the European Association of Geoscientists & Engineers (EAGE).

CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders of Union Jack Oil plc ("**Union Jack**" or the "**Company**"), the Annual Report and Financial Statements for the year ended 31 December 2019.

Union Jack's strategy remains consistent with the objective of the Board to build a successful and sustainable, UK-focused, onshore hydrocarbon production and development business. In this respect, we have delivered demonstrable growth in asset value and 2019 has seen the expansion of our portfolio with what we consider to be high quality, asset value accretive project interests with substantial upside potential in our focus areas of the East Midlands, Humber Basin and East Yorkshire. In addition, success in any one of our key assets is expected to result in a significant increase in the market valuation of the Company.

The unexpected arrival of the COVID-19 pandemic has meant very few, if any, companies and individuals have not felt the unwelcome consequences that have resulted from this unprecedented event.

We continue to remain vigilant in the way we operate both technically and financially and are doing our best to keep shareholders and our Joint Operating Agreement ("JOA") partners informed of any changes being implemented to our operations in respect of the effects of COVID-19.

Currently, it is business as usual, however, I would like to add that any forward-looking statements made within this report are made with good intent, as the effects of this virus are not fully known and will remain so for the foreseeable future. Thus, the potential for any changes in working and planning in respect of our project interests remain possible and we will continue to be guided by the regulatory bodies and our Operators.

I would urge shareholders to read the Notice of Annual General Meeting and the subsequent notes within this report, where COVID-19 arrangements have been highlighted.

Marked progress was made in the year under review and in the post balance sheet events period up to the signing of these financial statements, with the highlights being:

- Successful drilling of the West Newton A-2 conventional appraisal well where initial petrophysical evaluation has identified a gross oil column of 45 metres underlying a gross gas column of 20 metres within the Kirkham Abbey formation
- Permission granted by the Planning Inspectorate for the development of the Wressle hydrocarbon discovery where first oil is anticipated during H2 2020
- Economic modelling at Biscathorpe indicates a financially robust project in the current oil price environment
- Environment Agency approval received to recommence well testing at West Newton A-2
- Fully funded for all current drilling and testing commitments
- Cash balance in excess of £5.5 million as at 1 May 2020
- Company remains debt free

PEDL183 WEST NEWTON (16.665%)

Union Jack completed a farm-in in late 2018 on licence PEDL183, covering 176,000 acres and containing the West Newton A-1 discovery, with Rathlin Energy (UK) Limited ("Rathlin").

PEDL183 is located onshore UK, north of the river Humber, also encompassing the town of Beverley, East Yorkshire. The licence area is within the western sector of the Southern

Zechstein Basin. The West Newton A-1 and subsequent A-2 discoveries are on-trend with the prolific offshore Hewett gas complex.

In the UK, the carbonates of the Permian Basin have been targeted and produced offshore and onshore in the Southern North Sea Gas Basin. These carbonates have been extensively explored and produced onshore in the Netherlands, Germany and Poland, which provide several direct analogues for West Newton and the overall licence area.

The A-2 well was drilled as an appraisal of the A-1 discovery and reached a total depth of 2,061 metres. A full suite of logs was run and 28 metres of core were successfully cut.

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. 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 during August 2019, followed by well test operations. Completion and testing efforts were focused on the newly identified oil column. With the indication of this potentially significant result, the Extended Well Test ("EWT") was paused in order to review and revise the well test design and to deliver the necessary test information to validate this significant onshore resource.

Rathlin has now redesigned the EWT and all the necessary equipment has been identified. Approval for the variation to the permit to recommence well testing at West Newton A-2 has been received from the Environment Agency.

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 allow for a revised interpretation of the seismic volume incorporating the newly identified gas over oil hydrocarbon column.

Following the integration and evaluation of the core, petrophysical, seismic and test data, the Operator and partners intend to commission a revised Competent Person's Report ("CPR") to re-assess volumetric estimates and provide a revised Net Present Value based on the information acquired from the West Newton A-2 well.

