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.

15 May 2023

Union Jack Oil plc

(“Union Jack” or the “Company”)

Final Results for the Year Ended 31 December 2022

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 2022.

Operational Highlights

- Approvals for the Wressle Field Development Plan and licences for the production phase through to 2039 received from the North Sea Transition Authority (“NSTA”)
- Wressle is currently the second most productive conventional producing onshore oilfield in the UK
- ERCE commissioned to review the reserve and resource potential of the Wressle field through a new Competent Person’s Report (“CPR”)
- Planning for the drilling of additional wells at West Newton approved by the East Riding of Yorkshire Council (“ERYC”)
- RPS delivered a positive revised CPR on West Newton, where a horizontal well is planned to be drilled during H2 2023
- Biscathorpe appeal heard - awaiting decision from the Planning Inspectorate
- North Kelsey appeal hearing set for June 2023

Financial Highlights

- Maiden net profit of £3,606,624 post tax
- Oil revenues increased by 340%
- Basic earnings per share increased by over 485%
- Cash balances and near-term receivables stand in excess of £9,750,000 as at 12 May 2023
- Debt free
- Funded for all operational, contracted and planned CAPEX costs, including budgeted drilling activities for at least the next 12 months
- Capital Reduction granted for share buy-back programme and the payment of a 0.8 pence Maiden Special Dividend during December 2022
- Post period end an Interim Dividend of 0.3 pence declared to be paid July 2023

David Bramhill, Executive Chairman, commented:

"The Company will remain focused on the development of its flagship projects, Wressle and West Newton, where the respective Operators and joint venture partners have ambitious appraisal and development programmes planned.

"I am confident that the news-flow emanating from our balanced portfolio which contains elements of production, development, appraisal and exploration, will continue to attract the attention of shareholders and investors and generate support for the Company in its pursuit of shareholder value.

"Union Jack is in sound financial health with a robust balance sheet, continues to be free of debt and has significant cash reserves with no requirement to raise capital for its planned operations for at least the next 12 months.

"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 Joint Broker
Matthew Johnson
Richard Hail
Kasia Brzozowska

Shore Capital +44 (0)20 7408 4090
Joint Broker
Toby Gibbs
Iain Sexton

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 delighted 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 2022.

Growth and progress continued throughout 2022, mainly due to the elevated cash flow from our flagship development Wressle, where revenues increased significantly from £1,894,875 in 2021, to £8,507,050 in 2022, enabling Union Jack to announce a maiden net profit of £3,606,624 post tax compared to a loss of £853,013 in 2021.

Post Balance Sheet cash balances and near-term receivables, stand in excess of £9,750,000 as at 12 May 2023.

The Company is funded for all G&A, OPEX and contracted or planned CAPEX costs, including any budgeted drilling activities for at least the next 12 months, without recourse to the Capital Markets.

The material increase in cash flow during 2022, coupled with a robust oil price and increased hydrocarbon production, allowed the Company to seek a Capital Reduction exercise which was granted by the High Court, during August 2022, enabling the Company to distribute a Maiden Special Dividend of 0.8 pence per share during December 2022, totalling £900,527, and also introduce a share buy-back programme, enhancing earnings per share.

In respect of a Dividend Policy, it is our intention to make payments to shareholders as and when cash balances allow. During March 2023, the Board declared an Interim Dividend of 0.3 pence per share, payable during July 2023 and it is the intention to continue dividend payments based on a proportion of the free cash available subject to our project obligations being fulfilled.

I am delighted to be able to report that since the Capital Reduction was granted in August 2022, return of capital by way of total dividends paid or announced and share buybacks has totalled £1,117,154.

Union Jack's maiden profit, the return of capital, current record-high cash balances and near-term receivables, all highlight the achievements of the Company during 2022.

Oil from our flagship project, Wressle, remains free flowing with zero water cut. Wressle continues to perform in an extremely positive way and our expectations remain high as we believe there remains scope for material expansion.

The GaffneyCline report, published during September 2022, suggested the possibility of a significantly higher reserve than originally predicted for the Ashover Grit reservoir. On current performance we find it difficult to dismiss this theory and look forward to the technical and commercial assessment by ERCE, who have recently been commissioned to review the reserve and resource potential of the Wressle field through a new CPR. The results of this report are expected during June 2023.

