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

17 May 2021

Union Jack Oil plc

("Union Jack" or the "Company")

Final Results for the Year Ended 31 December 2020

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 2020.

Operational Highlights

- Successful drilling of the West Newton B-1Z conventional appraisal well where initial petrophysical evaluation has demonstrated a gross hydrocarbon saturated interval of at least 118 metres within the Kirkham Abbey formation
- West Newton B-1Z and A-2 well tests are imminent
- Following the successful re-perforation of the Ashover Grit formation at Wressle, oil is free flowing and the Wressle-1 well has been placed on continuous production test and is awaiting a proppant squeeze
- 12.5% interest acquired in PEDLs 180 and 182, containing the Wressle discovery, bringing Union Jack's holding to 40%
- Purchase of a 35% interest in the producing Keddington Oilfield PEDL005(R) acquired, bringing Union Jack's interest to 55%
- Completion of the purchase of a further 15% interest in PEDL253 containing the Biscathorpe Prospect bringing Union Jack's interest to 45% during January 2021
- Purchase of a 2.5% royalty interest in the North Sea Claymore Piper and Scapa oilfields

Financial Highlights

- Increased revenue of £158,004 (2019: £136,959)
- Operating loss of £1,883,893 (2019: £1,705,198), primarily as a result of higher administrative costs due to additional technical work in respect of West Newton, Wressle, Biscathorpe and Keddington
- Cash balance in excess of £5.7 million at 1 May 2021, not including loan receivables and royalty accruals of over £1 million due during 2021 and 2022
- Net assets increased by 35% to over £18 million from £13 million in 2019
- Fully funded for all current development and well testing commitments
- Company remains debt free

David Bramhill, Executive Chairman, commented:

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

"The Company, during 2020 and to date, has advanced its key projects, executed drilling, development and appraisal activity, supported by technical evaluation and analysis provided by our own highly competent technical team, that has resulted in an accretion in the Company's asset value and provided greater clarity on the next steps towards commerciality.

"I have no doubt even in these unprecedented times, that given our attractive projects, we will achieve our goal of increasing production materially and becoming a significant, principally onshore mid-tier UK producer in due course. In the meantime, I am confident that the news stream arising from the ongoing progress at our ventures, will vindicate our optimism.

"Union Jack's wider asset portfolio continues to be well balanced with the relevant components of production, development, appraisal and discovery.

"The Company remains in sound financial health, with a robust balance sheet, continues to be debt free, with ample cash reserves to fund its well testing and planned development commitments, offering shareholders ongoing and significant scope for growth.

"The future of Union Jack remains bright."

For further information, please contact:

Union Jack Oil plc info@unionjackoil.com

David Bramhill

SP Angel Corporate Finance LLP +44 (0)20 3470 0470

Nominated Adviser and Broker

Richard Morrison

Richard Hail

Caroline Rowe

Cassiopeia Services Ltd +44 (0)7949 690 338

Public Relations

Stefania Barbaglio

Novus Communications Ltd +44 (0)20 7448 9839 Twitter:@NovusComms

Financial Public Relations

Alan Green

Jacqueline Briscoe

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 2020.

Union Jack's strategy remains consistent with the objective of the Board to build a successful and sustainable, UK-focused, predominantly onshore hydrocarbon production and development business. In this respect, we have delivered demonstrable growth in asset value and 2020 has seen the continued expansion of our portfolio with what we consider to be high quality, asset value accretive project interests with substantial upside potential in our primary focus areas of the East Midlands, Humber Basin and East Yorkshire, with an expectation in 2021 of significantly increasing oil production and revenues.

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 virus.

We continue to remain vigilant in the way we operate both technically and financially and we have tried 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.

Notwithstanding COVID-19, reassuringly it has been 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, although perhaps are now better understood, remain unclear and expected to prevail in some form for the foreseeable future.

I am pleased to report that disruption to our projects due to COVID-19 has been minimal through 2020 and up to present time although 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 JOA partners in respect of COVID-19 best practice.