Subsequent to the drilling of the A-2 well, the Operator undertook a number of core, geochemical and other technical studies and re-evaluated the volumetrics of the West Newton Kirkham Abbey reservoir, utilising data obtained from both the A-1 discovery and A-2 appraisal wells.

The result of the volumetric exercise indicated a material upgrade in the liquid hydrocarbons believed present. The in-place volume estimates were generated for a Base Case and Upside Case by the Operator.

Base Case and Upside Case Volumes in Place

CASE	LIQUIDS (MMBBL)	GAS (BCF)
Base Case	146.4	211.5
Upside Case	283.0	265.9

The basis used for the re-evaluation of the Kirkham Abbey reservoir was as follows:

- Differing rock volumes, porosities and saturations, based on direct measurement and analogue data, have been used in arriving at the in-place hydrocarbon estimates
- Evaluation of drilling results from the West Newton A-2 well, particularly the revised petrophysical, fluid saturation, sedimentological and diagenetic analyses
- Identification of the oil leg in the Kirkham Abbey reservoir in the West Newton A-2 well, based on:
  - geochemical analysis of the gas and fluid samples
  - core fluorescence and surface samples, including
  - results obtained from the Pulsed Neutron Raptor tool
- 28 metre core sample over the Kirkham Abbey interval, which yielded important sedimentological and depositional data and core analysis.

The process for commencement of appraisal drilling operations is now underway for the conventional West Newton B-1 appraisal well. This well will further appraise the Kirkham Abbey formation and test the deeper Cadeby formation at its optimum location.

All the results to date continue to support our belief that West Newton is a large scale, conventional onshore oil and gas development asset with potential offshore sized resources in place.

PEDL180/PEDL182 WRESSLE DISCOVERY (27.5%)

Located in Lincolnshire on the Western margin of the Humber Basin, PEDL180 and PEDL182 contain the substantial Wressle oil discovery, with proven reserves and significant upside, from which first commercial oil is anticipated during H2 2020, where it is expected to flow at a constrained rate of 500 barrels a day gross.

During January 2020, the JOA partners received the welcome news that, after several years of planning setbacks in respect of the development of the Wressle discovery, the Planning Inspectorate had upheld the appeal and granted planning consent for the development of this company changing project. The Inspector also allowed the application for an award of costs against the North Lincolnshire Council (“NLC”). Subsequently, the NLC has paid costs of £403,000. Union Jack will receive its proportion of this payment once the sum to be paid is agreed with the Operator.

Translated into 2P and 2C reserves and resources, using figures quoted from the Competent Person's report compiled by ERC Equipoise Limited, the net volumes attributable to Union Jack are as shown below.

Gross and Net Volumes of Wressle 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	0.17	0.05	0.18
2C Penistone Flags	1.53	2.00	1.86	0.42	0.55	0.51
Broughton North Mean Unrisked Prospective Resources	0.51	0.51	0.60	0.14	0.14	0.16

The forward plan for the Wressle oilfield development comprises the following key stages:

- Discharging the planning conditions, finalising detailed designs, tendering and procurement of materials, equipment and services and finalising all HSE documentation and procedures
- Installation of the ground water monitoring boreholes and establishment of baseline conditions through monitoring
- Reconfiguration of the site
- Installation and commissioning of surface facilities
- Sub-surface operations
- Commencement of production

Progress to date has concentrated on the enabling works highlighted in the first bullet point above. The initial work on site will be the installation of the groundwater monitoring boreholes with the main site operations occurring in the last months of the work stream. On current plans, first oil is anticipated during H2 2020.