Positive results from independent laboratories and consultants during 2022 and from the data driven information received from the West Newton discoveries expand our confidence in the success of the horizontal well currently planned to be drilled during H2 2023.

Additional information on our leading projects at Wressle and West Newton, and overviews on Biscathorpe, Keddington and North Kelsey can be found later within this statement.

The results for 2022 are highly positive with the Company being in a strong financial position and a balanced work programme of potentially further transformational development and drilling to look forward to.

Further information can be found on our website www.unionjackoil.com, presenting detailed technical information 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 is located in Lincolnshire, on the western margin of the Humber Basin.

The Wressle-1 ("Wressle") discovery was defined on proprietary 3D seismic data. The structure is on trend with the producing Crosby Warren oilfield and the Broughton oil discovery, both to the immediate northwest and the Brigg-1 discovery to the southeast. These wells all contain hydrocarbons in several different sandstone reservoirs within the Upper Carboniferous succession.

Since the proppant squeeze and coiled tubing operations conducted during August 2021, Wressle has established itself as Union Jack's flagship project with production rates far exceeding original expectations.

Wressle continues to produce oil under natural flow and associated gas at high rates with zero water cut from the Ashover Grit reservoir. To date, over 400,000 barrels of high-quality oil have been produced and sold from Wressle.

During the past 12 months, a programme of improvements and upgrades to Wressle site facilities has been successfully carried out. The implementation of a two-stage gas utilisation scheme is being progressed which will enable the oil production to be increased.

The Ashover Grit gas is being utilised for electricity generation on-site and will be exported at a later date. The diesel generator has been replaced by three gas microturbines which were installed and commissioned during early 2023. The second phase of the programme will see the installation of a separate gas engine to generate and export approximately 1.4 MW of electricity into a local private power network. A later stage of the gas monetisation will focus on gas export from the undeveloped reservoirs that hold significant contingent hydrocarbon resources and are awaiting production in due course.

The performance of the Ashover Grit reservoir during 2022 has been nothing short of exceptional. During September 2022, the Company published the results of a report, commissioned by Union Jack and compiled by GaffneyCline, in respect of the potential upside at Wressle which provided commentary on the reserve and resource volumes.

The highlights of this report are as follows:

- Ashover Grit Speculative Deeper Oil-Water Contact assessment indicates a potentially significant increased estimate of STOIIP ("Stock Tank Oil Initially in Place") of 10.12 million barrels of oil ("mmbbl") and a recoverable resource of 2.43 mmbbl
- The Wressle-1 well also indicated additional hydrocarbon potential within the Santon Sandstone, where GaffneyCline has estimated a Contingent Resource being present

During the second half of 2022, the Operator re-processed the 3D seismic data over the field. This data has been interpreted and mapped with the objective of identifying reservoir targets for drilling an additional well/wells at the earliest opportunity, subject to receipt of regulatory approvals.

A new CPR, considering all oil and gas bearing horizons has been commissioned, incorporating the new field interpretation and production performance data. The results of this report are expected during June 2023.

The management of Union Jack believes that the Company holds a material interest in a project that will continue to deliver significant revenues for at least the next decade and more.

WEST NEWTON APPRAISAL PEDL183 (16.665%)

PEDL183 is located in the East Riding of Yorkshire, north of the River Humber, 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 within the Kirkham Abbey formation.

Throughout 2022, data collected during drilling operations and well testing, which included core, oil and gas samples, wireline log and well test records were analysed by independent laboratories CoreLab, Applied Petroleum Technology ("APT") and RPS Group Limited ("RPS"). The results of these analyses, in conjunction with internal evaluations, have been invaluable in informing the upcoming programme of work and future drilling plans.

The laboratory reports confirm that the hydrocarbon-bearing Kirkham Abbey reservoir is extremely sensitive to aqueous fluids and that previous drilling of the West Newton wells with water-based mud had created near well-bore damage through the creation of very fine rock fragments, affecting the natural porosity and permeability of the formation which had a detrimental effect on its ability to flow. Further analyses have determined that the use of dilute water-based acids during well testing would have also affected the flow characteristics of the Kirkham Abbey reservoir.

These tests indicate that by drilling the Kirkham Abbey reservoir with an oil-based drilling fluid, damage to the oil and gas reservoir should be minimised.