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:

Operational Highlights

- Successful drilling of the West Newton B-1Z conventional appraisal well where initial petrophysical evaluation has demonstrated a gross hydrocarbon saturated interval of at least 118 metres within the Kirkham Abbey formation
- West Newton B-1Z and A-2 well tests are imminent
- Following the successful re-perforation of the Ashover Grit formation at Wressle, oil is free flowing and the Wressle-1 well has been placed on continuous production test and is awaiting a proppant squeeze
- 12.5% interest acquired in PEDLs 180 and 182, containing the Wressle discovery, bringing Union Jack's holding to 40%
- Purchase of a 35% interest in the producing Keddington Oilfield PEDL005(R) acquired, bringing Union Jack's interest to 55%
- Completion of the purchase of a further 15% interest in PEDL253 containing the Biscathorpe Prospect bringing Union Jack's interest to 45% during January 2021
- Purchase of a 2.5% royalty interest in the North Sea Claymore Piper and Scapa oilfields

Financial Highlights

- Increased revenue of £158,004 (2019: £136,959)
- Operating loss of £1,883,893 (2019: £1,705,198), primarily as a result of higher administrative costs due to additional technical work in respect of West Newton, Wressle, Biscathorpe and Keddington
- Cash balance in excess of £5.7 million at 1 May 2021, not including loan receivables and royalty accruals of over £1 million due during 2021 and 2022
- Net assets increased by 35% to over £18 million from £13 million in 2019
- Fully funded for all current development and well testing commitments
- 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").

Since that time the JOA partners have seen excellent success in respect of subsequent drilling campaigns with both the WNA-2 and WNB-1Z wells being recorded as significant discoveries with both wells suspended and awaiting testing during Spring 2021.

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 A-2 and the recent B-1Z discoveries are on-trend with the prolific offshore Hewett gas complex.

In the UK, the carbonates of the Permian Basin have been our principal targets and produced offshore and onshore in the Southern North Sea Gas Basin. These reservoirs 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 WNB-1Z side-track appraisal well commenced during November 2020 and reached a Measured Depth of 2,114 metres.

A substantial hydrocarbon column in excess of 118 metres gross has been demonstrated within this formation.

18 metres of core was successfully cut and recovered from the hydrocarbon bearing Kirkham Abbey formation. Production casing has been run in preparation for the testing of this interval.

Highlights

- Porosities of up to 14% observed on wireline logs
- Hydrocarbon-water contact has yet to be encountered at West Newton
- WNB-1Z well is approximately 2.5 kilometres south of the WNA-1 and WNA-2 appraisal wells, confirming extensive areal continuity of hydrocarbon trap and hydrocarbon reservoir
- Well results provides a further material de-risking and is a significant step forward in determining the development potential of the West Newton project

- Cased Hole Logging programmes and Vertical Seismic Profiling completed confirming the presence of a good cement bond of the production liner and good quality data retrieved which will be used in calculations towards reserve/resource quantification for the West Newton field and for the identification of future drill locations

The JOA partners believe that West Newton has the potential to assist in replacing the requirement for imported hydrocarbons locally while simultaneously developing indigenous energy sources, contributing to the economic welfare of the Humber region.

With the view of advancing this vision, Union Jack and its JOA partner Reabold Resources plc commissioned Gaffney, Cline & Associates Limited ("GaffneyCline"), an international energy consultancy to conduct a Carbon Intensity Study over the West Newton hydrocarbon project.

The GaffneyCline study highlighted the following:

- The West Newton project has an AA rating for Carbon Intensity for its potential upstream crude oil production
- Carbon intensities at West Newton are significantly lower than the UK average and compared with other onshore analogues
- As the development proceeds and project knowledge increases, there is scope to even further improve the Carbon Intensity by reducing fugitive flaring and venting emissions through the use of the best available technologies

Union Jack's mission and focus is to minimise the carbon footprint generated by its hydrocarbon developments in the most efficient way possible, whilst continuing to contribute positively to the growing demand for energy and hydrocarbon products in the supply chain.

GaffneyCline have also been appointed to compile a Competent Persons Report in respect of PEDL183 and the West Newton project.

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.

The preliminary results to date vindicate Union Jack's faith and financial commitment over the past two years to what management has always believed to be an exceptional UK onshore hydrocarbon enterprise and development opportunity.

The imminent well testing programme is the next important milestone in determining the development potential of West Newton.

PEDL180/PEDL182 WRESSLE DEVELOPMENT (40%)

Located in Lincolnshire on the Western margin of the Humber Basin, PEDL180 and PEDL182 contain the substantial Wressle oil development, with proven reserves and significant upside.

The Wressle-1 oil discovery was defined on proprietary 3-D seismic data. The structure is on trend with the producing Crosby Warren oil field and the Broughton B-1 oil discovery, both to the immediate northwest, and the Brigg-1 discovery to the southeast. All these wells contain oil in various different sandstone reservoirs within the Upper Carboniferous succession.

The well was drilled and logged and the presence of hydrocarbon pay was noted within the Penistone Flags, Wingfield Flags and Ashover Grit intervals. Subsequent testing of these intervals demonstrated flow from all three zones.

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 has received its proportion of this payment from the Operator.