The Economic Growth Plan for North Lincolnshire champions the growth of, and diversification of, the Humber chemical and energy cluster, currently contributing some £6 billion to the economy. Industries include petrochemicals, commodity and speciality chemicals, composite materials, pigments and paints, wind turbines and pharmaceuticals, and a raft of other associated industries employing circa 15,000 people in at least 120 companies. Petroleum remains fundamental to these locally important industries, including in the manufacture of items such as wind turbines for the renewable energy sector which rely upon composite materials involving petroleum products, as do many industrial applications.

The oil that Wressle will produce will contribute to these industries and benefit the region as a whole and further afield in the UK. The oil produced at Wressle would also help offset international oil imports typically shipped over long distances, as the oil produced would be refined nearby in Immingham, keeping trucking and transportation to a minimum, reducing the carbon footprint and greenhouse gas emissions.

With first oil at Wressle anticipated during H2 2020, we believe this will have a positive economic impact on Union Jack and the revenues will significantly improve the Company's cash generating capability.

PEDL253 BISCATHORPE (27.5%)

PEDL253 is situated within the proven hydrocarbon fairway of the South Humber Basin and is on-trend with the Keddington oilfield, Saltfleetby gasfield and the Louth and North Somercotes Prospects.

In February 2019, the Biscathorpe-2 well was drilled and logging operations were conducted. Preliminary analysis indicated that, unexpectedly, the primary objective, the Basal Westphalian Sandstone, was not encountered.

However, this result has subsequently turned full circle and the determination of the respective technical teams and their research has demonstrated that PEDL253 can be considered a viable hydrocarbon play and that Biscathorpe remains one of the largest untested onshore prospects within the UK.

The JOA partnership has completed extensive and detailed studies of the Biscathorpe Prospect, including the re-processing and re-mapping of 264 square kilometres of 3-D seismic. This exercise has significantly enhanced the understanding of the prospectivity over the licence area.

Accessible targets have been identified where evidence for a thickened Westphalian sandstone reservoir exists. These targets can be drilled using a side-track from the existing Biscathorpe-2 well which was suspended once site operations were concluded in 2019. Any proposed side-track will also target the oil column logged in the underlying Dinantian Carbonate as described later within this commentary.

The Mean Prospective Resources associated within the Westphalian target area are estimated by the Operator, in accordance with 2018 PRMS Standard, to be 3.95 mmbbls of oil, with an upside case of 6.69 mmbbls. Preliminary economic modelling demonstrates that the Westphalian target is economically robust in the current oil price environment with a full cycle economic valuation of £55.6 million gross (NPV10%) and a US$18.07 per barrel breakeven oil price.

While drilling the B-2 well, there were hydrocarbon shows indicated in background gas measurements and sample fluorescence, observed over the entire interval from the top of the Dinantian to the Total Depth ("TD") of the well (an interval of over 157 metres), with a total of 57 metres interpreted as being oil bearing in the petrophysical analysis.

A geochemical analysis of the gas data and hydrocarbons extracted from drill cuttings was originally commissioned by Union Jack and carried out by Applied Petroleum Technology (UK) Limited ("APT").

The results of this analysis show a hydrocarbon column of 33º-34º API gravity oil in the Dinantian Carbonate, comparable with that produced at the nearby Keddington oilfield.

An assessment of the Dinantian oil volumes has also been modelled with volumetric assumptions as being filled to spill and a proven likely live oil column following the results of the APT exercise.

Mean Stock Tank Oil Initially in Place ("STOIIP") within the Dinantian has been calculated to be 24.3 mmbbls with an upside case of 36 mmbbls.

Although the Dinantian is not considered to be the primary target, should there be effective permeability, or the presence of fractures within this section, there is the possibility of a further commercially viable play being present within the Biscathorpe licence area that would add considerable resource upside over and above the principal Westphalian target.

During the year, one of the JOA partners, Humber Oil and Gas Limited ("Humber"), defaulted on a balance due to the Operator.

The Operator, on behalf of the remaining JOA partners, has enforced the rights under the JOA default provisions and commenced proceedings to recover the sum owed.