The Operator, Rathlin Energy, has made applications to the Environment Agency ("EA") for use of oil-based drilling fluids within the hydrocarbon bearing Permian section for both the West Newton A and B sites.

Analyses by APT of numerous oil and gas samples recovered from the West Newton wells during testing, along with evaluation of mud gases measured during drilling utilising a proprietary software package, indicates that the Kirkham Abbey reservoir is predominantly gas (primarily methane 90% plus ethane 5%) with associated light condensate.

RPS has modelled wells extending up to 1,500 metres horizontally through the Kirkham Abbey reservoir. These wells have a much greater likelihood of encountering significant sections of the naturally fractured reservoir, enhancing its productive capability.

In preparation for a decision on the potential development of the West Newton discoveries, the Operator submitted revised planning applications for the development of West Newton to the ERYC. This was approved by the ERYC Planning Committee by a vote of ten to one during March 2022.

A revised CPR was compiled by RPS during 2022, evaluating the resources of PEDL183 as of 30 June 2022, ("Effective Date").

The results of the CPR were very encouraging, highlighting:

- Kirkham Abbey Best Case Gross Unrisked Contingent Technically Recoverable Sales Gas is estimated to be 197.6 billion cubic feet ("bcf")
- Geological Chance of Success of Kirkham Abbey horizontal well estimated to be 85.5%
- Gross NPV10 risked value of Kirkham Abbey Contingent Gas Resource as at Effective Date of US$396.1 million post tax
- Substantial additional Prospective Resource figures for Ellerby, Spring Hill and Withernsea prospects

In the preparation of the CPR, RPS adopted the Petroleum Resource Management System ("PRMS") standard.

WEST NEWTON GROSS UNRISKED TECHNICALLY RECOVERABLE SALES

Category	**Gross Technically Recoverable**	
	Gas (bcf)	**Liquids (mbbl)**
1C	99.7	299.4
2C	**197.6**	**593.0**
3C	393.0	1,178.9

Note: Net data for Union Jack can be calculated by applying its 16.665% economic interest to the above gross data.

WEST NEWTON GEOLOGICAL CHANCE OF SUCCESS

Asset	**Source Rock**	**Charge**	**Migration**	**Reservoir**	**Trap**	**Seal**	**Geological COS**
West Newton	1.00	1.00	1.00	0.90	0.95	1.00	**0.855**

A future West Newton development will benefit from being located in an area that provides access to substantial regional infrastructure and could deliver significant volumes of onshore low-carbon sales gas into the UK's energy market.

Domestically produced natural gas is, and will remain, a much-needed part of the energy mix as the UK seeks to reduce its reliance on imported products.

Union Jack looks forward to the drilling of a 1,500 metre horizontal well at the earliest opportunity and unlocking the significant potential of the Greater West Newton project.

KEDDINGTON PEDL005(R) (55%)

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 technical review by the Operator has confirmed that there remains an undrained oil resource located on the eastern side of the Keddington field. Planning consent for further drilling is already in place, presenting an opportunity to increase production via a development side-track from one of the existing wells.

To facilitate confirmation of the target definition and well design planning, re-processing of legacy 3D seismic data has been completed.

Modelling indicates that infill drilling is forecast to improve recovery from the Keddington field by between 113,000 to 183,000 barrels of oil, depending on the reservoir permeability model selected and the combination of infill targets.

Subject to finalising the sub-surface location, it is planned to drill the well, where planning is already granted, in late 2023.

BISCATHORPE PEDL253 (45%)

PEDL 253 is situated within the proven hydrocarbon fairway of the South Humber Basin and is on-trend with the Keddington oilfield and the Saltfleetby gasfield.

While drilling the Biscathorpe-2 well, there were hydrocarbon shows, 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 68 metres being interpreted as being oil-bearing.

Independent consultants APT also conducted analyses, confirming a hydrocarbon column of 33-34 API gravity oil, comparable with the oil produced at the nearby Keddington oilfield.

Further evaluation of the results of the Biscathorpe-2 well, together with the reprocessing of 264 square kilometres of 3D seismic, indicate a material and potentially commercial viable hydrocarbon resource remaining to be appraised.