Excellent progress has been made at Wressle, culminating in commencement of oil-flow at the end of January 2021, following the installation of cutting-edge, purpose-built surface facilities and the successful re-perforation of the Ashover Grit, one of three reservoir intervals. The well is currently undergoing test production with oil sold and transported to the Phillips 66 Humber refinery.

The well test results to date are in line with expectations and consent for a proppant squeeze in respect of the next stage of operations is awaited. At optimum production levels Wressle-1 is projected to produce at a gross rate of a constrained 500 barrels of oil per day ("bopd"), adding a net 200 bopd to Union Jack's production profile.

Translated into 2P and 2C reserves and resources, using figures quoted from the Competent Person's report compiled by ERCE during 2016, the net volumes attributable to Union Jack are as shown in the table 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	0.25	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: CPR by ERCE (2016)

The Economic Growth Plan for North Lincolnshire champions the growth 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.

Oil produced at Wressle is now contributing to these industries and benefiting the region as a whole, as well as further afield in the UK. Oil produced at Wressle is also helping offset international oil imports typically shipped over long distances, as the oil is refined nearby in Immingham, keeping trucking and transportation to a minimum, and consequently reducing the overall carbon footprint and greenhouse gas emissions.

In June 2020, the Company acquired a further 12.5% interest from Humber Oil & Gas Limited ("Humber") in PEDLs 180 and 182 containing the Wressle development project for an initial cash consideration of £500,000 with a deferred cash consideration element of £1,040,000 payable to Calmar LP, appointees of Celtique Energie Petroleum Limited (the original vendors in the acquisition by Humber) on commercial oil production being established. Following this transaction the Company now holds a 40% interest in PEDLs 180 and 182.

PEDL253 BISCATHORPE (45%)

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 the primary objective, the Basal Westphalian Sandstone, was not encountered at this location.

However, this result has subsequently been turned full circle, driven by the determination of the respective technical teams and their detailed technical analysis that has demonstrated that PEDL253 is a viable hydrocarbon play. Union Jack's technical team believe that Biscathorpe remains one of the largest untested onshore prospects within the UK.

In support of this interpretation, the JOA partnership 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 also 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.

The Gross 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 bbl breakeven oil price.

While drilling the B-2 well, there were hydrocarbon shows indicated by elevated gas readings 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 68 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 indicate a hydrocarbon column of 33º-34º

API gravity oil in the Dinantian Carbonate and a proven likely live oil column, comparable with that produced at the nearby Keddington oilfield.

Following the results of the APT exercise, an assessment of the Dinantian oil volumes was modelled with volumetric assumptions as being “filled to spill” with resulting Mean Stock Tank Oil Initially in Place (“STOIIP”) within the Dinantian calculated to be 24.3 mmbbls with an upside case of 36 mmbbls.

The JOA partnership now proposes to drill the Biscathorpe B-2Z conventional side-track well targeting the Westphalian and the oil column logged in the underlying Dinantian Carbonate.

In February 2021, a Planning Application was submitted to the Lincolnshire County Council for a proposed side-track drilling operation, associated testing and, in a success case, the long-term production of hydrocarbons at the Biscathorpe well site.

In June 2020, Union Jack were advised that a legally binding and confidential settlement agreement between Egdon Resources and the JOA parties in respect of PEDL253 resolving a dispute with Humber, had been signed.

In January 2021 and subsequent to the year end, Union Jack purchased a further 15% of PEDL253 for an initial cash consideration of £500,000 from Humber, bringing the Company’s interest to 45%. Following receipt of various planning approvals, a further contingent cash payment of £500,000 will become payable to Humber.

PEDL241 NORTH KELSEY (50%)

North Kelsey is a conventional oil prospect along trend from and analogous to the Wressle oil development, which lies approximately 15 kilometres to the northwest. The prospect has been mapped from 3-D seismic data and has the potential for oil in four stacked Carboniferous reservoir targets. The Operator estimates that the Gross Prospective Resources range from 4.66 million barrels up to 8.47 million barrels of oil, with a Mean Resource volume of 6.47 million barrels.

During September 2020, the existing planning consent was extended by the Lincolnshire County Council. Requisite permits for drilling have also been received from the Environment Agency.

In October 2020, the Company announced a further acquisition of 30% of PEDL241 and the alignment of equity interests in that licence with the Operator, Egdon Resources U.K. Limited, and to jointly pursue a farm-out for the drilling of the North Kelsey-1 exploration well.

Under the terms of the agreement, Union Jack acquired a 30% interest in the licence for a cash consideration of £100,000, that was paid on completion, subsequent to the year end. The Company’s previous farm-in obligations in respect of the 20% the Company held lapsed and all future financial obligations will be executed on an equal basis with the Operator.