Under the terms of the JOA, the defaulting party can be removed from the licence and that party's share of the asset redistributed amongst the remaining JOA partners. Humber remains liable for the outstanding debt, however, in the meantime the remaining JOA partners have assumed responsibility for the pro-rata payment of invoices.

The payment default under the JOA by Humber has resulted in Union Jack increasing its holding from 22% to 27.5% in PEDL253.

DISPOSAL OF INTEREST IN PEDL143 WEALD BASIN (FORMERLY HOLMWOOD)

In April 2019, Union Jack reached agreement with the Operator, UK Oil & Gas PLC ("UKOG"), to sell its 7.5% interest in PEDL143 for a consideration of £112,500 payable in ordinary shares of UKOG.

This disposal allows Union Jack to concentrate on its focus areas of the East Midlands, Humber Basin and East Yorkshire, where we believe all our interests are material and potentially company-changing core assets, namely, West Newton, Wressle, Biscathorpe and Keddington.

PRODUCTION ASSETS

Union Jack's portfolio includes licence interests in two production assets, PEDL005(R) (55%) and EXL294 (20%) containing the Keddington and Fiskerton Airfield oilfields respectively.

Combined production of high-quality oil from these two assets is averaging 50 barrels of oil per day gross from Carboniferous age sandstone reservoirs.

Keddington is located along the very prospective East Barkwith Ridge, an east-west structural high on the southern margin of the Humber Basin.

A detailed, subsurface review of the Keddington field and the surrounding licence area was conducted by Egdon and Union Jack during 2019, resulting in a fully audited and consistent data set that supports updated resource estimates generated by the Operator.

These geological and geophysical studies indicate that potentially significant resources remain unswept at Keddington, highlighting an excellent opportunity to increase production volumes multifold by the drilling of a relatively inexpensive development well from the existing production site. The gross remaining Mean Contingent Resource at Keddington is 567,000 bbls of oil (311,000 bbls net to Union Jack).

The Operator is finalising the assessment of potential in-fill drilling locations at Keddington with a view to targeting a side-track drilling location.

The Keddington site lease has been extended until 2029, and planning consent expires in 2058, with approval in place for the drilling of a further two wells.

In addition to the unswept resources at Keddington, a near-field exploration opportunity exists at Keddington South, which has a gross Mean Prospective Resource Volume of 635,000 bbls of oil (349,250 bbls net to Union Jack).

During March 2020, Union Jack acquired a further 35% economic interest in PEDL005(R) from Terrain Energy Limited, increasing its holding to 55%. The consideration in respect of the acquisition was £200,000, financed from existing cash resources. This transaction provides an immediate uplift in oil production which will have a beneficial effect when consolidated into the production revenues generation from Fiskerton Airfield and the anticipated “first oil” from the Wressle development later in the year.

Production at Fiskerton Airfield remains steady and focus will continue to be the maximising of oil output from the existing wells.

OTHER PORTFOLIO INTERESTS

Union Jack holds interests in a number of other non-core projects.

PEDL241 North Kelsey (20%) located within the proven Humberside platform contains the drill-ready North Kelsey Prospect. Subject to a successful future farm out process, this prospect is expected to be drilled during 2021.

An interest is also held in PEDL118 Dukes Wood (16.67%) and PEDL203 Kirklington (16.67%) discoveries.

PEDL201 Widmerpool Gulf (26.25%), formerly known as Burton-on the-Wolds, contains significant non-conventional Bowland Hodder shale potential. During November 2019, the Government introduced a moratorium on non-conventional operations, therefore the Board has decided to fully impair this asset.

PEDL181 Humber Basin (12.5%) is located within the Humber Basin and holds non-conventional upside. As in the case of PEDL201, the Board has decided not to continue with this licence interest and we intend to withdraw during 2020. This licence has been fully impaired.

PEDL 209 Laughton (10%) has no activity planned for the foreseeable future and it is the intention of the Company to withdraw from this interest during 2020.

