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.

16 May 2022

Union Jack Oil plc

("Union Jack" or the "Company")

Final Results for the Year Ended 31 December 2021

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 2021.

Operational Highlights

- Successful proppant squeeze and coiled tubing exercise at Wressle resulted in an instantaneous flow rate of over 1,000 barrels of high-quality oil per day ("bopd") being achieved with zero water cut
- Wressle-1 pressure test analysis by ERCE indicates potential flow rates of between 1,200 to 1,500 bopd are achievable
- Wressle Revised Field Development Plan submitted to the North Sea Transition Authority ("NSTA") for approval
- Results from West Newton EWT confirm substantial hydrocarbon discoveries within the Kirkham Abbey formation
- Independent RPS Group ("RPS") review predicts initial average production rates of up to 35.6 million cubic feet of gas and 1,000 bopd from a horizontally drilled well at West Newton
- Planning granted at West Newton for both A and B site works and three year permit extension
- Completion of purchase of a further 15% interest in PEDL253 containing the Biscathorpe Prospect, bringing Union Jack's interest to 45%
- Carbon Intensity Study on Biscathorpe Project rated AA by Gaffney Cline
- Purchase of a 2.5% royalty interest in the North Sea Claymore, Piper and Scapa oilfields
- Appeal against planning refusal at Biscathorpe submitted to Planning Inspectorate

Financial Highlights

- Oil revenues increased by over 1,000% during 2021
- Maiden gross profit on oil sales achieved
- Cash balances and near-term receivables of £7,545,575 as at 9 May 2022
- The Company is currently funded for all operational and contracted or planned CAPEX costs, including any budgeted drilling activities for at least the next 12 months
- Debt free
- Early settlement payment made to Calmar LP in respect of deferred consideration on acquisition of 25% interests in PEDL180 and PEDL182, containing the Wressle development

- Company solicitors progressing legal work on Capital Reduction to enable the Company to execute a share-buy-back programme or dividend payment. Appropriate resolutions relating to this are included in the Notice of Annual General Meeting for shareholders to consider within the Annual Report
- The Company's AGM will be held at 11.00 a.m. on 23 June 2022, at the offices of Osborne Clarke, 2 Temple Back East, Temple Quay, Bristol, BS1 6EG

David Bramhill, Executive Chairman, commented:

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

"During 2021 and to date, the Company has advanced a number of its key projects, especially at Wressle which, as stated earlier, have been transformational financially with substantial revenues and indications that the Wressle journey has only just commenced.

"The latest results at West Newton are highly encouraging regarding the prospects of the significant hydrocarbon discoveries made to date and their development potential, following an extensive testing and investigative programme conducted on both sides of the Atlantic by industry leading geological and geochemical consultancies.

"I remain confident that future news arising from our well-balanced portfolio containing relevant components of production, development, appraisal and exploration will continue to vindicate the Board's unflinching optimism in respect of our Company's focused strategy.

"In closing, I believe our Company is in sound financial health with a robust balance sheet. Union Jack continues to be debt free, with significant cash reserves and substantial future revenues expected.

"The Company is currently funded for all G&A, OPEX, and contracted or planned CAPEX costs, including any budgeted drilling activities, for at least the next 12 months.

"The future of Union Jack remains bright."

For further information, please contact:

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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 2021.

After several years of consistent determination and promising results, Union Jack is now witnessing a sea change in its business and prospects, where production from Wressle has materially transformed the financial position of our Company.

Union Jack’s focused strategy has been vindicated and, coupled with the Board’s consistent objective to build a sustainable UK onshore production and development hydrocarbon company, is now well within our field of vision.

Our belief is that the upside opportunities at the Wressle project make it an exceptional conventional development where revenue potential is expected to help fund the growth of Union Jack over the next decade and beyond.

During April 2022, we announced that landmark production of net total revenues from Wressle had reached US$5,000,000 following the successful proppant squeeze and coiled tubing operations completed in late August 2021.

At West Newton, our other flagship project, following independent laboratories’ reviews and investigation of extensive data by technical consultants, we are greatly encouraged and look forward positively to the commencement of further drilling operations in due course. Our view remains buoyant on the prospect of being able to deliver a successful development at West Newton.

