

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

8 June 2020

Union Jack Oil plc

("Union Jack" or the "Company")

Acquisition of Further Interest in the Wressle Hydrocarbon Development Project

Union Jack Oil plc (AIM: UJO), a UK focused onshore hydrocarbon production, development and exploration company is pleased to announce that it has agreed to acquire a further 12.5% economic interest in PEDL180 and PEDL182 containing the Wressle hydrocarbon development project ("**Wressle**") from Humber Oil & Gas Limited ("**Humber**") for a cash consideration of £500,000 (the "**Acquisition**").

Highlights:

- Union Jack will acquire a further 12.5% in the Wressle development, increasing its interest to 40%, reaffirming Union Jack's ongoing commitment to one of the Company's three flagship projects
- The Acquisition is value accretive and increases Union Jack's 2P Reserves and 2C Contingent Resource base at Wressle by 45.5%
- The Internal Rate of Return to the Company of the Acquisition is 46% underlining the economic attractiveness of the Acquisition and the Wressle project
- The Wressle project economics remain strong in today's oil price environment with a cash break-even oil price estimated at US\$17.62 per barrel
- Planning approval for the Wressle project is in place and development is underway
- The economic impact on the Company of establishing first oil at Wressle during H2 2020 will be financially transformative and will be enhanced by the Acquisition
- A Deferred Consideration of £1,040,000 to be paid to Calmar LP on "first commercial oil"
- Union Jack remains in a strong financial position with current cash reserves in excess of £5.5 million and fully funded for its existing drilling, testing and development commitments on all of its projects during 2020

Commenting, David Bramhill, Executive Chairman of Union Jack, said:

"This Acquisition is important to Union Jack and increases our interest in Wressle, with production anticipated to commence during H2 2020, from 27.5% to a material 40%. The terms of the Acquisition are compelling and this transaction is significantly asset value accretive from the outset, reaffirming Union Jack's commitment to the development of Wressle and will assist in delivering the Company's goal to become a mid-tier producer in the medium term.

"The Acquisition has an immediate positive impact on Union Jack by increasing its reserves and resources at Wressle by 45.5% to in-excess of 1,240,000 barrels of oil equivalent. The development

of Wressle continues apace and first oil is anticipated during H2 2020. When Wressle is commissioned and in production, it will result in an initial constrained production anticipated to be 500 barrels of oil per day gross, adding production of 200 barrels of oil per day net to Union Jack and transforming the Company's financial position.

"The justification for Union Jack acquiring an additional interest in Wressle is our expectation of the transformative economic impact on the Company. We believe that when commercial oil production at Wressle is established, it will provide Union Jack with meaningful cash revenues. After taking operating costs into consideration estimated net revenues are expected propel Union Jack to a profitable revenue generating oil and gas production company.

"Wressle also possesses several additional upside value drivers, which include, the economic impact of the possible production of gas and electricity sales over and above that used on site and, the additional significant Contingent Resource volumes within the Penistone Flags reservoir".

Acquisition Details

Under the Acquisition, the Company has entered into a Sale and Purchase Agreement with Humber, whereby Union Jack, will acquire its 12.5% interest in licences PEDL180 and 182 containing Wressle and the Broughton North Prospect, for a £500,000 consideration with a deferred consideration element payable to Calmar LP, appointees of Celtique Energie Petroleum Limited (the original vendors in the acquisition by Humber) of £1,040,000 in cash on commercial oil production being established.

The £500,000 consideration payable to Humber will be financed from the Company's existing cash balance.

Gneiss Energy Limited acted as financial adviser to Humber in respect of this transaction.

In respect of the deferred consideration element of this transaction, the Union Jack Board has initiated discussions with third-party financing providers to evaluate a range of debt financing funding instruments for payment of this aspect of the Acquisition due on commercial oil production being established. Wressle is an attractive, low-cost, low-risk conventional onshore hydrocarbon project under development with 2P Reserves and considerable 2C Contingent Resources present within the Penistone Flags formation. The Board has been advised that a project of this nature with reserves and cash flow lends itself to off-take financing from production and anticipates that it will have the opportunity to choose from such an instrument and a range of other favourable debt structured finance options without recourse to equity-based financing.

Under the Acquisition, the newly acquired interest in PEDL180 is also the subject of a 2.5% Net Profits Interest ("NPI") payable to a third party as a result of the original acquisition by Humber from Celtique. The NPI will only become payable following commercial production at Wressle and after recovery of all costs including, drilling, testing, planning and development.

The Effective Date of the Acquisition is 1 March 2020.

Other

Completion of the Acquisition is subject to Oil and Gas Authority approval and certain precedents being satisfied.

On completion of the Acquisition, the interests in PEDL180 and PEDL182 will be as follows:

Egdon Resources U.K. Limited (Operator)	30.0%
Europa Oil & Gas Limited	30.0%
Union Jack Oil plc	40.0%

On completion of the Acquisition, the tables below show the net volumes of hydrocarbons attributable to Union Jack, pre and post-acquisition.

Gross and Net Volumes of hydrocarbons attributable to Union Jack pre-acquisition

	GROSS VOLUMES			NET VOLUMES ATTRIBUTABLE TO UNION JACK PRE-ACQUISITION		
	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 Unrisked Prospective Resources	0.51	0.51	0.60	0.15	0.15	0.16

Gross and Net Volumes of hydrocarbons attributable to Union Jack post-acquisition

	GROSS VOLUMES			NET VOLUMES ATTRIBUTABLE TO UNION JACK POST-ACQUISITION		
	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	0.25	0.08	0.26
2C Penistone Flags	1.53	2.00	1.86	0.61	0.80	0.75
Broughton North Mean Unrisked Prospective Resources	0.51	0.51	0.60	0.20	0.20	0.24

Source: Figures derived from ERC Equipose Ltd Wressle Competent Persons Report dated September 2016

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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Glossary

Term	Definition
2P Reserves	Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.
2C Contingent Resources	Denotes best estimate of Contingent Resources.
MMSTB	Million stock tank barrels
BCF	Billion cubic feet
MMBOE	Million barrels of oil equivalent converted at 5,800ft/bbl
Unrisked Prospective Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects, uncorrected for the risk factors associated with hydrocarbon exploration.