Subject to a favourable planning appeal decision a side-track well is planned, targeting the Dinantian Carbonate where the Operator has assessed, in accordance with the PRMS Standard, a gross Mean Prospective Resource of 2.55 mmbbl. The overlying Basal Westphalian Sandstone has the potential to add gross Mean Prospective Resources of 3.95 mmbbl. Economic modelling demonstrates that the Westphalian target is economically robust, especially in the current oil price environment. Commercial screening indicates break-even full cycle economics to be US$18.07 per barrel.

During November 2021, a planning application for a side-track drilling operation, associated testing and long-term production was refused by the Lincolnshire County Council Planning Committee, despite being recommended for approval by the planning officers.

The Joint Venture partners are awaiting a decision from the Planning Inspectorate, where an appeal was heard in October 2022.

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

PEDL241 NORTH KELSEY (50%)

North Kelsey is a conventional oil exploration prospect on trend with, and analogous to, the Wressle oilfield 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 reservoir targets.

The Operator estimates that gross Prospective Resources range from 4.66 to 8.47 mmbbl.

During August 2022, the Operator submitted an appeal on behalf of the Joint Venture, against the refusal of an extension of time to the existing planning permission by Lincolnshire County Council to enable the drilling and testing of a conventional exploration well at the North Kelsey site.

An Inspector has been appointed and the Joint Venture has been informed the appeal will be conducted as a two day hearing in mid-June 2023, the result of which, is expected within a few months.

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 the geothermal upside potential is being investigated.

Fiskerton Airfield (EXL294) is currently shut-in whilst awaiting a workover programme to reinstate production. Longer term potential for the site is to manage produced water through the existing water injection well on site and also for potential geothermal repurposing.

The Company has decided to fully impair the value of Fiskerton Airfield at a cost of £416,606. This decision was made as production was not covering costs and substantial work and capital expenditure was required on the existing production equipment.

PIPER CLAYMORE COMPLEX ROYALTY UNITS (2.5%)

During May 2023, the Management negotiated price and terms of condition for the sale of the Company's 2.5% interest in the Claymore Area Royalty Agreement. The Company has subsequently disposed of this asset with full payment received.

This transaction is a post period end event.

CORPORATE AND FINANCIAL

The 12 month period under review has seen the Company become a cash generating and profitable entity, with a strong balance sheet and a clear focus on the development of its flagship assets.

Union Jack remains debt free and has cash balances and near-term receivables in excess of £9,750,000 as at 12 May 2023. We are funded for all operational, CAPEX and drilling costs for at least the next 12 months.

Revenues from oil sales of £8,507,050 (2021: £1,894,875) reported for the period have had a material effect on the Income Statement, resulting in the Company being able to report a maiden net profit of £3,606,624 (2021: loss £853,013).

Basic Earnings per share of 3.20 pence were reported versus a loss per share of (0.83 pence) in 2021.

Given the strong and improved cash position of the Company during 2022, a decision was made by the Board to undertake a Capital Reduction exercise to enable the payment of a cash dividend and activate a share buy-back programme. During August 2022, the High Court granted the Capital Reduction. A maiden Special Dividend of 0.8 pence per share was made to shareholders during December 2022. Post period end, during March 2023, the Company announced an Interim Dividend of 0.3 pence per share to be paid during July 2023.

The Company also commenced a share buy-back programme in October 2022, which has continued during 2023. Post period end, as at 12 May 2023, a total of 3,050,000 shares have been bought and are held in Treasury. Shares held in Treasury, increase the Earnings Per Share, hold no voting rights and are not entitled to a dividend payment.

I would be remiss not to mention the Energy Profits Levy of 25% introduced in May 2022 by the Chancellor and subsequent increase to 35% in 2023. Union Jack has a development and drilling programme planned for the remainder of 2023 and beyond. The tax breaks available for future investment in our projects provides an effective cushion to help mitigate this unfair and punitive tax on smaller energy companies.

I take this opportunity to thank our shareholders for their continued support, as well as my co-directors and advisers, all who continue to support the development and growth of the Company.

OUTLOOK

My confidence at the close of 2022 has been vindicated by the Company's excellent 2022 financial results, confirming its transformation, both financially and operationally.

The Board is of the opinion that within the Wressle development there remains significant material upside which will support the Company with revenues for at least another decade.