Cash balances remain at a high level and, with expected substantial future revenues, the Company is currently funded for all G&A, OPEX and contracted or planned CAPEX costs, including any budgeted drilling activities for at least the next 12 months.

Substantial progress was made during 2021 and has continued into 2022. This progress, coupled with a robust oil price and Wressle oil production, have generated considerable revenues and, given the Board’s expectation of ongoing future material cashflows, we believe it is now appropriate to initiate plans for a Capital Reduction to allow for the payment of a dividend or to implement a share-buy-back programme to reward our shareholders.

Further information can be found on our informative website www.unionjackoil.com, launched during 2021, presenting a professional information package on our projects, designed to inform shareholders and attract new investors to the Company.

In addition, Union Jack hosts an active twitter account (@unionjackoilplc).

WRESSLE DEVELOPMENT PEDL180 AND PEDL182 (40%)

Wressle has quickly exceeded our pre-production expectations of 500 bopd and continues to outperform since the resumption of production following the successful proppant-squeeze and coiled-tubing operation during August 2021.

Instantaneous rates of over 1,000 bopd have been achieved. Early restrictions on production rates are being successfully addressed through ongoing modifications to the site facilities, including installation of a secondary separator and progressive upgrades to the gas incineration system which have culminated in the installation of a larger capacity enclosed ground incineration unit.

Further work is planned in the near-future which is designed to improve the site facilities, that will allow an increase in production rates in due course.

Production from Wressle is currently averaging over 300 bopd from the Ashover Grit reservoir net to Union Jack based on our 40% interest.

Since production commenced at Wressle-1 in early 2021, the cumulative production of high-quality oil is in-excess of 150,000 barrels with no formation water produced to date.

Gross and Net Volumes of Wressle Hydrocarbons Attributable to Union Jack

	Gross Volumes			Net Volumes Attributable to Union Jack's 40% interest		
	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)

When the planned gas monetisation project is complete, it is expected that the overall oil and gas production rate will be able to increase significantly. Pressure test analyses conducted by ERCE, an independent petroleum consultant, indicated potential flow rates for Wressle-1 of between 1,200-1,500 bopd.

The likely preferred gas monetisation approach is to export the gas via a short pipeline of approximately 600 metres into the local gas distribution network. This will require normal planning and Environmental Agency (“EA”) regulatory consents and is likely to be completed in time for winter demand. 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 develop the material Contingent Resources of 1.86 million barrels of oil equivalent ("boe") gross.

During April 2022, the Operator submitted a revised Field Development Plan ("FDP") to the NSTA for approval.

The FDP, if and when approved by the NSTA, would be a significant milestone for Union Jack.

During the remainder of 2022, and assuming receipt of all regulatory approvals, ongoing major development works at Wressle will include:

- Completion of the installation of the permanent production facilities
- Implementation of the gas to grid development to monetise the gas and provide optimum oil production
- Advancement of the development plan and consenting process to enable production from the Penistone Flags reservoirs

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

Union Jack has independently commissioned Gaffney Cline, an international energy consultancy, to deliver an updated Reserves and Resources Report prepared in accordance with the Petroleum Resources Management System ("PRMS"), a standard developed by the Society of Petroleum Engineers.

The Gaffney Cline report will:

- Incorporate 1P/2P/3P reserve volumes for the Ashover Grit and Wingfield Flags reservoirs
- Highlight and discuss any additional potential reservoirs
- Generate an indicative 2C production profile for the Penistone Flags reservoir
- Prepare a 2P+2C production profile that will illustrate future field potential

The Board has increasing confidence that the Gaffney Cline Report, which will be published in due course, will highlight the material upside potential of this economically attractive conventional hydrocarbon development.

WEST NEWTON APPRAISAL PEDL183 (16.665%)

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.

Union Jack entered into a farm-in during 2018 with Rathlin Energy (UK) Limited ("Rathlin") the Operator, and since that time the West Newton A-2 ("WNA-2") and West Newton B -1Z ("WNB-1Z") drilling programmes have yielded substantial hydrocarbon discoveries.

Throughout 2021, the focus was on operations and data acquisition from the West Newton A and West Newton B well sites and advancing a forward plan for the West Newton A development.

