



UNION JACK OIL

PRODUCTION,
DRILLING,
DEVELOPMENT AND
INVESTMENT IN THE
UNITED KINGDOM
ONSHORE
CONVENTIONAL
HYDROCARBON
SECTOR



UNION JACK OIL plc

Half Yearly Report
for the six months
ended 30 June 2019

DIRECTORS, OFFICERS AND ADVISERS

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David Bramhill
Executive Chairman

Joseph O'Farrell
Executive

Graham Bull
Non-Executive

Raymond Godson
Non-Executive

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UNION JACK OIL

CONTENTS

BUSINESS AND STRATEGY

Chairman's Statement	2
Licence Interests	8

FINANCIAL STATEMENTS

Unaudited Income Statement	10
Unaudited Statement of Comprehensive Income	11
Unaudited Balance Sheet	12
Unaudited Statement of Cash Flows	13
Notes to the Unaudited Financial Information	14

Union Jack Oil plc is an onshore conventional oil and gas exploration and production company with a focus on production, drilling, development, and investment in the United Kingdom hydrocarbon sector. The issued share capital is traded on the AIM Market of the London Stock Exchange (Ticker: UJO).

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 to acquire further licence interests 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.

Chairman's Statement

I am pleased to present this Half Yearly Report for the six months ended 30 June 2019 to the shareholders of Union Jack Oil plc ("Union Jack" or the "Company").

KEY ACTIVITIES IN THE PERIOD

The past six months, and the subsequent period to the date of writing this statement, have seen a number of positive events that augurs well for our strategy and that the Board believes will assist in delivering material growth in the medium term on our goal to build a sustainable, UK onshore focused, mid-tier conventional hydrocarbon producer.

Union Jack holds what the Board considers to be high-value material project interests with significant upside potential in our axis areas of the East Midlands, Humber Basin and East Yorkshire.

We are pleased to report that demonstrable progress has been made during the period, with the highlights being:

- The successful drilling of the West Newton A-2 conventional appraisal well, where initial petrophysical evaluation has identified a gross oil column of 45 metres underlying a gross gas column of approximately 20 metres within the Kirkham Abbey formation
- Following the drilling of the Biscathorpe-2 conventional well, confirmation by independent consultants Applied Petroleum Technology (UK) Limited ("APT") of the likely presence of a 35 metre live oil column with API Gravity oil of 33° to 34° in the top of the Dinantian interval
- Data evaluated at Biscathorpe at the base of the analysed section, and wellsite readings, indicate possible additional pay at the base of the Dinantian interval.
- Union Jack management's view is that Biscathorpe remains one of the UK's largest onshore un-appraised conventional hydrocarbon targets
- On development plans for the Wressle oil discovery, the encouraging decision by the North Lincolnshire Council ("NLC") that it will not be presenting evidence at the Public Enquiry to be held on 5 November 2019, and will withdraw its case in respect of the appeal subject to the agreement of acceptable planning conditions
- Cash balance of in excess of £2.8 million as at 20 September 2019
- Debt free



The successful drilling of the West Newton A-2 conventional appraisal well, where initial petrophysical evaluation has identified a gross oil column of 45 metres underlying a gross gas column of approximately 20 metres within the Kirkham Abbey formation

PEDL183 WEST NEWTON A1 AND A2 DISCOVERIES (16.665%)

During late 2018, Union Jack completed a farm-in to licence PEDL183 located in East Yorkshire and within the Western sector of the Southern Zechstein Basin, containing the West Newton A-1 discovery, with Rathlin Energy (UK) Limited (“Rathlin” or the “Operator”), a subsidiary of Canadian registered Connaught Oil and Gas Ltd.

In April 2019, the West Newton A-2 conventional well was spudded, targeting the Kirkham Abbey and Cadeby formations. In June 2019, positive preliminary results were reported from the West Newton A-2 well that was drilled in a safe and competent manner by the Operator.

The well reached a total depth of 2,061 metres and 28 metres of core was recovered from the primary target, the Kirkham Abbey formation, and all planned logging operations were completed.

A gross 65 metre hydrocarbon interval was encountered within the Kirkham Abbey formation, indicating a substantial hydrocarbon accumulation, including a significant liquids component.

Based on the previously described data in conjunction with cuttings analysis and mudlogging data, a cased hole pulsed-neutron tool was run across the Kirkham Abbey zone as a means to differentiate between and confirm fluid saturations.

Initial petrophysical evaluation identified a gross oil column of 45 metres underlying a gross gas column of 20 metres. The West Newton A-2 well exhibits encouraging porosities on logs and in core, particularly in the identified oil zone, where in excess of 30 metres of good porosity has been measured. The core also exhibits natural fracturing which is confirmed by an imaging log run across the entire Kirkham Abbey interval.