I also look forward to the drilling of a horizontal well at West Newton. Independent technical analyses have concluded that using extended horizontal development wells and oil-based muds should maximise hydrocarbon productivity. Encouragingly, the results from West Newton to date, signal a potentially highly valuable onshore project with resources comparable to those usually reported offshore. A significant onshore domestic gas resource as indicated at West Newton has the potential to become an important transition fuel in helping the UK achieve its 2050 Net Zero targets.

The Company will remain focused on the development of its flagship projects, Wressle and West Newton, where the respective Operators and joint venture partners have ambitious appraisal and development programmes planned.

I am confident that the news-flow emanating from our balanced portfolio which contains elements of production, development, appraisal and exploration, will continue to attract the attention of shareholders and investors and generate support for the Company in its pursuit of shareholder value.

In closing, Union Jack is in sound financial health with a robust balance sheet, continues to be free of debt, has significant cash reserves with no requirement to raise capital for its planned operations for the foreseeable future.

The future of Union Jack remains bright.

David Bramhill

Executive Chairman

12 May 2023

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

BUSINESS REVIEW

Union Jack Oil plc is a UK registered company, focused on the exploration and future development of the hydrocarbon project interests held by the Company.

A review of the Company's operations during the year ended 31 December 2022 and subsequent to the date of this report is contained in the Chairman's Statement and this Strategic Report.

The profits for the year amounted to £3,606,624 (2021: loss £853,013).

The profit for the year includes impairments to Property, Plant and Equipment of which total costs are £478,584 (2021: £156,995). These impairments are in relation to PEDL118, £33,718 (2021: £67,598), PEDL203, £28,260 (2021: £83,057) and EXL294, £416.606 (2021: £nil).

The profit for the year includes impairments to Intangible Assets of which total costs are -£3,028 (2021: £6,340). These impairments are in relation to a reverse impairment to PEDL181, -£5,306 and an impairment to PEDL201, £2,278.

Administrative expenses, excluding impairment costs, amounted to £1,665,174 (2021: £1,740,962). This decrease is largely due to lower share based costs for share options.

Cash and cash equivalents at year end amounted to £7,155,100 (2021: £5,977,541).

Total oil revenue contributing assets at year end amounted to £26,361,337 (2021: £24,472,708).

Non-current assets at year end amounted to £17,157,286 (2021: £16,392,416).

Intangible Assets totalled £9,134,006 (2021: £8,525,373).

Tangible Assets totalled £5,666,212 (2021: £7,575,525).

Of the assets figures above, the net effect is an increase overall consisting of an increase to Intangible Assets of £608,633 from investment in projects; Investments of £260,525, from a revaluation of shares held; Other Receivables, being the deferred tax asset of £1,805,005; and Current Assets of £1,123,759 being due to increased oil revenues. There has also been a decrease in Tangible Assets of £1,909,313 largely through the calculated depreciation of the producing assets.

The Company's Income Statement reports revenue of £8,507,050 (2021: £1,894,875) in respect of production income from Wressle, Keddington oilfield and the Fiskerton Airfield oilfield.

The directors have recommended a payment of an interim dividend of 0.3 pence, payable during July 2023.

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, Biscathorpe, 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. This appeal was heard during October 2022 by the Planning Inspectorate, the result of which is expected during 2023.

During March 2022, planning for the extension for PEDL241, North Kelsey, was refused by the Lincolnshire County Council. The Joint Venture Partners have lodged an appeal to be heard by the Planning Inspectorate.

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.

In July 2022, 150,000 new ordinary shares were issued for cash at a price of 22 pence per ordinary share, raising £33,000 before expenses of nil, by way of exercising options.

The enlarged issued share capital following the issue of the new ordinary shares described above is 112,865,896 ordinary shares of 5 pence each and 831,680,400 deferred shares of 0.225 pence each.

The approval of a Capital Reduction exercise in August 2022, was granted by the High Court of Justice. The Capital Reduction created additional reserves to the value of £21,553,557 providing flexibility to deliver shareholder returns in the form of dividends and/or share buy-backs.

During December 2022, a maiden dividend of 0.8 pence per ordinary share was paid to qualifying shareholders (2021: £nil).

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, Biscathorpe, Keddington and North Kelsey, where development, appraisal and exploration plans are in place for the future benefit of stakeholders and the Company.

