

18 January 2021

Union Jack Oil plc
(“Union Jack” or the “Company”)
Acquisition of a Further 15% Interest in the Biscathorpe Project PEDL253

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 15% economic interest in PEDL253 containing the Biscathorpe project (“Biscathorpe”) from Humber Oil & Gas Limited (“Humber”).

Following completion of the acquisition Union Jack will hold a 45% interest in PEDL253.

Highlights

- PEDL253 is located within the proven hydrocarbon fairway of the Humber Basin, on-trend with the Keddington oilfield (Union Jack 55%) which produces oil from a Carboniferous Westphalian aged reservoir
- Union Jack will acquire a 15% interest in PEDL253, containing the Biscathorpe project, increasing its interest to 45%
- Oil bearing Dinantian Carbonate reservoir of 57 metres has been confirmed by independent petrophysical analysis and oil samples from cuttings
- Dinantian oil play has gross Mean STOIP of 24.3 million barrels of oil (mmbo) with an upside of case of 36 mmbo
- Evidence for a thickened Westphalian sandstone interval is apparent
- Gross Mean Prospective Resources associated with the Westphalian target total 3.95 mmbo with an upside case of 6.69 mmbo
- Economic modelling of the Westphalian target yields break-even full cycle economics estimated at US\$18.07 per barrel and a gross NPV(10) valuation of £55.6 million
- Planning application to be submitted during February 2021 for side-track drilling, testing and long-term production
- Cash consideration of £500,000 to be paid on Oil and Gas Authority (OGA) approval and lodging of associated documents to allow licence interest transfer and, following receipt of various planning approvals, a contingent payment of £500,000

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

“We are pleased to have taken this opportunity to increase our interest to 45% in Biscathorpe, that Union Jack’s technical team believe represents a material and commercially viable hydrocarbon resource that remains un-tested.

“The collective extensive technical information analysed over the past months, combined with APT’s conclusions on the likely presence of good quality oil, have materially upgraded the resource potential and economic value of the project in our view, further supporting our opinion that PEDL253 remains one of the UK’s largest onshore un-appraised conventional hydrocarbon licences.”

Acquisition Details

Under the terms of the Acquisition, the Company has entered into a Sale and Purchase Agreement with Humber, whereby Union Jack will acquire its 15% interest in PEDL253 for a cash consideration of £500,000 that will be paid on receiving OGA approval for the transfer of interest and the lodging of associated documents to allow transfer.

A contingent consideration of £500,000 will become payable to Humber on receipt of planning approval from Lincolnshire County Council for the side-track drilling operation, associated testing and the approval to undertake long-term production of hydrocarbons in a successful drilling case.

The Effective Date of the Acquisition is 1 January 2021.

Monies payable to Humber will be financed from the Company's existing cash balance.

Completion of the Acquisition is subject to OGA approval and certain precedents being satisfied.

Upon completion of the Humber acquisition, the interests held in PEDL253 will be as follows:

Egdon Resources U.K. Limited (Operator)	35.8%
Union Jack Oil plc	45.0%
Montrose Industries Limited	19.2%

Oil & Gas Advisers Limited acted as financial adviser to the Company in respect of this transaction and Gneiss Energy acted as financial adviser to Humber.

Biscathorpe

Biscathorpe is located within the proven hydrocarbon fairway of the Humber Basin, on-trend with the Keddington oilfield (Union Jack 55%) which produces oil from a Carboniferous Westphalian aged reservoir.

The PEDL253 Joint Venture partnership has now completed extensive and detailed studies of the Biscathorpe project, including the reprocessing and remapping of 264 square kilometres of 3-D seismic. This work has been integrated with the results of the Biscathorpe-2 well, resulting in a significantly enhanced understanding of the prospectivity within the Biscathorpe project area. The results of this extensive exercise concluded that a possible material and commercially viable hydrocarbon resource remains to be tested.

Accessible target areas have been identified where evidence for a thickened Westphalian sandstone reservoir interval is evident on the reprocessed 3-D seismic. These areas will be targeted by a side-track of the existing Biscathorpe-2 well which was suspended once drilling operations were concluded in 2019. The planned side-track will also target the oil column logged in the underlying Dinantian Carbonate in Biscathorpe-2 and as further described below.

The Mean Prospective Resources associated with the Westphalian target area are estimated by the Operator, Egdon Resources plc to be 3.95 mmbbls, 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 break-even full-cycle economics estimated at US\$18.07 bbl and a gross NPV(10) valuation of £55.6 million.

The Westphalian objective was absent at the Biscathorpe-2 well location, however, hydrocarbon shows with background gas and sample fluorescence were observed over the entire interval from the

top of the Dinantian to the Total Depth 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 33-34 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. Additionally, data evaluated at the base of the analysed section were suggestive of possible extra hydrocarbon pay at the lower end of the Dinantian interval.

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.

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.

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Glossary of Terms

Term	Description
3-D seismic	A set of numerous closely spaced seismic lines that provide a high spatially sampled measure of subsurface reflectivity. Typical receiver line spacing can range from 300m (1,000ft) to over 600m (2,000ft), and typical distances between shot points and receiver groups are 25m (82ft) (offshore and internationally) and 110ft or 220ft (34 to 67m) (onshore US, using values that are even factors of the 5,280ft in a mile).
API Gravity	<p>An arbitrary scale expressing the density (gravity) of liquid petroleum products devised jointly by the American Petroleum Institute and the National Bureau of Standards.</p> <p>Oil with the lowest specific gravity at atmospheric conditions and 70 degrees Fahrenheit has the highest API gravity.</p> <p>The measuring scale is calibrated in terms of degrees API. API gravity is the industry standard for expressing the specific gravity (SG) of crude oils. A high API gravity means lower specific gravity and lighter oils.</p>
Geochemical Analysis	The process through which the chemical compounds of the target substrate is assessed.
Mean	The sum of a set of numerical values divided by the number of values in the set.
mmbbls	Million barrels of oil.
NPV(10)	The present-day value of the cumulative cash flows from a project using a 10% annual discount rate.
Petrophysical Analysis	Computational analysis of the rock and fluid properties of a geological formation using measurements of the physical properties of the rock, such as its natural radioactivity, its density, the passage of sound waves and the electrical and other physical responses to define amongst other things the nature of the pores within the rock and the types of fluids (water, oil or gas) which are present in those pore spaces.
Prospective Resources	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
Reservoir	A rock formation capable of containing oil and gas in its natural pores and fractures. Typical reservoirs comprise sandstones or limestones (carbonates).
Side-Track	A well drilled directionally out of an existing wellbore.
STOIIP	Stock Tank Oil Initially in Place. All estimated quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.