The relinquishments planned will have a modest cost saving element to our operations going forward and will enable additional focus on our core assets.

COVID-19 STATEMENT

Following the outbreak of Coronavirus (COVID-19), the priority of the Company has been on the health and safety of its employees and technical staff. Like many organisations, plans have been implemented and active measures have been taken to mitigate risk, such as no one-to-one contact and numerous telephone meetings. The Board is also in frequent contact with the Company's JOA partners and our external technical team to assess any potential impact on the assets in which the Company has invested.

We continue to follow the most up-to-date Government advice and engage with the regulatory bodies and stakeholders.

To date, the exploration, development and production activities of the Company's assets have continued in line with plans and with minimal impact from COVID-19. However, the Company recognises COVID-19 and associated geo-political factors have created uncertainty around the price and demand for oil.

The Company's financial health remains strong, with a robust balance sheet, cash reserves to fund its operations through to April 2021 and we remain debt free. Accordingly, the Board does not currently plan to make changes going forward. However, the Board continues to monitor the situation closely and will, with its JOA partners, make adjustments if appropriate.

I would like to bring to the attention of shareholders the Notice of Annual General Meeting ("AGM") in the Annual Report and associated notes published on the Company's website www.unionjackoil.com. We have no statutory requirement to delay the publishing or production of the Company's accounts and financial statements for the year ended 31 December 2019, and COVID-19 arrangements have been implemented to allow the AGM to take place as planned within the guidelines and advice of our legal team.

CORPORATE AND FINANCIAL

A successful placing of £5 million before expenses in November 2019 has ensured the financial well-being of the Company going forward. The costs of the EWT at West Newton A-2 have already been paid and no further cash calls are expected for this process. We also have sufficient monies in place to fund our share of planned drilling and testing at the West Newton B-1 well and the development of the Wressle discovery where first oil is anticipated during H2 2020.

Union Jack remains debt free and the cash balance at 1 May 2020 is in excess of £5.5 million.

We continue to identify and add value-accretive asset interests to our portfolio and execute a very strict technical and financial regime, thus protecting the Company and its shareholders.

I would like to thank our shareholders for their continued support, as well as my colleagues and co-directors, who provide invaluable advice and continue to champion the development of the UK onshore hydrocarbon industry for the benefit of both Union Jack and the wider economy.

I would also like to thank our wider suite of professional advisers, who have contributed to the efficient running of Union Jack, and have enabled us to engage with investors to source essential funding which enables our core projects to move forward.

SUMMARY

My confidence in respect of Union Jack's future remains highly positive.

The Company, during 2019 and to date, has advanced its key projects, and seen drilling and appraisal activity, supported by technical research input from our very competent technical team, resulting in accretion in asset value and providing clarity on the next steps towards commerciality.

I have no doubt that, even in these difficult times, given our attractive projects, we will achieve our goal of increasing production materially and becoming a significant mid-tier UK onshore producer in the medium term. In the meantime, I am certain that the news stream arising from the ongoing progress of our endeavours will vindicate our optimism in respect of our licence interests.

Union Jack's wider asset portfolio is well balanced with the relevant components of production, development, appraisal and discovery and we are fully funded for all our planned commitments going forward.

The future of Union Jack remains bright.