After extensive planning in early 2021, completion and testing operations were initiated on the WNB-1Z well. WNB-1Z was drilled in late 2020 and reached a total depth of 2,114 metres. Test operations commenced in May 2021 and focused on the Kirkham Abbey Formation and, completing and testing the lower section, before moving onto the upper section. A total of 44 metres was perforated in the target zone. During testing operations, both liquid hydrocarbons and gas were recovered to the surface from the two intervals. Recoveries confirmed the presence of good quality gas with indicated methane content of approximately 90%, ethane of approximately 4.5% and heavier end gases present in lesser concentrations. Following operations at WNB-1Z, equipment was mobilized to WNA-2 to resume well testing.

The WNA-2 well was drilled and cased to a total depth of 2,061 metres during the spring of 2019 and initial completion operations were undertaken during the summer of 2019. The original testing programme was suspended when both oil and gas were encountered in the target formation, as opposed to the predominant gas saturation anticipated in the original testing programme. The operations were suspended to allow the redesign of the test programme to efficiently and safely evaluate the potential oil column. Following approval, testing operations commenced in September 2021. During these operations, both gas and liquid hydrocarbons were recovered to surface. The gas samples were similar to those recovered from other wells, including WNB-1Z and WNA-1, and are consistent with the initial tests performed at WNA-2.

Following the completion of the West Newton EWT, the Operator commissioned RPS, a highly regarded independent consultant to produce a review that assessed well productivity potential from the West Newton project and the investigation of optimised drilling and well completion methodologies.

The RPS review concluded that the Kirkham Abbey reservoir could deliver substantially higher production rates from horizontal wells as compared to vertical wells. The review also concluded that, based on RPS modelling, most of the acid stimulation carried out during the EWT interacted with only a small section of the perforated intervals due to the permeability contrast across the Kirkham Abbey formation.

The highlights of the RPS review are as follows:

- Predicted initial average production rates of up to 35.6 million cubic feet of gas per day (5,900 barrels of oil equivalent per day) from a horizontally drilled well situated within the gas zone, based on the data from the WNA-2 well
- Indication of initial average potential production rates of up to 1,000 barrels of oil per day from a horizontally drilled well situated in the oil zone based on data from the WNA-2 well

Fluid analysis performed by Applied Petroleum Technology (UK) Limited ("APT") confirms that hydrocarbon liquids recovered to surface are low specific gravity, low viscosity, light oil or condensate with an API gravity ranging from 45.9 to 49 degrees and that gas recovered to surface is good quality with a high thermal value.

During the 2021 completion operations at WNB-1Z and WNA-2, a significant amount of reservoir data including fluid and gas samples, pressure data, and flow data was acquired. Following an extensive investigative programme conducted on both sides of the Atlantic by industry leading geological and geochemical consultancies, this information is being utilised to determine optimum drilling, completion and development designs for the Kirkham Abbey reservoir. This information gathering exercise will also help determine the next steps in the future development and exploration programmes.

Analysis and re-evaluation of well data and seismic information continues to support our belief that the West Newton project represents a significant resource of high-quality light oil and natural gas, and that the West Newton area has the potential to be a significant hydrocarbon producer.

In preparation for a decision on a potential development of the West Newton discoveries, the Operator submitted a revised planning application for the development of the West Newton A site to the East Riding of Yorkshire Council ("ERYC"). This was approved by the ERYC Planning Committee by a vote of ten to one during March 2022. The development plan that was approved includes the drilling, completion, and associated production from an additional four wells from the current surface location, plus an extension of the permit period at the West Newton B site for an additional three years.

KEDDINGTON PEDL005(R) (55%) AND FISKERTON AIRFIELD EXL294 (20%)

The producing Keddington oilfield is located along the highly prospective East Barkwith Ridge, an east-west structural high on the southern margin of the Humber Basin.

A subsurface review conducted by the Operator has highlighted a viable target to the east of the field, with up to 180,000 barrels of incremental oil production.

With planning consent already in place, Keddington presents an opportunity to increase oil production via a relatively inexpensive development side-track from one of the existing wells. In addition, near-field exploration targets exist at Keddington South and Louth, with Mean Prospective Resources of 635,000 and 600,000 barrels of oil in place respectively.

Fiskerton Airfield oilfield has continued production during the period. Focus remains on maximising production from existing wells and cost management.