KEY PERFORMANCE INDICATORS

In the past, reporting traditional Key Performance Indicators (KPIs) were deemed inappropriate for the Company. Performance was measured by monitoring exploration costs and ensuring sufficient funds were available to meet project commitments.

These Financial Statements for the year end 31 December 2022, show a full year's production from Wressle and focus has now changed showing traditional KPIs and not E&E expenditure.

The Board are extremely pleased with the business performance of the Company and note the significant positive financial figures reported within the KPI table.

These figures have been enhanced by a material increase in production at Wressle and firm oil prices.

During the year, the Company has also achieved profitability, paid a maiden dividend and commenced a share buy-back programme with a view to increasing earnings per share.

Further events which took place after the Balance Sheet date are described in note 7.

Key Performance Indicators	**For the Year Ending 31 December 2022 £**	**For the Year Ending 31 December 2021 £**
Revenues	8,507,050	1,894,875
Total Comprehensive Income/(Loss)	3,777,124	(798,593)
Cash and cash equivalents	7,155,100	5,977,541
Net Current Assets	8,425,761	5,689,689
Total Equity	23,005,231	20,205,347

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31.12.22 £	31.12.21 £
Revenue		8,507,050	1,894,875
Cost of sales - operating costs		(1,143,967)	(377,153)
Cost of sales - depreciation		(2,125,425)	(735,160)
Cost of sales - Net Profit Interest payment		(137,179)	–
Gross profit		5,100,479	782,562
Administrative expenses (excluding impairment charge)		(1,665,174)	(1,740,962)
Impairment		(475,556)	(156,995)
Total administrative expenses		(2,140,730)	(1,897,957)
Operating profit / (loss)		2,959,749	(1,115,395)
Finance income		86,586	112,611
Royalty income		42,444	149,771
Profit / (loss) before taxation		3,088,779	(853,013)
Taxation		517,845	–
Profit / (loss) for the financial year		3,606,624	(853,013)
Attributable to:			
Equity shareholders of the Company		3,606,624	(853,013)
Earnings / (loss) per share			
Basic (pence)	2	3.20	(0.83)
Diluted (pence)	2	3.16	(0.83)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	31.12.22 £	31.12.21 £
Profit / (loss) for the financial year	3,606,624	(853,013)
Items which will not be reclassified subsequently to profit or loss		
Other comprehensive profit		
Profit on investment revaluation	170,500	54,420
Total comprehensive profit / (loss) for the financial year	3,777,124	(798,593)

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	31.12.22 £	31.12.21 £
Assets			
Non-current assets			
Exploration and evaluation assets	4	9,134,006	8,525,373
Property, plant and equipment	5	5,666,212	7,575,525
Investments		552,043	291,518
Deferred tax asset		1,805,025	–
		17,157,286	16,392,416
Current assets			
Inventories		28,038	8,829
Loan receivables		–	1,028,110
Trade and other receivables		2,020,913	1,065,812
Cash and cash equivalents		7,155,100	5,977,541
		9,204,051	8,080,292
Total assets		26,361,337	24,472,708
Liabilities			
Current liabilities			
Trade and other payables		778,290	2,390,603
Non-current Liabilities			
Provisions		1,700,069	1,876,758
Deferred tax liability		877,747	–
		2,577,816	1,876,758
Total liabilities		3,356,106	4,267,361
Net assets		23,005,231	20,205,347
Capital and reserves attributable to the Company's equity shareholders			
Share capital	6	7,514,576	7,507,076
Share premium		–	21,528,077
Share-based payments reserve		712,634	638,586
Treasury reserve		(214,227)	–
Accumulated profit / (deficit)		14,992,248	(9,468,392)
Total equity		23,005,231	20,205,347