David Bramhill

Executive Chairman

7 May 2020

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	31.12.19 £	31.12.18 £
Revenue	136,959	165,270
Cost of sales - operating costs	(185,169)	(159,046)
Cost of sales - depreciation	(32,429)	(32,186)
Gross Loss	(80,639)	(25,962)
Administrative expenses (excluding impairment charge)	(1,343,362)	(871,489)
Impairment	(393,697)	(205,308)
Exploration write-back	112,500	–
Total administrative expenses	(1,624,559)	(1,076,797)
Operating loss	(1,705,198)	(1,102,759)
Finance income	12,815	4,051
Loss before taxation	(1,692,383)	(1,098,708)
Taxation	–	–
Loss for the financial year	(1,692,383)	(1,098,708)
Attributable to: Equity shareholders of the Company	(1,692,383)	(1,098,708)
Loss per share Basic and diluted loss per share (pence)	(0.02)	(0.01)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	31.12.19 £	31.12.18 £
Loss for the financial year	(1,692,383)	(1,098,708)
Items which will not be reclassified subsequently to profit and loss account		
Other comprehensive loss	(32,212)	–
Total comprehensive loss for the financial year	(1,724,595)	(1,098,708)

BALANCE SHEET

AS AT 31 DECEMBER 2019

	31.12.19 £	31.12.18 £
Assets		
Non-current assets		
Exploration and evaluation assets	6,726,743	3,485,961
Property, plant and equipment	581,300	611,139
Investments	120,288	40,000
	7,428,331	4,137,100
Current assets		
Trade and other receivables	180,197	198,054
Cash and cash equivalents	6,626,322	3,123,287
	6,806,519	3,321,341
Total assets	14,234,850	7,458,441
Liabilities		
Current liabilities		
Trade and other payables	231,284	396,688
Non-current Liabilities		
Provisions	620,686	453,165
Total liabilities	851,970	849,853
Net assets	13,382,880	6,608,588
Capital and reserves attributable to the Company's equity shareholders		
Share capital	5,731,508	3,983,958
Share premium	14,205,000	7,593,146
Share-based payments reserve	167,466	78,319
Accumulated deficit	(6,721,094)	(5,046,835)
Total equity	13,382,880	6,608,588

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Accumulated deficit £	Share premium £	Share-based payment reserve £	Total £
Balance at 1 January 2019	3,983,958	(5,046,835)	7,593,146	78,319	6,608,588
Loss for the financial year	–	(1,692,383)	–	–	(1,692,383)
Other comprehensive loss	–	(32,212)	–	–	(32,212)
Total comprehensive loss	**–**	**(1,724,595)**	**–**	**–**	**(1,724,595)**
Contributions by and distributions to owners					
Issue of share capital	1,747,550	–	7,252,450	–	9,000,000
Share issue costs	–	–	(640,596)	–	(640,596)
Share-based payments	–	–	–	139,483	139,483
Expired warrants	–	50,336	–	(50,336)	–
Total contributions by and distributions to owners	**1,747,550**	**(1,674,259)**	**6,611,854**	**89,147**	**6,774,292**
Balance at 31 December 2019	**5,731,508**	**(6,721,094)**	**14,205,000**	**167,466**	**13,382,880**
Balance at 1 January 2018	2,954,547	(3,948,129)	5,379,670	61,438	4,447,526
Loss for the financial year	–	(1,098,708)	–	–	(1,098,708)
Total comprehensive loss	**–**	**(1,098,708)**	**–**	**–**	**(1,098,708)**
Contributions by and distributions to owners					
Issue of share capital	1,029,411	–	2,470,589	–	3,500,000
Share issue costs	–	–	(257,113)	–	(257,113)
Share-based payments	–	–	–	16,881	16,881
Total contributions by and distributions to owners	**1,029,411**	**(1,098,708)**	**2,213,476**	**16,881**	**2,161,162**
Balance at 31 December 2018	**3,983,958**	**(5,046,835)**	**7,593,146**	**78,319**	**6,608,588**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	31.12.19 £	31.12.18 £
Cash flow from operating activities	(1,473,164)	(893,956)
Cash flow from investing activities		
Purchase of intangible assets	(3,319,108)	(755,919)
Purchase of property, plant and equipment	(5,947)	(52,291)
Sale of licence interest	112,500	–
Investments	(112,500)	–
Interest received	6,850	4,051
Net cash used in investing activities	(3,318,205)	(804,159)
Cash flow from financing activities		
Proceeds on issue of new shares	8,935,000	3,500,000
Cost of issuing new shares	(640,596)	(257,113)
Net cash generated from financing activities	8,294,404	3,242,887
Net increase in cash and cash equivalents	3,503,035	1,544,773
Cash and cash equivalents at beginning of financial year	3,123,287	1,578,514
Cash and cash equivalents at end of financial year	6,626,322	3,123,287

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

Basis of Preparation

The annual financial statements of Union Jack Oil plc ("the Company") have 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.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee, and there is an ongoing process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 December 2019.