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.

A further production asset, the Wressle-1 discovery well within PEDL180 and PEDL182 is currently under test production and awaiting further process was added to Union Jack’s production portfolio in early 2021. An operational update in respect of Wressle can be found earlier within this statement.

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 multi-fold 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 provided an immediate uplift in oil production which had a beneficial effect when consolidated into the production revenues from Fiskerton Airfield.

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

OTHER LICENCE INTERESTS

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

An interest is held in PEDL118 Dukes Wood (16.67%) and PEDL203 Kirklington (16.67%). The JOA partners are examining the geothermal potential of these licences. These licence interests were fully impaired during the 2020 financial year.

PEDL201 Widmerpool Gulf (26.25%), formerly known as Burton-on the-Wolds, contains significant unconventional Bowland Hodder potential. This asset was fully impaired during 2019.

PEDL181 Humber Basin (12.5%) is located within the Humber Basin and holds unconventional upside. This licence was fully impaired during 2019.

An interest is held in PEDL209 Laughton (10%). The Company is currently in the process of withdrawing from this licence interest.

NORTH SEA ROYALTIES

Post period end, during March 2021, the Company purchased a 2.5% royalty interest over the Claymore, Piper and Scapa oilfields located in the Central North Sea from Cambridge Petroleum Royalties Limited for a total consideration of £93,730 including working capital adjustments.

Management view this purchase as an attractive, cash generating and high yielding investment, consistent with Union Jack's wider strategy and objectives to invest in the UK oil and gas sector.

This particular transaction generates a compelling estimated Internal Rate of Return of approximately 129% and payback, including accrued royalty payments of the original investment is anticipated to be less than 12 months.

The Company benefits from an indirect contractual exposure to North Sea oil and gas production revenues without any ongoing capital investment, decommissioning or joint venture operating costs.

This acquisition within this area represents our first investment in the Claymore Piper Complex and the Board has the objective of pursuing further interests in this asset.

COVID-19 STATEMENT

Following the outbreak of Coronavirus (COVID-19) during 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 and video 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 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 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 and when appropriate.

I would like to bring to the attention of shareholders the Notice of Annual General Meeting ("AGM") within this Annual Report. We will be holding the AGM on Thursday 24 June 2021. The Company wishes to advise that in order to limit the risk of infection and to protect the health and safety of shareholders and employees, shareholders are strongly recommended not to attend the AGM.

I would like to re-assure shareholders that their engagement in the AGM process is welcomed. The Board has proposed that a remote pre-AGM question and answer event is made available. Please email your questions to info@unionjackoil.com. All questions will be answered before the time of the AGM via our Company website: www.unionjackoil.com.

The Company encourages shareholders to appoint the Chairman as their proxy with their voting instructions. Forms of Proxy must be received by no later than 48 hours before the commencement of the meeting.

The Company will continue to monitor the pandemic and if Government advice dictates that further changes to the arrangements for the AGM are necessary, details will be published on the website and via a Regulatory Information Service.

CORPORATE AND FINANCIAL

The September 2020 oversubscribed placing and subscription for £7 million before expenses has enhanced the financial well-being of the Company and strengthened our Balance Sheet. With the resulting cash injection, the Company currently has more than adequate monies in place to fund our share of testing the West Newton A-2 and West Newton B-1Z wells and the ongoing development of the Wressle production site.

Union Jack remains debt free and had a cash balance at 1 May 2021, in excess of £5.7 million, not including loan receivables and royalty accruals of over £1 million due during 2021 and 2022.

The 2020 oil price crash and COVID-19 pandemic were the catalyst for falling activity within the industry sector, however, Union Jack used these circumstances to purchase additional assets at attractive prices to further expand the Company's portfolio interests. Encouragingly, during the period under review, our net assets increased significantly from circa £13 million in 2019, to in excess of £18 million, demonstrating a material increase of over 35% during the year.

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

Post period end, during March 2021, the Board made the decision to consolidate the ordinary shares of the Company on a 200 for one basis. The directors unanimously believed that the previous share capital structure was no longer acceptable and that it was an appropriate time to consolidate the shares in issue as the Company was, and remains, in an excellent financial and operating position, given the progress made in recent years on its key projects, namely, West Newton, Wressle and Biscathorpe.

In April 2021, Union Jack launched a new state-of-the-art corporate website. The Board hopes that this new website will turn web searchers into visitors and those visitors into new 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 and create additional value.