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Share premium £	Share-based payment reserve £	Treasury reserve £	Accumulated (deficit) / retained earnings £	Total £
Balance at 1 January 2022	7,507,076	21,528,077	638,586	–	(9,468,392)	20,205,347
Profit for the financial year	–	–	–	–	3,606,624	3,606,624
Other comprehensive profit	–	–	–	–	170,500	170,500
Total comprehensive profit for the year	**–**	**–**	**–**	**–**	**3,777,124**	**3,777,124**
Contributions by and distributions to owners						
Exercise of share options	7,500	25,500	(19,368)	–	19,368	33,000
Capital reduction	–	(21,553,577)	–	–	21,553,577	–
Dividends	–	–	–	–	(900,527)	(900,527)
Expiry of warrants	–	–	(11,098)	–	11,098	–
Treasury Share	–	–	–	(214,227)	–	(214,227)
Share-based payments	–	–	104,514	–	–	104,514
Total contributions by and distributions to owners	**7,500**	**(21,528,077)**	**74,048**	**(214,227)**	**20,683,516**	**(977,240)**
Balance at 31 December 2022	**7,514,576**	**–**	**712,634**	**(214,227)**	**14,992,248**	**23,005,231**
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 profit	–	–	–	–	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**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	31.12.22 £	31.12.21 £
Cash flow from operating activities	5,811,734	(646,726)
Cash flow from investing activities		
Purchase of intangible assets	(712,935)	(2,277,224)
Purchase of property, plant and equipment	(2,852,254)	(1,022,055)
Fixed term deposit	(1,000,000)	–
Loan advanced	(1,000,000)	–
Loan repaid	2,000,000	–
Purchase of Investments	(100,000)	(100,000)
Sale of investments	6,772	–
Interest received	105,996	67,016
Net cash used in investing activities	(3,552,421)	(3,332,263)
Cash flow from financing activities		
Proceeds on issue of new shares	33,000	3,000,000
Cost of issuing new shares	–	(312,484)
Dividends paid	(900,527)	–
Treasury shares	(214,227)	–
Net cash (used in) / generated from financing activities	(1,081,754)	2,687,516
Net increase / (decrease) in cash and cash equivalents	1,177,559	(1,291,473)
Cash and cash equivalents at beginning of financial year	5,977,541	7,269,014
Cash and cash equivalents at end of financial year	7,155,100	5,977,541

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 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 2022. 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 2022 was unqualified.

The full Annual Report along with a Notice of Annual General Meeting ("AGM") will be distributed to shareholders on, or around, 23 May 2023 and now be available on the Company's website www.unionjackoil.com.

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 EARNINGS PER SHARE

The Company has issued warrants and options over ordinary shares which could potentially dilute the basic earnings per share in the future.

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

At 31 December 2022, the Company had no warrants in issue (2021: 30,373) and 3,050,000 (2021: 3,200,000) options in issue.

These warrants and options have been taken into account when calculating the diluted earnings per share.

Earnings per share	**2022 Pence**	**2021 Pence**
Profit / (loss) per share from continuing operations		
– Basic	3.20	(0.83)
– Diluted	3.16	(0.83)

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

	2022 £	**2021 £**
Profit/ (loss) used in the calculation of total basic and diluted profit / (loss per share	3,606,624	(853,013)

Number of shares	**2022**	**2021**
Weighted average number of ordinary shares for the purposes of basic and diluted profit / (loss) per share		
– Basic	112,706,307	102,628,722
– Diluted	114,132,334	102,628,722

The Company has 831,680,400 (2021: 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 150,000 new ordinary shares during the year (2021: 13,636,364).

3 RECONCILIATION OF PROFIT / LOSS TO CASH GENERATED FROM OPERATIONS

	31.12.22 £	31.12.21 £
Profit for the year	3,606,624	(853,013)
Depletion of producing assets	2,125,425	735,160
Impairment of intangibles	475,556	156,995
Share-based payments	104,514	227,119
Amortisation / depreciation	20,248	–
Loss on disposal of shares	3,203	–
Finance income	(86,586)	(112,611)
Royalty income	(42,444)	(149,771)
	6,206,540	3,879
(Increase) in inventories	(19,209)	(8,829)
(Increase) in trade and other receivables	(1,708,982)	(550,868)
Increase / (decrease) in trade and other payables	1,333,385	(90,908)
Cash generated from / (used in) operations	5,811,734	(646,726)
Income taxes paid	–	–
Net cash flows from operating activities	5,811,734	(646,726)