The financial statements have been prepared under the historical cost convention except for the valuation of certain warrants for shares. The principal accounting policies set out below have been consistently applied to all periods presented.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Strategic Report. The directors' forecasts demonstrate that the Company will meet its day-to-day working capital and share of estimated drilling costs over the forecast period (being at least 12 months from the date the financial statements were approved) from the cash held on deposit on 31 December 2019. The principal risk to the Company's working capital position is drilling cost overruns. The Company has sufficient funding to meet planned drilling expenditures and a level of contingency. Taking account of these risks, sensitised forecasts show that the Company should be able to operate within the level of funds currently held. The directors have 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 in preparing the financial statements.

The effect of COVID-19 is actively being assessed by management. The future impact remains unknown. The management is of the opinion that there is no reason to believe there will be any effect in respect of the Company's going concern status for the foreseeable future.

2 LOSS PER SHARE

The Company has issued warrants and options over ordinary shares which could potentially dilute the basic loss per share in the future.

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

During the current and prior year, the Company had warrants and options in issue. At 31 December 2019 the Company had 6,074,510 (2018: 51,407,842) warrants in issue and 640,000,000 (2018: 300,000,000) options in issue.

These warrants and options have not been taken into account when calculating the diluted loss per share as their impact was anti-dilutive. Therefore, the basic and diluted loss per share are the same.

Loss per share	2019 Pence	2018 Pence
Loss per share from continuing operations	(0.02)	(0.01)

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

	2019 £	2018 £
Loss used in the calculation of total basic and diluted loss per share	(1,692,383)	(1,098,708)

Number of shares	2019	2018
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	11,118,881,083	7,532,096,235

The Company has 831,680,400 (2018: 831,680,400) deferred shares. These have not been included within the calculations of basic shares above on the basis that IAS 33 defines an ordinary share as an equity instrument that is subordinate to all other classes of equity instruments. Any residual interest in the assets of the Company would not currently, on liquidation, go to the deferred shareholders, hence they are not currently considered subordinate. These deferred shares have not been taken into account when calculating the diluted loss per share as their impact was anti-dilutive.

The Company issued 6,990,196,071 new ordinary shares during the year (2018: 4,117,647,049).

3 RECONCILIATION OF LOSS TO CASH GENERATED FROM OPERATIONS

	31.12.19 £	31.12.18 £
Loss before taxation	(1,692,383)	(1,098,708)
Depletion of producing assets	32,429	32,186
Impairment of intangibles	393,697	205,308
Exploration write-back	(112,500)	–
Share-based payments	139,483	16,881
Finance income	(6,850)	(4,051)
	(1,246,124)	(848,384)
Decrease / (increase) in trade and other receivables	82,857	(132,182)
(Decrease) / increase in trade and other payables	(309,897)	86,609
Cash used in operations	(1,473,164)	(893,956)

4 EXPLORATION AND EVALUATION ASSETS

	31.12.19 £	31.12.18 £
At 1 January	3,485,961	2,806,278
Costs incurred during the year	3,634,479	991,172
Transfer to development and production assets	–	(106,181)
Costs impaired	(393,697)	(205,308)
At 31 December	6,726,743	3,485,961