BISCATHORPE PEDL253 (45%) AND NORTH KELSEY PEDL241 (50%)

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.

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 of the well, 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 commissioned by the Joint Venture participants and carried out by APT. The results of this analysis confirm a hydrocarbon column of 33-34 API gravity oil in the Dinantian Carbonate and a proven live oil column, comparable with that produced at the nearby Keddington oilfield.

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

In addition to the Dinantian, there remains the original target within the Westphalian where evidence for a thickened sandstone reservoir exists.

The Operator has estimated, in accordance with the PRMS Standard, that the gross Mean Prospective Resources within the Westphalian are 3.95 mmbo, with an upside case of 6.69 mmbo. Economic modelling demonstrates that the Westphalian target is economically robust, especially in the current oil price environment.

Union Jack’s technical team believe that Biscathorpe remains one of the largest unappraised onshore discoveries within the UK.

During November 2021, a planning application for a side-track drilling operation, associated testing and long-term production at the Biscathorpe site was refused by the Lincolnshire County Council Planning Committee.

The decision on a future development at Biscathorpe will now be decided by the Planning Inspectorate, to whom appeal documentation was submitted in April 2022.

North Kelsey is a conventional oil exploration prospect on trend with, and analogous to the Wressle 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 Upper Carboniferous targets. The Operator estimates that gross Prospective Resources range from 4.46 to 8.47 mmbo, with a Mean Resource of 6.47 mmbo.

An application to extend the existing planning consent to drill the North Kelsey-1 well was refused by the Lincolnshire County Council Planning Committee in March 2022. An appeal is expected to be made in the near-future against this decision.

OTHER LICENCE INTERESTS

Union Jack has interests in a number of other non-core projects, namely PEDL118 (Dukes Wood), PEDL203 (Kirklington), PEDL201 (Widmerpool Gulf), PEDL181 (Humber Basin) and PEDL209 (Laughton).

These licence interests have all been fully impaired and are at various stages of relinquishment with the exception of Dukes Wood and Kirklington where geothermal upside potential is being investigated.

NORTH SEA ROYALTIES

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 for a consideration of £93,610, including working capital adjustments.

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.

Included within this transaction is the right to receive income from the Claymore/Piper Complex for the rest of its operating life, estimated independently to be at least the next 15 years, at no additional capital or operating cost to Union Jack.

Management viewed this initial purchase as an attractive, cash generating and high yielding investment, consistent with Union Jack's wider strategy and objective to explore alternative financial instruments to generate revenues, whilst remaining within the UK hydrocarbon sector.

This transaction has generated an accrued income of more than £170,000 to date. These monies are being held in escrow by the Operator, Repsol Sinopac until a Royalty Manager is appointed.

During the period the Company has been in direct discussions with Repsol Sinopac and the other royalty holders with a view to advancing the potential acquisition of further royalty interests and accelerating the payment of the amounts already generated.

CORPORATE AND FINANCIAL

The significant revenues received from Wressle have already transformed the financial well-being of the Company and significantly strengthened its balance sheet.

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

During September 2021, £3,000,000 was raised before expenses, further bolstering our cash reserves, ensuring that Union Jack continued to retain its "going concern" status in its accounts.

The Company remains debt free and had cash balances and short-term receivables at 9 May 2022, of £7,545,575. The Company is currently funded for all operational and all contracted or planned CAPEX costs, including any budgeted drilling activities for at least the next 12 months.

Revenues from oil sales of £1,894,875 reported in 2021, compared to £158,004 during 2020, have had a dramatic effect on our Income Statement, resulting in the Company reporting a gross profit for the first time.

Net revenues of £2,877,081 registered to date during 2022 already comfortably exceed the revenues for 2021.

Subsequent to the year end, in March 2022 early settlement of £2,083,333 was made to Calmar LP in respect of the prudent deferred consideration on acquisition of 25% interests in PEDL180 and PEDL182 containing the Wressle development.

During 2021, the Company agreed to a share swap in the shares of its holding in Elephant Oil Limited, a UK registered unquoted company in exchange for shares in a new entity, Elephant Oil Corp., registered in Nevada, in the United States of America. Elephant Oil Corp. has applied for its shares to be traded on NASDAQ in the near-future.

