

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

23 February 2022

## **Union Jack Oil plc**

**("Union Jack" or the "Company")**

### **Proposed Future Distributions to Shareholders via a Dividend or Share Repurchase**

#### **Capital Allocation and Distribution Policy**

Union Jack Oil plc (AIM: UJO) a UK focused onshore hydrocarbon production, development and exploration company, is pleased to advise shareholders that the Board has reviewed its operational and financial plans for 2022 and in light of its excellent current performance, principally as a result of the Wressle development, where revenues have been transformational for the Company, the Board intends to adopt a capital allocation and distribution policy to allow the payment of a dividend or implement a share repurchase programme.

The Board considers the ability to make future distributions to shareholders being both timely and appropriate and an important means of returning value, subject to continuation of the Company's business operations and consideration of its future prospects.

In implementing this proposal, the Board intends to apply a consistent and disciplined approach to capital allocation in order to:

- Manage the Company's overall funding requirements including maintaining and developing operations at projects in which Union Jack has an interest;
- Maintain a strong balance sheet which is debt free throughout the oil price cycle;
- Continue to invest in growth projects held, which include Wressle, West Newton, Keddington and Biscathorpe, all of which the Board believes will deliver significant future returns for shareholders; and
- Consistent with Union Jack's progression into a meaningful producing company, make appropriate distributions in order to reward its shareholders.

Under the Companies Act 2006, the Company is currently prohibited from paying a dividend or completing a share repurchase programme as companies are only permitted to make distributions to shareholders from distributable reserves. The Board, therefore, intends to seek shareholders' approval to undertake a reduction of capital ("Capital Reduction") to create these distributable reserves at the forthcoming Annual General Meeting of the Company, for the year ended 31 December 2021.

The proposed Capital Reduction will not affect the voting or dividend rights of any shareholder, or the rights of any shareholder on a return of capital whilst the distributable reserves may be used in the future for the purpose of either paying dividends or making market purchases of the Company's shares under a separate authority to repurchase shares.

The Capital Reduction is conditional upon both shareholder and court approval being obtained.

**For further information, please contact**

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