5 PROPERTY, PLANT AND EQUIPMENT

	31.12.19 £	31.12.18 £
Cost		
At 1 January	660,647	514,181
Transfer from exploration and evaluation assets	–	106,181
Additions	2,587	40,285
At 31 December	663,234	660,647
Depreciation		
At 1 January	49,508	17,322
Charge for the year	32,426	32,186
At 31 December	81,934	49,508
Net book value		
At 31 December	581,300	611,139
At 1 January	611,139	496,859

Development and Production assets comprise amounts capitalised as follows:

		31.12.19 £	31.12.18 £
Fiskerton Airfield	EXL294	208,742	222,048
Keddington	PEDL005(R)	266,418	282,910
Dukes Wood	PEDL118	59,542	59,566
Kirklington	PEDL203	46,598	46,615
		581,300	611,139

6 SHARE CAPITAL

Allotted and issued: Number	Class	Nominal value	31.12.19 £	31.12.18 £
15,440,906,325 (31 December 2018: 8,450,710,254)	Ordinary	0.025p	3,860,227	2,112,677
831,680,400 (31 December 2017: 831,680,400)	Deferred	0.225p	1,871,281	1,871,281
Total			5,731,508	3,983,958

Ordinary shares hold voting rights and are entitled to any distributions made on winding up. Deferred shares do not hold voting rights and are not entitled to distributions made on winding up.

Allotments during the year

In April 2019, 2,333,333,334 new ordinary shares were issued for cash at 0.075 pence per share, raising approximately £1,750,000 before expenses of £153,213 by way of a placing and subscription.

In July 2019, 1,323,529,411 new ordinary shares were issued for cash at 0.17 pence per share, raising approximately £2.25 million before expenses of £140,888 by way of a placing and subscription.

In November 2019, 3,333,333,326 new ordinary shares were issued for cash at 0.15 pence per share, raising approximately £5 million before expenses of £346,495 by way of a placing and subscription.

7 EVENTS AFTER THE BALANCE SHEET DATE

The following events have taken place after the year end:

During January 2020, the Planning Inspectorate informed the Operator that the appeal in respect of obtaining planning consent for the development of the Wressle oilfield, situated on licences PEDL180 and PEDL182 located in North Lincolnshire, was successful. The Inspector also allowed the application for an award of costs against the North Lincolnshire Council ("NLC"). Subsequently, the NLC has paid costs of £403,000. Union Jack will receive its proportion of this payment once the sum to be paid is agreed with the Operator.

During March 2020, the Company acquired a 35% interest in PEDL005(R) containing the producing Keddington oilfield and a 15% interest in PEDL339 containing a portion of the Louth Prospect from Terrain Energy Limited for a consideration of £200,000.

In April 2020, the Company purchased 5,000,000 new ordinary shares in Egdon Resources plc via means of a subscription at a price of 2 pence per Subscription Share for a total subscription amount of £100,000.

In April 2020, approval for the variation to the permit to recommence well testing at West Newton A-2 was received from the Environment Agency.

Since the outbreak of Coronavirus (COVID-19) in early 2020, the priority of the Company has been on the health and safety of its employees and technical staff. Like many organisations, plans have been implemented and active measures have been taken to mitigate risk, such as no one-to-one contact and numerous telephone meetings. The Board is also in frequent contact with the Company's JOA partners and our external technical team to assess any potential impact on the assets in which the Company has invested. We continue to follow the most up-to-date Government advice and engage with the regulatory bodies and stakeholders.

To date, the exploration, development and production activities of the Company's assets have continued in line with plans and with minimal impact from COVID-19. However, the Company recognises COVID-19 and associated geo-political factors have created uncertainty around the price and demand for oil.

The Company's financial health remains strong, with a robust balance sheet, cash reserves to fund its operations through to April 2021 and remains debt free. Accordingly, the Board does not currently plan to make changes going forward. However, the Board continues to monitor the situation closely and will, with its JOA partners, make adjustments if appropriate.

8 COPIES OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Annual Report and Financial Statements will shortly be posted to shareholders and is now available on the Company's website www.unionjackoil.com.