Post year end, and given the current stage of the Company's development and its improved cash position, a decision was made by the Board to undertake a Capital Reduction exercise to allow the payment of a cash dividend to shareholders or enable a share-buy-back programme. Appropriate resolutions are included in the Notice of Annual General Meeting for shareholders to consider.

I would like to take this opportunity to thank our shareholders for their continued support, as well as my colleagues, co-directors and advisers who all provide invaluable advice and continue to champion the development of the UK onshore hydrocarbon industry for the benefit of Union Jack, its shareholders and the wider economy.

NET ZERO CARBON POLICY

The UK is committed by law to reach Net Zero carbon emissions by 2050. Union Jack, by its own policy and strategy, are not the operator of any of its projects or assets. Therefore, the Company will only work with operators who have a firm commitment to safety, environmental and social responsibility in all aspects of their operations.

Regardless of the fact that the Company has chosen not to be an operator, we are subject to the same scrutiny as any other hydrocarbon producer.

We remain pro-active in the quest for Net Zero and to demonstrate this Union Jack commissioned Gaffney Cline, an international energy consultancy to conduct Carbon Intensity studies on Biscathorpe (PEDL253) and West Newton (PEDL183), two of our core projects. The results of these studies were highly encouraging with Gaffney Cline concluding that both sites achieved an AA rating for Carbon Intensity.

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

As the demand for energy increases post COVID-19 and the global economy recovers, hydrocarbons will continue to play an important part in ensuring the energy security of the UK. Union Jack's development interests are located close to areas with a high demand for energy and as a consequence, the Company believes that locally produced hydrocarbons provide the benefit of displacing, to some extent, imported hydrocarbons.

Union Jack supports the operators' strategies that mitigate the effects of climate change and will continue to align itself with the best standards of Carbon Management Practice wherever possible.

OUTLOOK

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

During 2021 and to date, the Company has advanced a number of its key projects, especially at Wressle which, as stated earlier, have been transformational financially with substantial revenues and indications that the Wressle journey has only just commenced.

The latest results at West Newton are highly encouraging regarding the prospects of the significant hydrocarbon discoveries made to date and their development potential, following an extensive testing and investigative programme conducted on both sides of the Atlantic by industry leading geological and geochemical consultancies.

I remain confident that future news arising from our well-balanced portfolio containing relevant components of production, development, appraisal and exploration will continue to vindicate the Board's unflinching optimism in respect of our Company's focused strategy.

In closing, I believe our Company is in sound financial health with a robust balance sheet. Union Jack continues to be debt free, with significant cash reserves and substantial future revenues expected.

The Company is currently funded for all G&A, OPEX, and contracted or planned CAPEX costs, including any budgeted drilling activities, for at least the next 12 months.

The future of Union Jack remains bright.

David Bramhill

Executive Chairman

16 May 2022

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 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 £853,013 (2020: £1,865,515).

The loss for the year includes impairments to Property, Plant and Equipment of which total costs are £156,995 (2020: £106,714). These impairments are in relation to PEDL118, £67,598 (2020: £59,627) and PEDL203, £83,057 (2020: £47,087).

The loss for the year includes impairments to Intangible Assets of which total costs are £6,340 (2020: nil). These impairments are in relation to PEDL181, £4,204 and PEDL201, £2,136.

Administrative expenses amounted to £1,740,962 (2020: £1,590,576). The increase in this cost was due to additional technical work in respect of Wressle, West Newton, Biscathorpe, and Keddington, undertaken by the Company's external consultants.

Cash and cash equivalents at year end amounted to £5,977,541 (2020: £7,269,014).

Total assets at year end amounted to £24,472,708 (2020: £21,340,804).

Non-current assets at year end amounted to £16,392,416 (2020: £13,725,734).

Intangible Assets totalled £8,525,373 (2020: £6,134,717). Expenditure included £500,000 for a further 15% interest in Biscathorpe and completion and testing operations at West Newton.

Tangible assets totalled £7,575,525 (2020: £6,452,287). Expenditure included the proppant squeeze and site enhancement at Wressle.

The Company's Income Statement reports revenues of £1,894,875 (2020: £158,004) in respect of production income from Wressle, Keddington oilfield and the Fiskerton Airfield oilfield.

