

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.

26 April 2022

Union Jack Oil plc
("Union Jack" or the "Company")

Project Update

Union Jack Oil plc (AIM: UJO) a UK focused onshore hydrocarbon production, development and exploration company, is pleased to note that the Operator, Egdon Resources U.K. Limited ("Egdon") has provided an update on their projects as part of its Interim Results, published today, for the six months ended 31 January 2022.

Union Jack is pleased to highlight the relevant comment on projects in which interests are held by the Company.

Wressle PEDL180 and PEDL182 (Union Jack 40%)

Highlights

- Revised Field Development Plan submitted to the North Sea Transition Authority ("NSTA") during April 2022
- Production currently at 760 to 800 barrels of oil per day ("bopd") gross (304 to 320 bopd net to Union Jack)
- Instantaneous flow rates of over 1,000 bopd have been achieved
- Likely gas monetisation approach will be to export gas via a short, approximately 600 metre pipeline from the Wressle site into the gas distribution network
- Completion of gas monetisation expected by winter 2022
- Advancement of the development plan and consent process to enable production from the Penistone Flags reservoir containing significant Contingent Resources

Wressle-1 quickly exceeded pre-production expectations of 500 bopd on resumption of production following the successful proppant-squeeze and coiled tubing operations executed during August 2021.

Instantaneous flow rates of over 1,000 bopd have been achieved.

Early restrictions to production have been successfully addressed through improvements and modifications to the site facilities, including installation of a secondary separator and progressive upgrades to the gas incineration unit.

Production is currently controlled by the 10 tonnes per day gas incineration boundary, regulated by the Environmental Agency ("EA") Permit, to between 760 to 800 bopd gross (304 to 320 bopd net to Union Jack).

Once the gas monetisation development is complete this production limitation will be eliminated and the production rate is expected to increase significantly.

Independent pressure test analysis has indicated potential flow rates for Wressle-1 of between approximately 1,200 to 1,500 bopd.

Since production commenced at Wressle-1 in January 2021, the cumulative oil production has exceeded 150,000 barrels of oil with zero formation water produced to date.

A revised Field Development Plan was submitted to the North Sea Transition Authority (“NSTA”), formerly known as the Oil and Gas Authority during April 2022.

The likely gas monetisation approach will be to export gas via a short pipeline of approximately 600 metres from the Wressle site into the local gas distribution network. This will require regulatory Planning and EA consents.

This work is likely to be completed towards the end of 2022, in time for gas sales in the coming winter.

This export route will also be available in the longer term for the development of the Penistone Flags reservoir where detailed work is underway to produce the gross Mid-case Contingent Resources of 1.53 million barrels of oil and 2 billion cubic feet of gas.

Environmental monitoring throughout the operations has shown no measurable impact on surface or groundwater quality, no related seismicity and that noise levels have been within the permitted levels.

The Operator has stated that priorities for the coming period will be to:

- Complete the installation of the remaining permanent production facilities
- Progress planning, permitting and implementation of the gas monetisation plan, reduce gas incineration and eliminate limitations on oil production
- Advance the development plan and consent process to enable production from the Penistone Flags reservoir

Operational Focus at Wressle

- Continue to optimise oil and gas production from the Ashover Grit reservoir, building on the strong performance to date
- Progress gas monetisation
- Finalise plans for the development of the material Contingent Resources in the Penistone Flags

Keddington PEDL005(R) (Union Jack 55%)

Keddington continues to contribute tangible revenues, especially during this time of high oil prices.

A subsurface review of the field has highlighted a viable drilling location in the east of the field targeting up to 180,000 barrels of oil of incremental production.

With planning consent already in place, this presents an opportunity to increase production via a development side-track from one of the existing wells.

In addition, a near-field exploration opportunity exists at Keddington South (Mean Prospective Resources of 635,000 barrels of oil) and the Louth Prospect (Mean Prospective Resources of 600,000 barrels of oil).

Fiskerton Airfield EXL294 (Union Jack 20%)

Fiskerton Airfield continued production during the period. Focus remains on maximising oil production from the existing wells and managing costs.

Longer term, there is potential for the site to be used to manage any produced water from other operated sites through the existing water injection well and also for possible geothermal repurposing.

Biscathorpe PEDL253 (Union Jack 45%)

On 1 November 2021, planning consent was refused for the drilling of a side-track well, testing and long-term production at Biscathorpe.

The application had been recommended for approval by Lincolnshire County Council (“LCC”) planning officers.

On 12 April 2022, the Operator submitted a comprehensive statement of case in support of its appeal against the decision. Shareholders will be updated as the appeal process progresses.

According to the Operator’s estimates the proposed side-track would target gross Mean Prospective Resources of 6.5 million barrels of oil.

North Kelsey PEDL241 (Union Jack 50%)

The application to extend the existing planning permission to drill the North Kelsey-1 exploration well was refused by the LCC planning committee on 14 March 2022.

The decision was disappointing given the compelling case presented and the positive recommendation of LCC’s Planning Officer. Given this, the Operator will bring forward an appeal against this decision during H2 2022.

The North Kelsey Prospect is considered an analogue to the Wressle field and according to the Operator has gross Mean Prospective Resources of 6.47 million barrels in multiple reservoirs.

Energy Transition at Dukes Wood PEDL118 (Union Jack 16.67%)

A programme to plug and abandon the existing Dukes Wood-1 oil well and to recomplete for geothermal heat production has been developed and submitted to the NSTA.

Anticipation is that, subject to regulatory approval this work, which is a proof of concept, will commence during 2022.

Outlook for Other Projects and Forward Plan

- Progress drilling plans to target incremental oil production and near field exploration opportunities at the Keddington oilfield
- Securing planning consent via appeal for the Biscathorpe and North Kelsey projects
- Further develop the energy transition opportunity for repurposing the Dukes Wood-1 well for geothermal heat

Executive Chairman of Union Jack, David Bramhill commented: “The Extended Well Testing programme at Wressle has been nothing short of a spectacular success and another important milestone has been achieved in the submission of the Wressle Field Development Plan to the Regulators. Full credit must be offered to the Operator and its Joint Venture partners in achieving this.

“We have learned much about the behaviour of this well over the past year and the results to date have confirmed that our material 40% interest in this major project is only just beginning to show its true potential.

“I have no doubt that Wressle will be a major producer of onshore hydrocarbons for many years to come.

“In addition, our multi-discovery conventional onshore project at West Newton is also making significant progress and our expectations of success, remain, as always, extremely high.

“To sum-up, Wressle has effectively transformed the financial position of Union Jack and, coupled with the exceptional opportunities we believe are offered by our other projects, the Company is now covered for all operational and contracted or planned CAPEX costs, including drilling, which augers well for the future of the Company and its shareholders.”

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