OUTLOOK

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

During 2020 and to date, the Company has advanced its key projects, executed drilling, development and appraisal activity, supported by technical evaluation and analysis provided by our own highly competent technical team. This has resulted in an accretion in the Company's asset value, delivered demonstrable progress and provided greater clarity on the next steps towards commerciality of its projects.

I have no doubt, even in these unprecedented times that we will achieve our goal of increasing production materially and so continue to make meaningful progress towards becoming a significant, principally onshore mid-tier UK producer in due course. In the meantime, I am confident that the news stream arising from the ongoing progress in our many attractive ventures will vindicate our optimism.

Union Jack's wider asset portfolio continues to be well balanced with the relevant components of production, development, appraisal and discovery.

The Company remains in sound financial health, with a robust balance sheet, continues to be debt free with ample cash reserves to fund its well testing and planned development commitments, offering shareholders ongoing and significant scope for growth.

The future of Union Jack remains bright.

David Bramhill

Executive Chairman

17 May 2021

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

STRATEGY

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 and cash resources to acquire further licence interests in the UK 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.

BUSINESS REVIEW

Union Jack Oil plc is a UK registered company, focused on the exploration for, and future development of hydrocarbon projects.

A review of the Company's operations during the year ended 31 December 2020 and subsequent to the date of this report is contained in the Chairman's Statement and this Strategic Report.

The loss for the year amounted to £1,865,515 (2019: £1,692,383).

The loss for the year includes impairments to Property, Plant and Equipment of which total costs are £106,714 (2019: nil). These impairments are in relation to PEDL118, £59,627 (2019: nil) and PEDL203, £47,087 (2019: £nil).

No impairment costs were applied to the Intangible Assets (2019: £393,697).

Administrative expenses amounted to £1,590,576 (2019: £1,343,362). The increase in this cost was due to additional technical work in respect of West Newton, Wressle, Biscathorpe, and Keddington, undertaken by the Company's external consultants.

Cash and cash equivalents at year end amounted to £7,269,014 (2019: £6,626,322).

Total assets at year end amounted to £21,340,804 (2019: £14,234,850).

Non-current assets at year end amounted to £13,725,734 (2019: £7,428,331).

Intangible Assets totalled £6,134,717 (2019: £6,726,743).

Tangible assets totalled £6,452,287 (2019: £581,300).

The Company's Income Statement reports revenues of £158,004 (2019: £136,959) in respect of production income from the Keddington oilfield and the Fiskerton Airfield oilfield.

The directors do not recommend the payment of a dividend (2019: £nil).

In 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 paid costs of £403,000. Union Jack has received its pro-rata proportion of this payment from the Operator.

In September 2020, 4,375,000,000 new ordinary shares were issued for cash at a price of 0.16 pence per ordinary share, raising £7,000,000 before expenses of £588,871 by way of a placing and subscription.

The enlarged issued share capital following the issue of the new ordinary shares described above is 19,815,906,325 ordinary shares of 0.025 pence each and 831,680,400 deferred shares of 0.225 pence each.

FUTURE DEVELOPMENTS

The directors intend to continue with the Company's stated strategy, reviewing the licence interests held in respect of future viability, any potential impairment triggers that may arise during the year and adjusting immediately to any changes that may be required in the operation of the licence interests held.

The Company holds a number of key, quality project interests, namely, Wressle, West Newton and Biscathorpe, Keddington and North Kelsey, where development, appraisal and exploration plans are in place for the future benefit of stakeholders and the Company.

The directors will continue to investigate further acquisition opportunities as and when they arise.

KEY PERFORMANCE INDICATORS

The Company has made good progress during the year ended 31 December 2020. Traditional KPIs are not appropriate to the Company. Performance is measured by monitoring exploration costs and ensuring sufficient funds are available to meet project commitments.

The directors were successful in raising funds to ensure the Company is adequately funded to meet all of its current commitments.

In 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 cash 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 June 2020, the Company acquired a further 12.5% interest from Humber Oil & Gas Limited ("Humber") in PEDLs 180 and 182 containing the Wressle development project for an initial cash consideration of £500,000 with a deferred cash consideration element of £1,040,000 payable to Calmar LP, appointees of Celtique Energie Petroleum Limited (the original vendors in the acquisition by Humber) on commercial oil production being established. Following this transaction the Company now holds a 40% interest in PEDLs 180 and 182.

In June 2020, the Company published a positive report in respect of a Carbon Intensity Study on the West Newton hydrocarbon project, compiled by international energy consultants GaffneyCline.

The GaffneyCline report highlighted that the West Newton project has an AA rating for Carbon Intensity for its potential Upstream crude oil production and that the rating is significantly lower than the UK average and compared to other onshore analogues.