The directors do not recommend the payment of a dividend (2020: £nil).

In September 2021, 13,636,364 new ordinary shares were issued for cash at a price of 22 pence per ordinary share, raising £3,000,000 before expenses of £312,484 by way of a placing and subscription.

The enlarged issued share capital following the issue of the new ordinary shares described above is 112,715,896 ordinary shares of 5 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 indicators 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 2021. In respect of 2021 traditional KPIs are not deemed appropriate to the Company. Performance is measured by monitoring exploration costs and ensuring sufficient funds are available to meet project commitments. The 2022 Financial Statements will show a full year's production from Wressle and focus will be changed to traditional KPIs and not E&E expenditure.

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

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 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, subsequent to the proppant squeeze, Wressle is now producing between 760 - 800 bopd.

During March 2021, the Company acquired a 2.5% cash generating royalty in the Central North Sea Claymore, Piper and Scapa oilfields from Cambridge Petroleum Royalties Limited for a cash consideration of £93,610 (US$130,000).

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.

Further events which took place after the Balance Sheet date are described in the Annual Report and note 7 of this RNS.

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
Revenue		1,894,875	158,004
Cost of sales - operating costs		(377,153)	(286,892)
Cost of sales - depreciation		(735,160)	(57,715)
Gross profit / (loss)		782,562	(186,603)
Administrative expenses (excluding impairment charge)		(1,740,962)	(1,590,576)
Impairment		(156,995)	(106,714)
Total administrative expenses		(1,897,957)	(1,697,290)
Operating loss		(1,115,395)	(1,883,893)
Finance income		112,611	18,378
Royalty income		149,771	–
Loss before taxation		(853,013)	(1,865,515)
Taxation		–	–
Loss for the financial year		(853,013)	(1,865,515)
Attributable to:			
Equity shareholders of the Company		(853,013)	(1,865,515)
Loss per share			
Basic and diluted loss per share (pence)	2	(0.83)	(2.23)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	31.12.21 **£**	**31.12.20** **£**
Loss for the financial year	(853,013)	(1,865,515)
Items which will not be reclassified subsequently to profit and loss		
Other comprehensive loss	54,420	(83,190)
Total comprehensive loss for the financial year	(798,593)	(1,948,705)

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
Assets			
Non-current assets			
Exploration and evaluation assets	4	8,525,373	6,134,717
Property, plant and equipment	5	7,575,525	6,452,287
Investments		291,518	137,098
Loan receivables		–	1,001,632
		16,392,416	13,725,734
Current assets			
Inventories		8,829	–
Loan receivables		1,028,110	8,993
Trade and other receivables		1,065,812	337,063
Cash and cash equivalents		5,977,541	7,269,014
		8,080,292	7,615,070
Total assets		24,472,708	21,340,804
Liabilities			
Current liabilities			
Trade and other payables		2,390,603	2,447,727
Non-current Liabilities			
Provisions		1,876,758	803,772
Total liabilities		4,267,361	3,251,499
Net assets		20,205,347	18,089,305
Capital and reserves attributable to the Company's equity shareholders			
Share capital	6	7,507,076	6,825,258
Share premium		21,528,077	19,522,379
Share-based payments reserve		638,586	411,467
Accumulated deficit		(9,468,392)	(8,669,799)
Total equity		20,205,347	18,089,305

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Share premium £	Share-based payment reserve £	Accumulated deficit £	Total £
Balance at 1 January 2021	6,825,258	19,522,379	411,467	(8,669,799)	18,089,305
Loss for the financial year	–	–	–	(853,013)	(853,013)
Other comprehensive loss	–	–	–	54,420	54,420
Total comprehensive loss for the year	**–**	**–**	**–**	**(798,593)**	**(798,593)**
Contributions by and distributions to owners					
Issue of share capital	681,818	2,318,182	–	–	3,000,000
Share issue costs	–	(312,484)	–	–	(312,484)
Share-based payments	–	–	227,119	–	227,119
Total contributions by and distributions to owners	**681,818**	**2,005,698**	**227,119**	**(798,593)**	**2,116,042**
Balance at 31 December 2021	**7,507,076**	**21,528,077**	**638,586**	**(9,468,392)**	**20,205,347**
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 for the year	**–**	**–**	**–**	**(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**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	31.12.21 £	31.12.20 £
Cash flow from operating activities	(646,726)	(1,412,801)
Cash flow from investing activities		
Purchase of intangible assets	(2,277,224)	(2,874,060)
Purchase of property, plant and equipment	(1,022,055)	(389,330)
Loan advanced	–	(1,000,000)
Purchase of Investments	(100,000)	(100,000)
Interest received	67,016	7,754
Net cash used in investing activities	(3,332,263)	(4,355,636)
Cash flow from financing activities		
Proceeds on issue of new shares	3,000,000	7,000,000
Cost of issuing new shares	(312,484)	(588,871)
Net cash generated from financing activities	2,687,516	6,411,129
Net increase / (decrease) in cash and cash equivalents	(1,291,473)	642,692
Cash and cash equivalents at beginning of financial year	7,269,014	6,626,322
Cash and cash equivalents at end of financial year	5,977,541	7,269,014