4 INTANGIBLE ASSETS

	31.12.22 Exploration and evaluation £	31.12.22 Royalty £	31.12.22 Total £	31.12.21 Total £
Cost				
At 1 January	8,450,460	93,610	8,544,070	6,134,717
Transfer to development and production assets	–	–	–	(18,092)
Costs incurred in the year	616,106	–	616,106	2,427,445
At 31 December	9,066,566	93,610	9,160,176	8,544,070
Depreciation and impairment				
At 1 January	6,340	12,357	18,697	–
Amortisation charge for the year	–	10,501	10,501	12,357
Costs impaired	(3,028)	–	(3,028)	6,340
At 31 December	3,312	22,858	26,170	18,697
Net book value				
At 31 December	9,063,254	70,752	9,134,006	8,525,373
At 1 January	8,444,120	81,253	8,525,373	6,134,717

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 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. There was a reverse impairment for 2022 of £5,306 with regard to PEDL181 (2021: £6,340), and an impairment of £2,278 with regard to PEDL201 (2021: £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:

		31.12.22 £	31.12.21 £
West Newton	PEDL183	5,689,647	5,184,442
Biscathorpe	PEDL253	3,045,506	2,992,694
North Kelsey	PEDL241	328,101	266,984
Royalty		70,752	81,253
		9,134,006	8,525,373

5 PROPERTY, PLANT AND EQUIPMENT

	31.12.22 Development and production £	31.12.22 Equipment £	31.12.22 Total £	31.12.21 Total £
Cost				
At 1 January	8,707,703	–	8,707,703	6,698,650
Transfer from exploration and evaluation assets	–	–	–	18,092
Additions	587,904	116,539	704,443	1,990,961
At 31 December	9,295,607	116,539	9,412,146	8,707,703
Depreciation and impairment				
At 1 January	1,132,178	–	1,132,178	246,363
Depreciation charge for the year	2,125,425	9,747	2,135,172	735,160
Costs impaired	478,584	–	478,584	150,655
At 31 December	3,736,187	9,747	3,745,934	1,132,178
Net book value				
At 31 December	5,559,420	106,792	5,666,212	7,575,525
At 1 January	7,575,525	–	7,575,525	6,452,287

Development and Production assets comprise amounts capitalised as follows:

		31.12.22 £	31.12.21 £
Wressle	PEDL180/182	4,695,402	6,176,515
Fiskerton Airfield	EXL294	–	373,582
Keddington	PEDL005(R)	864,018	1,025,428
		5,559,420	7,575,525

The Board has assessed the Development and Production assets as at 31 December 2022 and has identified indicators of impairment as set out in IAS36 Impairment of assets in respect of PEDL118 Dukes Wood, PEDL203 Kirklington and EXL294 Fiskerton Airfield, respectively. This impairment amounts to a total of £478,584 (2021: £150,655). The total impairment charge for these assets was PEDL118, £33,718 (2021: £67,598), PEDL203, £28,260 (2021: £83,057) and EXL294 £416,606 (2021: £nil).

There were no indicators for impairment on any other assets.

6 SHARE CAPITAL

Allotted and issued: Number	Class	Nominal value	31.12.22 £	31.12.21 £
112,865,896 (31 December 2021: 112,715,896)	Ordinary	5p	5,643,295	5,635,795
831,680,400 (31 December 2021: 831,680,400)	Deferred	0.225p	1,871,281	1,871,281
Total			7,514,576	7,507,076

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 July 2022, 150,000 new ordinary shares were issued for cash at 22 pence per share, raising approximately £33,000 by way of exercised options by Raymond Godson, non-executive director.

7 EVENTS AFTER THE BALANCE SHEET DATE

The following events have taken place after the year end:

During March 2023, the Board declared an interim dividend of 0.3 pence per ordinary share, with a London Stock Exchange ex-dividend date of Thursday 6 July 2023, a record date of Friday 7 July 2023 and payment date of Friday 28 July 2023.

The share buy-back programme has continued and since 1 January 2023 to 12 May 2023 a total of 2,350,000 ordinary shares were purchased and placed in Treasury. The number of ordinary shares held in Treasury as at 12 May 2023, is 3,050,000.

During May 2023, the Management negotiated price and terms of condition for the sale of the Company’s 2.5% interest in the Claymore Area Royalty Agreement. The Company has subsequently disposed of this asset with full payment received.

8 COPIES OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The 2022 Annual Report and Financial Statements will be posted to shareholders on, or around, 23 May 2023 and are now available on the Company’s website www.unionjackoil.com.