The Operator and joint venture partners now believe that West Newton represents a potentially significant oil and gas development project rather than pure gas, as originally perceived from information obtained from West Newton A-1 well and the subsequent Competent Person’s Report (“CPR”) prepared by Deloitte.

The Extended Well Test (“EWT”) programme has been temporarily suspended in order to review the well test design to deliver the necessary test information to validate this important onshore resource.



Union Jack management's view is that Biscathorpe remains one of the UK's largest onshore un-appraised conventional hydrocarbon targets

Additionally, the West Newton A-2 data provided a good tie to the high quality three component 3D seismic volume that covers the entire West Newton project area. This new data allows for a revised interpretation of the seismic volume incorporating the well and the newly identified gas over oil gross hydrocarbon volume.

Following the integration and evaluation of the core, petrophysical, seismic and test data, the Operator and joint venture partners intend to commission a revised CPR to re-assess volumetrics and revise NPV10 values based on the information acquired from the West Newton A-2 well.

PEDL253 BISCATHORPE (22%)

PEDL253 is within the proven hydrocarbon fairway of the South Humber Basin and is on-trend with the Saltfleetby gasfield, Keddington oilfield and the Louth and North Somercotes Prospects.

In February 2019, the Biscathorpe-2 well was drilled and logging operations were conducted. Preliminary analysis indicated that the primary objective, the Basal Westphalian Sandstone, was not encountered as the well was drilled high to prognosis and did not thicken as expected in the pre-drill model.

Union Jack's independent technical team was greatly encouraged by the significant elevated gas readings and shows from logging supported by calculated oil saturations in the Dinantian Carbonate over an interval in

excess of 150 metres, which included a suite of gas indications C1 to C5 and nC5, which is indicative of an effective petroleum system in close proximity to the Biscathorpe-2 well.

As a result of these compelling indications of hydrocarbons, the joint venture commissioned independent consultants APT to perform a detailed geochemical analysis of drill cutting samples taken from 20 intervals in the Biscathorpe-2 well.

The objective of the APT analysis was to provide geochemical evidence for the presence of live hydrocarbons, together with an estimate of the likely oil quality.

The APT report confirmed the occurrence of hydrocarbons in the Westphalian and Dinantian cutting samples analysed, validated by the presence of a full suite of gases ranging from methane to pentane.

The key result from the report was the likely presence of a 35 metre live oil column with API Gravity of 33° to 34° in the top of the Dinantian interval. Additionally, data evaluated at the base of the analysed section were suggestive of possible extra hydrocarbon pay at the base of the Dinantian interval.

The information derived from the revised petrophysical analysis has upgraded the Biscathorpe-2 well result, indicating proximity to an effective petroleum system, and validates Union Jack's and its joint venture partners' belief in the additional potential that exists within the PEDL253 licence area.

Following the drilling of the Biscathorpe-2 well and subsequent technical analysis, Union Jack management's view is that this prospect remains one of the UK's largest onshore un-appraised conventional hydrocarbon targets, given the attractions of the Basal Westphalian sandstone, its primary target reservoir, and the hydrocarbons identified within the Dinantian interval.

The joint venture is continuing with detailed seismic re-processing and further technical studies to confirm the next steps in relation to a possible side track of the Biscathorpe-2 well.

PEDLI80/PEDLI82 WRESSLE DISCOVERY (27.5%)

Located in Lincolnshire on the Western margin of the Humber Basin, PEDLI80 and PEDLI82 contain the substantial Wressle conventional oil discovery with proven reserves and significant upside from contingent resources, from which first commercial oil is expected to flow at a constrained rate of 500 barrels of oil per day following successful planning approval.

In July 2019, the joint venture received notification that, in a closed meeting, a decision was made by the NLC that it will not be presenting evidence at the Public Enquiry to be held on 5 November 2019, and will withdraw its case in respect of the appeal subject to the agreement of acceptable planning conditions.



A Queen's Counsel has been appointed to assist our appeal to obtain permission for development of this important conventional oil project.

The Wressle-1 well discovered hydrocarbons in 2014. During testing, a total of 710 barrels of oil equivalent per day were recovered from three separate reservoirs, the Ashover Grit, the Wingfield Flags and the Penistone flags. In September 2016, a CPR provided independent estimates of reserves and contingent and prospective oil and gas resources for the Wressle discovery of 2.15 million stock tank barrels classified as discovered (2P+2C).



OTHER PORTFOLIO INTERESTS

Other project interests within the Company's portfolio include the producing Keddington oilfield, PEDL005(R) (20%), which we believe has significant upside, including other potential drill targets that can be easily accessed from the existing production site. In addition, the producing Fiskerton Airfield oilfield EXL294 (20%) will soon be seeing a workover exercise in order to increase production.