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 ACCOUNTING POLICIES

Basis of Preparation

This financial information does not constitute full statutory financial statements but is derived from accounts for the year ended 31 December 2021 which are audited. This announcement is prepared on the same basis as set out in the statutory financial statements for the year ended 31 December 2021. While the financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of UK adopted international accounting standards (IFRS), this announcement does not in itself contain sufficient information to comply with IFRS.

The Auditor's Report for the year ended 31 December 2021 was unqualified.

The full Annual Report along with a Notice of Annual General Meeting ("AGM") will be distributed to shareholders on 16 May 2022 and will be available on the Company's website from that date.

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 the 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.

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 2021 the Company had 30,373 (2020: 30,373) warrants in issue and 3,200,000 (2020: 3,200,000) 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	**2021 Pence**	**2020 Pence**
Loss per share from continuing operations	(0.83)	(2.23)

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

	2021 £	**2020 £**
Loss used in the calculation of total basic and diluted loss per share	(853,013)	(1,865,515)

Number of shares	**2021**	**2020**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	102,628,722	83,539,914

The Company has 831,680,400 (2020: 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 13,636,364 new ordinary shares during the year (2020: 21,875,000).

3 RECONCILIATION OF LOSS TO CASH GENERATED FROM OPERATIONS

	31.12.21 £	**31.12.20 £**
Loss before taxation	(853,013)	(1,865,515)
Depletion of producing assets	735,160	57,715
Impairment of intangibles	156,995	106,714
Share-based payments	227,119	244,001
Finance income	(112,611)	(18,378)
Royalty income	(149,771)	–
	3,879	(1,475,463)
(Increase) in inventories	(8,829)	–
(Increase) in trade and other receivables	(550,868)	(156,886)
Increase / (decrease) in trade and other payables	(90,908)	(219,528)
Cash used in operations	(646,726)	(1,412,801)

4 EXPLORATION AND EVALUATION ASSETS

	31.12.21 Exploration and evaluation £	31.12.21 Royalty £	**31.12.21 Total £**	**31.12.20 Total £**
Cost				
At 1 January	6,134,717	–	6,134,717	6,726,743
Transfer to development and production assets	(18,092)		(18,092)	(5,646,086)
Costs incurred in the year	2,333,835	93,610	2,427,445	5,054,060
At 31 December	8,450,460	93,610	8,544,070	6,134,717
Depreciation and impairment				
At 1 January	–	–	**–**	**–**
Amortisation charge for the year	–	12,357	12,357	**–**
Costs impaired	6,340	–	6,340	**–**
At 31 December	6,340	12,357	18,697	**–**
Net book value				
At 31 December	8,444,120	81,253	8,525,373	6,134,717
At 1 January	6,134,717	–	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.

Furthermore in the year, the Company acquired a 2.5% cash generating royalty interest that is part of the royalty unit over 20% of the revenues from oil and gas production from the Claymore, Piper and Scapa oilfields located in the Central North Sea, known collectively as the Claymore and Piper Complex, for a total consideration of £93,610. The royalty purchase included the right to accrued income of £124,316 for the years 2017 to 2020, inclusive. This income is included in the royalty income figure for 2021 being the year that the Company became entitled to the income, and is also included as a current asset within other receivables.

The royalty is being amortised over its useful economic life.

