

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.

27 February 2024

Union Jack Oil plc
("Union Jack" or the "Company")
West Newton Drilling Update
Early Gas Development Plan

Union Jack Oil plc (AIM: UJO), a UK focused onshore hydrocarbon production, development and exploration company is pleased to offer a positive update in respect of planned future drilling and the potential development at West Newton PEDL183, in which the Company holds a 16.665% economic interest.

West Newton is located onshore UK in East Yorkshire, within the Western Sector of the Southern Zechstein Basin which contains the significant West Newton A1, A2 and WNB-1z discoveries.

Following several months of technical evaluation, the West Newton Joint Venture partners, Union Jack, Reabold Resources plc ("Reabold") and Rathlin Energy UK Ltd ("Rathlin"), have agreed a revised drilling programme utilising the West Newton A drilling site ("WNA Site").

HIGHLIGHTS

- A proposed well ("WN-A3") planned to be drilled during late 2024 will be twinned with the West Newton A-1 discovery well ("WN-A1"), which was not tested
- WN-A1 is interpreted as having a 27 metre gas column within the Kirkham Abbey formation ("KA Formation") as indicated on the logs of the WN-A1 well
- WN-A3 will be directional, offering significant cost savings compared with a horizontal well
- An additional material secondary target in the deeper Permian Rotliegend Sandstone will also be evaluated during drilling of the WN-A3 or by the re-entry of WN-A1
- A feasibility study is underway for a single gas well development plan at WN-A3 well to follow successful testing and well completion
- Planning is already in place to drill and produce from the WNA Site whilst other associated approvals are being accelerated
- Revised drilling plan is cost-effective with an above average chance of success, offering a rapid early-stage development scenario with access to significant early cash flows if successful

Discovery in the Kirkham Abbey Formation Principal Target

The WN-A1 well, drilled in 2013, is interpreted as having encountered 27 metres of potential gas pay at the top of the KA Formation. This figure was calculated from the Computer Petrophysical Interpretation ("CPI"), using electrical and mud logs over the interval.

The KA Formation was perforated and cleaned using 15% hydrochloric acid. After removal of the acidising work-string and during preparation to run the production work-string the well started to flow fluid and the blind rams were closed for safety reasons to establish control of the well.

After numerous clean up attempts failed, WN-A1 was subsequently shut-in and suspended under normal operational and safety procedures.

The conclusion drawn from these well operations was that due to severe damage to the KA Formation it was not possible to obtain a valid hydrocarbon production test to surface of the 27 metre pay-zone shown on the CPI log.

Deeper Material Rotliegend Zone Secondary Target

A re-evaluation of the downhole logs of WN-A1 by the Joint Venture's technical teams also indicates a possible seven metre gas column in the Permian Rotliegend Sandstone, the main reservoir for the prolific Southern Gas Basin gasfields.

The gas is sourced from the underlying Westphalian and Namurian sediments trapped in structures sealed by the overlying Zechstein evaporites.

Preliminary mapping of the base Zechstein at West Newton indicates low-relief structures as observed offshore.

The nearest offshore Rotliegend field was the Amethyst complex centred on block 47/14a within the Southern Gas Basin, containing 1.2 trillion cubic feet of gas in place, producing approximately 795 billion cubic feet of gas and 5.4 million barrels of condensate, from a series of low-relief structures trending South-East to North-West.

Within the UK onshore, the Caythorpe field, approximately 30 kilometres north of West Newton produced 6.67 bcf of gas with associated condensate from the Rotliegend, displaying porosities up to 19% and permeability up to 500md, with gas also being produced from the overlying Zechstein.

Calculations for the Rotliegend zone in WN-A1 indicate similar porosities to those seen at Caythorpe. Core was not cut from the WN-A1 well, however, the logs indicate drilling mud invasion over the Rotliegend interval which is taken to indicate effective permeability.

Residual gas is also calculated below the base of the seven-metre gas column in the Rotliegend Sandstone.

West Newton Early Production Plan

A feasibility study is being undertaken by independent energy consultants CNG Services Limited on a single well development and gas export plan associated with WN-A3 to follow successful testing ("West Newton Gas Export Feasibility Study").

The scope of the West Newton Gas Export Feasibility Study is to determine the technical and economic viability of a single well development plan, with production from WN-A3, processed from a modular plant and a 3.5 kilometre pipeline from the WNA Site to the National Transmission System, at an existing above-ground installation.

Commercial gas production could be brought to market within months of a successful production test, resulting in a materially reduced capital investment which provides significant early cash flow whilst additional activity is carried out on the further development of the West Newton project.

Executive Chairman of Union Jack, David Bramhill, commented: “Together with our Joint Venture partners at West Newton, we have embarked on delivering a viable drilling programme, planned to be executed in late 2024, with the potential for an early single gas well development following successful testing.

“We plan to expedite the drilling of West Newton with the deviated WN-A3 appraisal well as soon as all remaining regulatory permissions have been granted. Discussions are already underway with the relevant authorities and work has commenced to progress drilling.

“Our revised drilling plan offers significant cost-savings without compromising any aspects of the project. The objective is to develop what we know to be a material onshore gas resource located in an area with excellent access to local and national infrastructure and an attractive domestic gas off-take market.

“The secondary, deeper Rotliegend sandstone target also provides potential material upside to the value of the West Newton Project.

“Going forward, the West Newton drilling plan is cost-effective with an above average chance of success, offering a rapid early-stage development scenario with access to significant early cash flows, if successful.”

Competent Person’s Statement

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 47 years of international oil and gas industry experience.

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