In June 2020, Union Jack were advised that a legally binding and confidential settlement agreement between Egdon Resources and the JOA parties in respect of PEDL253 resolving a dispute with Humber, had been signed.

In June 2020, the Company entered into a Sale and Purchase Agreement with Montrose Industries Limited to purchase a further 3% interest in PEDL253 for a cash consideration of £115,000.

In November 2020, Union Jack agreed to provide Egdon Resources plc with a £1,000,000 loan facility. The main terms were that the loan would cover an 18 month term, interest would accrue daily at a rate of 11% and that the loan is secured against an unencumbered 25% interest in PEDL180 and PEDL182, including the Wressle development project and associated infrastructure.

In December 2020, the Company announced positive preliminary results from the West Newton B-1Z appraisal well located within PEDL182. A substantial hydrocarbon column with a gross 62 metre interval was encountered in the Kirkham Abbey formation. Porosities of up to 14% were observed on wireline logs. The West Newton B-Z1 well is located approximately 2.5 kilometres from the West Newton A1 discovery and the A2 appraisal wells, confirming extensive areal continuity.

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.

Further events which took place after the Balance Sheet date are described in the Directors' Report within the 2020 Annual Report and Financial Statements.

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	31.12.20 £	31.12.19 £
Revenue		158,004	136,959
Cost of sales - operating costs		(286,892)	(185,169)
Cost of sales - depreciation		(57,715)	(32,429)
Gross Loss		(186,603)	(80,639)
Administrative expenses (excluding impairment charge)		(1,590,576)	(1,343,362)
Impairment		(106,714)	(393,697)
Exploration write-back		–	112,500
Total administrative expenses		(1,697,290)	(1,624,559)
Operating loss		(1,883,893)	(1,705,198)
Finance income		18,378	12,815
Loss before taxation		(1,865,515)	(1,692,383)
Taxation		–	–
Loss for the financial year		(1,865,515)	(1,692,383)
Attributable to:			
Equity shareholders of the Company		(1,865,515)	(1,692,383)
Loss per share			
Basic and diluted loss per share (pence)	2	(2.23)	(3.04)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	31.12.20 £	31.12.19 £
Loss for the financial year	(1,865,515)	(1,692,383)
Items which will not be reclassified subsequently to profit and loss		
Other comprehensive loss	(83,190)	(32,212)
Total comprehensive loss for the financial year	(1,948,705)	(1,724,595)

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	31.12.20 £	31.12.19 £
Assets **Non-current assets**			
Exploration and evaluation assets	4	6,134,717	6,726,743
Property, plant and equipment	5	6,452,287	581,300
Investments		137,098	120,288
Loan receivables		1,001,632	–
		13,725,734	7,428,331
Current assets			
Loan receivables		8,993	–
Trade and other receivables		337,063	180,197
Cash and cash equivalents		7,269,014	6,626,322
		7,615,070	6,806,519
Total assets		21,340,804	14,234,850
Liabilities **Current liabilities**			
Trade and other payables		2,447,727	231,284
Non-current Liabilities			
Provisions		803,772	620,686
Total liabilities		3,251,499	851,970
Net assets		18,089,305	13,382,880
Capital and reserves attributable to the Company's equity shareholders			
Share capital	6	6,825,258	5,731,508
Share premium		19,522,379	14,205,000
Share-based payments reserve		411,467	167,466
Accumulated deficit		(8,669,799)	(6,721,094)
Total equity		18,089,305	13,382,880

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Share premium £	Share-based payment reserve £	Accumulated deficit £	Total £
Balance at 1 January 2020	5,731,508	14,205,000	167,466	(6,721,094)	13,382,880
Loss for the financial year	–	–	–	(1,865,515)	(1,865,515)
Other comprehensive loss	–	–	–	(83,190)	(83,190)
Total comprehensive loss	**–**	**–**	**–**	**(1,948,705)**	**(1,948,705)**
Contributions by and distributions to owners					
Issue of share capital	1,093,750	5,906,250	–	–	7,000,000
Share issue costs	–	(588,871)	–	–	(588,871)
Share-based payments	–	–	244,001	–	244,001
Total contributions by and distributions to owners	**1,093,750**	**5,317,379**	**244,001**	**(1,948,705)**	**4,706,425**
Balance at 31 December 2020	**6,825,258**	**19,522,379**	**411,467**	**(8,669,799)**	**18,089,305**
Balance at 1 January 2019	3,983,958	7,593,146	78,319	(5,046,835)	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**	**6,611,854**	**89,147**	**(1,674,259)**	**6,774,292**
Balance at 31 December 2019	**5,731,508**	**14,205,000**	**167,466**	**(6,721,094)**	**13,382,880**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	31.12.20 £	31.12.19 £
Cash flow from operating activities	(1,412,801)	(1,473,164)
Cash flow from investing activities		
Purchase of intangible assets	(2,874,060)	(3,319,108)
Purchase of property, plant and equipment	(389,330)	(5,947)
Sale of licence interest	–	112,500
Loan advanced	(1,000,000)	–
Investments	(100,000)	(112,500)
Interest received	7,754	6,850
Net cash used in investing activities	(4,355,636)	(3,318,205)
Cash flow from financing activities		
Proceeds on issue of new shares	7,000,000	8,935,000
Cost of issuing new shares	(588,871)	(640,596)
Net cash generated from financing activities	6,411,129	8,294,404
Net increase in cash and cash equivalents	642,692	3,503,035
Cash and cash equivalents at beginning of financial year	6,626,322	3,123,287
Cash and cash equivalents at end of financial year	7,269,014	6,626,322