The directors have reviewed whether there were any potential indicators for impairment evidence for each of the assets. If an indicator 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. The total impairment charge for 2021 was £6,340 (2020: nil) with regard to PEDL181, £4,204 and PEDL201, £2,136.

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:

		31.12.21 **£**	**31.12.20** **£**
West Newton	PEDL183	5,184,442	3,755,301
Biscathorpe	PEDL253	2,992,694	2,136,834
North Kelsey	PEDL241	266,984	225,306
Louth Extension	PEDL339	–	17,276
Royalty		81,253	–

5 PROPERTY, PLANT AND EQUIPMENT

	31.12.21 £	31.12.20 £
Cost		
At 1 January	6,698,650	663,234
Transfer from exploration and evaluation assets	18,092	5,646,086
Additions	1,990,961	389,330
At 31 December	8,707,703	6,698,650
Depreciation and impairment		
At 1 January	246,363	81,934
Depreciation charge for the year	735,160	57,715
Costs impaired	150,655	106,714
At 31 December	1,132,178	246,363
Net book value		
At 31 December	7,575,525	6,452,287
At 1 January	6,452,287	581,300

Development and Production assets comprise amounts capitalised as follows:

		31.12.21 £	31.12.20 £
Wressle	PEDL180/182	6,176,515	5,646,086
Fiskerton Airfield	EXL294	373,582	208,218
Keddington	PEDL005(R)	1,025,428	597,983
		7,575,525	6,452,287

The Board has assessed the Development and Production assets as at 31 December 2021 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 £150,655 (2020: £106,714). The total impairment charge for these assets was PEDL118, £67,598 (2020: £59,627) and PEDL203, £83,057 (2020: £47,087).

Licence interest in PEDL339, Louth Extension, has been relinquished. Any drilling target can be reached from PEDL005(R).

Monies spent on PEDL339 have been reallocated to PEDL005(R).

There were no indicators for impairment on any other assets.

6 SHARE CAPITAL

Allotted and issued: Number	Class	Nominal value	31.12.21 £	31.12.20 £
112,715,896 (31 December 2020: 99,079,532)	Ordinary	5p	5,635,795	4,953,977
831,680,400 (31 December 2019: 831,680,400)	Deferred	0.225p	1,871,281	1,871,281
Total			7,507,076	6,825,258

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 2021, 13,636,364 new ordinary shares were issued for cash at 22 pence per share, raising approximately £3,000,000 before expenses of £312,484 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 2022, the Company received a positive independent review from RPS Group, a leading global company offering services within the energy sector in respect of West Newton flow rate potential. The RPS review indicated that initial average production rates of up to 35.6 million cubic feet of gas per day from a horizontally drilled well situated in the gas zone could be achieved, based on the data from the West Newton A-2 well. The study also indicated initial average production rates of up to 1,000 bopd from a horizontally drilled well situated in the oil zone, based on data from the West Newton A-2 well.

In January 2022, the Company announced a summary of the results of an analysis of the bottom hole pressure data acquired from the Wressle-1 well during December 2021. The interpretation was completed by ERCE, an independent energy consultancy, on behalf of the Wressle Joint Venture partners. Results demonstrated the significant potential of the Wressle-1 well and the production rates that could be achieved once the surface facilities are optimised and a gas monetisation scheme is in place.

During January 2022, the Company announced the intention of the operator of PEDL253 to appeal against the refusal of planning permission by Lincolnshire County Council, for a side track drilling operation, associated testing and long-term oil production.

During March 2022, planning for the extension for PEDL241 was refused by the Lincolnshire County Council. The Joint Venture Partners are considering an appeal.

During March 2022, planning for the drilling of additional wells and production at West Newton A site was approved by the East Riding of Yorkshire Council. Separately, permission was granted for a time extension to allow further exploratory drilling at West Newton B site.

During March 2022, settlement of £2,083,333 for the consideration payment of a 25% interest in PEDL180 and PEDL182 was made to Calmar LLP.

During April 2022, the Company announced a US$5 million net landmark reached in revenues generated from the Ashover Grit reservoir at the Wressle-1 well.

8 COPIES OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The 2021 Annual Report and Financial Statements will be posted to shareholders on, or around, 23 May 2022 and are now available on the Company's website www.unionjackoil.com.