PEDL241 (20%) contains the drill ready North Kelsey Prospect which will be drilled during 2020 subject to securing farminees.

PEDL201 (26.25%) Widmerpool Gulf, formerly Burton on the Wolds, contains significant Bowland Hodder shale potential where Management is considering options to generate value from this licence interest. The favoured outcome from this potentially significant play type would be through an industry sale.

A comprehensive list of Union Jack's licence interests can be viewed on pages 8 and 9 of this report.

CORPORATE AND FINANCIAL

Subsequent to the period under review, the Company, in July 2019, raised £2.25 million by way of an oversubscribed placing and subscription.

The funds raised enabled the Company to move forward on our potentially transformational three key project interests, namely:

- extended well testing at the significant oil discovery at the West Newton A-2 conventional appraisal well
- ongoing technical evaluation following drilling of the Biscathorpe-2 conventional appraisal well and
- the upcoming appeal on the proposed development of the material Wressle conventional oil discovery

Union Jack remains debt free and our cash balance stands in excess of £2.8 million as at 20 September 2019.

In June 2019, the Company completed the sale of its 7.5% interest in PEDL143 to UK Oil & Gas PLC ("UKOG") for a consideration of £112,500. Payment in UKOG shares allows

Union Jack to benefit from UKOG's increased holding in PEDLI43 and also the further exposure to UKOG's wider Weald Basin assets and other projects.

I would like to take this opportunity to thank our supportive shareholders, my fellow directors and our enthusiastic team of advisers, all of whom work closely with the Company and assist in helping us achieve our corporate goal of becoming a sustainable UK onshore focused mid-tier conventional hydrocarbon producer.

SUMMARY

The period under review and subsequent events since 30 June 2019, have seen significant progress at our three key project interests, namely West Newton, Biscathorpe and Wressle. Developments at these three assets can be expected to provide an active stream of newsflow throughout the remainder of 2019 and beyond.

At West Newton A-2, the result of the EWT has the potential to dramatically transform Union Jack. We anticipate further progress in our ongoing technical evaluation and appraisal of the West Newton A-1 and A-2 discoveries in the coming months that will help us confirm that West Newton is one of the largest onshore UK oil and gas ventures in recent decades.

An ongoing technical evaluation at Biscathorpe also has the potential to identify a material resource with significant upside, as in the case of West Newton.

Assuming our appeal at Wressle is supported and production from Wressle is established, under the current oil price environment, Wressle would provide material cash flows after project operating costs net to Union Jack. Bearing in mind Union Jack's modest annual general and administrative costs, Wressle is expected to convert Union Jack into a cash flow positive company at the corporate level.

The Board remains both confident and optimistic and the future of Union Jack looks bright.