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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") 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. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 December 2020.

The financial statements have been prepared under the historical cost convention except for the valuation of investments that have been measured at fair value through other comprehensive income. 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 this 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 sign-off of these financial statements.

There are a number of risks to the Company's working capital position, which have been identified by the directors and its independent advisor, OGA, namely: (i) timing of incurred costs; (iii) scope of work programmes undertaken; and (iii) realised oil price.

The impact of those risks on the Company's working capital position has been assessed under a range of differing scenarios, with the most adverse, given the current operating environment and stage of development that the Company's assets are at, being identified as being the basis for evaluating the impact for the Going Concern assessment using the worst case "stress test."

The Company has sufficient funding to meet planned expenditures and a level of contingency. Taking account of the risks, the stress test shows that the Company is able to operate within the level of funds currently held at the date of approval of these financial statements.

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 continues to be actively monitored by management. To date, the exploration, development and production activities of the Company have continued in line with plans and with minimal impact from COVID-19. The directors are 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 2020 the Company had 6,074,510 (2019: 6,074,510) warrants in issue and 640,000,000 (2019: 640,000,000) 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.

For the purposes of the loss per share calculation the post-consolidation factor of 200 shares for one has been applied.

Loss per share	**2020 Pence**	**2019 Pence**
Loss per share from continuing operations	(2.23)	(3.04)

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

	2020 £	**2019 £**
Loss used in the calculation of total basic and diluted loss per share	(1,865,515)	(1,692,383)

Number of shares	**2020**	**2019**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	83,539,914	55,594,405

The Company has 831,680,400 (2019: 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 4,375,000,000 new ordinary shares during the year (2019: 6,990,196,071).

3 RECONCILIATION OF LOSS TO CASH GENERATED FROM OPERATIONS

	31.12.20 £	31.12.19 £
Loss before taxation	(1,865,515)	(1,692,383)
Depletion of producing assets	57,715	32,429
Impairment of intangibles	106,714	393,697
Exploration write-back	–	(112,500)
Share-based payments	244,001	139,483
Finance income	(18,378)	(6,850)
	(1,475,463)	(1,246,124)
(Increase) / decrease in trade and other receivables	(156,866)	82,857
Increase / (decrease) in trade and other payables	219,528	(309,897)
Cash used in operations	(1,412,801)	(1,473,164)

4 EXPLORATION AND EVALUATION ASSETS

	31.12.20 £	31.12.19 £
At 1 January	6,726,743	3,485,961
Costs incurred during the year	5,054,060	3,634,479
Transfer to development and production assets	(5,646,086)	–
Costs impaired	–	(393,997)
At 31 December	6,134,717	6,726,743

Additions to exploration and evaluation costs represent exploration and appraisal costs incurred in the year in respect of unproven properties and provisions recognised for decommissioning and restoration liabilities.

The directors have reviewed whether there were any potential triggers for impairment evidence for each of the assets. If a trigger was identified the directors considered the potential value of the projects and licences. The directors have also considered the likely opportunities for realising the value of licences and have concluded that the likely value of each exploration area is individually in excess of its carrying amount. No Intangible Assets have been impaired in 2020.

The total impairment charge for 2019 was £393,697 with regard to PEDL201, £375,892, PEDL181, £15,042 and PEDL209, £2,763.

Included in the above intangible asset additions during the year are amounts arising in relation to changes in decommissioning and restoration provisions.

Intangible assets (less any impairment) comprise amounts capitalised as follows:

		31.12.20 £	31.12.19 £
Wressle	PEDL180	–	2,429,830
West Newton	PEDL183	3,755,301	2,346,915
Biscathorpe	PEDL253	2,136,834	1,821,371
North Kelsey	PEDL241	225,306	104,168
Louth Extension	PEDL339	17,276	16,426
Broughton North	PEDL182	–	8,033

5 PROPERTY, PLANT AND EQUIPMENT

	31.12.20 £	31.12.19 £
Cost		
At 1 January	663,234	660,647
Transfer from exploration and evaluation assets	5,646,086	–
Additions	389,330	2,587
At 31 December	6,698,650	663,234
Depreciation and impairment		
At 1 January	81,934	49,508
Depreciation charge for the year	57,715	32,426
Costs impaired	106,714	–
At 31 December	246,363	81,934
Net book value		
At 31 December	6,452,287	581,300
At 1 January	581,300	611,139

Development and Production assets comprise amounts capitalised as follows:

		31.12.20 £	31.12.19 £
Wressle	PEDL180/182	5,646,086	–
Fiskerton Airfield	EXL294	208,218	208,742
Keddington	PEDL005(R)	597,983	266,418
Dukes Wood	PEDL118	–	59,542
Kirklington	PEDL203	–	46,598
		6,452,287	581,300

The Board has reclassified PEDL180, Wressle, as a development and production asset. With its transfer from Intangible Assets, Wressle is now presented as Property, Plant and Equipment within these Financial Statements.

The Board has assessed the Development and Production assets as at 31 December 2020 and has identified indicators of impairment as set out in IAS36 Impairment of assets in respect of PEDL118 Dukes Wood and PEDL203 Kirklington, respectively. This impairment amounts to a total of £106,714 (2019: £nil). The total impairment charge for these assets was PEDL118, £59,627 and PEDL203, £47,087.

There were no triggers for impairment on any other assets.

6 SHARE CAPITAL

Allotted and issued: Number	Class	Nominal value	31.12.20 £	31.12.19 £
19,815,906,325 (31 December 2019:15,440,906,325)	Ordinary	0.025p	4,953,977	3,860,227
831,680,400 (31 December 2019: 831,680,400)	Deferred	0.225p	1,871,281	1,871,281
Total			6,825,258	5,731,508

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 September 2020, 4,375,000,000 new ordinary shares were issued for cash at 0.16 pence per share, raising approximately £7,000,000 before expenses of £588,871 by way of a placing and subscription.

7 EVENTS AFTER THE BALANCE SHEET DATE

The following events have taken place after the year end:

In January 2021, the Company acquired a further 15% economic interest in PEDL253 containing the Biscathorpe Prospect from Humber Oil & Gas Limited for a cash consideration of £500,000. In addition, a contingent cash payment of £500,000 will be made to Humber Oil & Gas Limited following receipt of planning consents from Lincolnshire County Council for drilling the Biscathorpe-2Z side-track, testing and subsequent production in the event of drilling success. The Company, following this transaction, now holds a 45% interest in PEDL253.

In February 2021, the Company concluded a transaction to acquire a further 30% interest in PEDL241 containing the North Kelsey Prospect with Egdon Resources U.K. Limited. The cash consideration was £100,000 and all previous arrangements in respect of the previous farm-in for a 10% interest from Egdon Resources U.K. Limited during March 2013, were nullified. Following this transaction the Company and Egdon hold a 50% interest each in the licence.

In February 2021, the Company announced that following re-perforation of the Wressle-1 conventional oil well, communication was made with the Ashover Grit reservoir interval and free-flow of good quality oil had commenced. The well has been placed on continuous test production and is awaiting a proppant squeeze.

During March 2021, the Company consolidated its ordinary shares on a 200 for one basis and the new issued share capital is now 99,079,532, each with a nominal value, post-consolidation of 5 pence.

The reasoning behind this decision was that the Board believed that the Company was in an excellent financial and operating position given the significant progress made in recent years on its three key projects at West Newton, Wressle and Biscathorpe and that it was an appropriate time to implement the share consolidation.

In order for the issued share capital to be exactly divisible by 200, new ordinary shares totalling 75 were issued to the Executive Chairman, David Bramhill.

At the same time the Articles of Association were amended to allow the Company to hold in future physical, virtual or hybrid general meetings, as appropriate.

During March 2021, the Company acquired a 2.5% cash generating royalty in the offshore Claymore, Piper and Scapa oilfields from Cambridge Petroleum Royalties Limited for a cash consideration of £93,730 (US$130,000).

8 COPIES OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The 2020 Annual Report and Financial Statements will be posted to shareholders on or around 24 May 2021 and is now available on the Company's website www.unionjackoil.com.