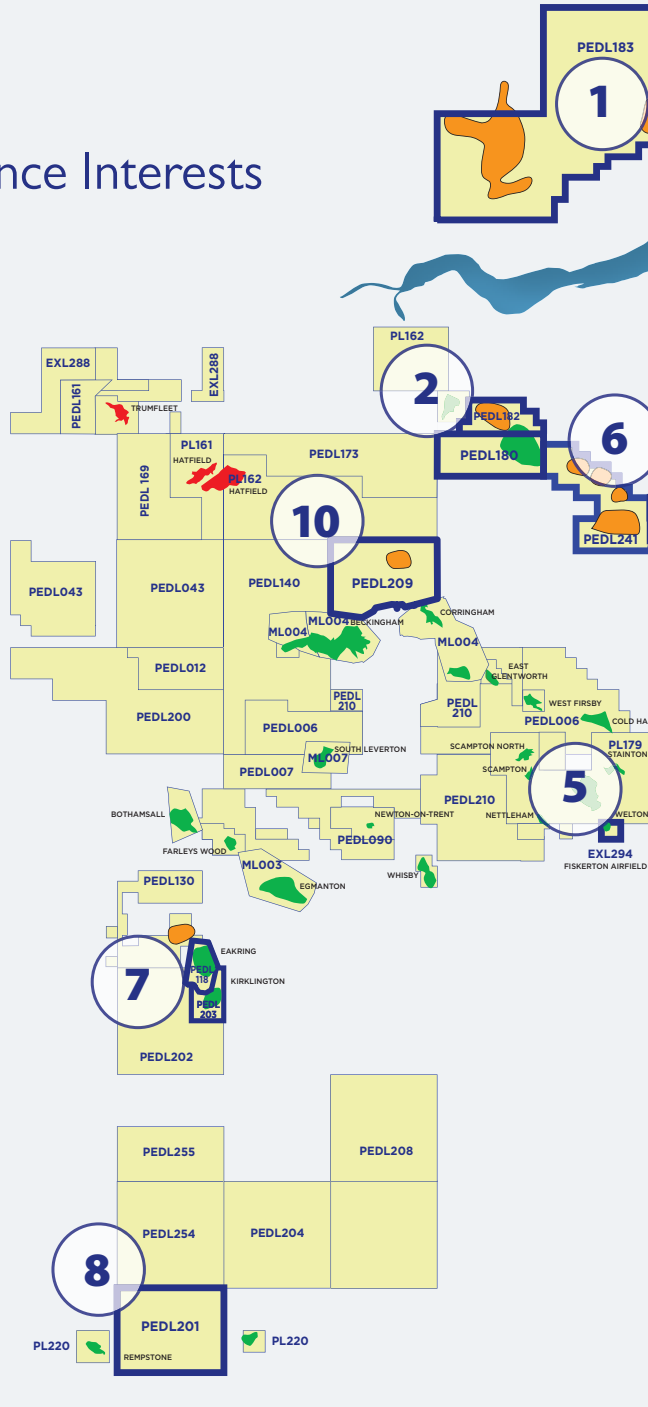


David Bramhill

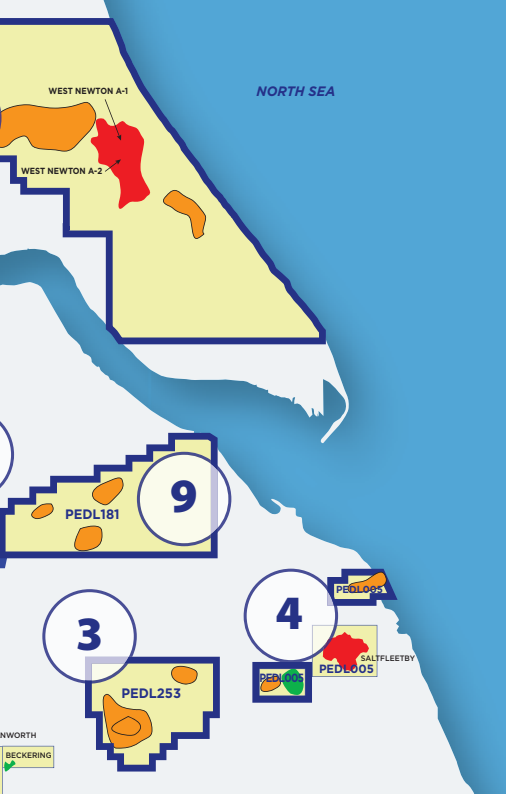
Executive Chairman

23 September 2019

Union Jack's Licence Interests



①	PEDL183	West Newton	16.665%
②	PEDL180 PEDL182	Wressle Discovery Broughton North	27.5%
③	PEDL253	Biscathorpe	22%
④	PEDL005(R)	Keddington Oilfield	
		Louth	
		North Somercotes	20%
	PEDL339	Louth Extension	
⑤	EXL294	Fiskerton Airfield Oilfield	20%
⑥	PEDL241	North Kelsey	20%
⑦	PEDL118 PEDL203	Dukes Wood Kirklington	16.67%
⑧	PEDL201	Widmerpool Gulf	26.25%
⑨	PEDL181	Humber Basin	12.5%
⑩	PEDL209	Laughton	10%



Union Jack's asset portfolio is well balanced, combining production, discovery, appraisal and exploration.



UNAUDITED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	Six months ended 30 June 2019 Unaudited £	Six months ended 30 June 2018 Unaudited £	Year ended 31 December 2018 Audited £
Revenue		76,409	73,044	165,270
Cost of sales - operating costs		(102,583)	(78,339)	(159,046)
Cost of sales - depreciation		(18,459)	(12,227)	(32,186)
Gross loss		(44,633)	(17,522)	(25,962)
Administrative expenses		(554,476)	(402,469)	(871,489)
Impairment		–	–	(205,308)
Other operating income		112,500	–	–
Total administrative expenses		(441,976)	(402,469)	(1,076,797)
Operating loss		(486,609)	(419,991)	(1,102,759)
Finance income		2,541	1,232	4,051
Loss before taxation		(484,068)	(418,759)	(1,098,708)
Taxation	3	–	–	–
Loss for the period / year		(484,068)	(418,759)	(1,098,708)
Attributable to:				
Equity shareholders of the Company		(484,068)	(418,759)	(1,098,708)
Loss per share				
Basic and diluted loss per share (pence)	2	(0.01)	(0.01)	(0.01)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June 2019 Unaudited £	Six months ended 30 June 2018 Unaudited £	Year ended 31 December 2018 Audited £
Loss for the period /year	(484,068)	(418,759)	(1,098,708)
Other comprehensive income	–	–	–
Total comprehensive loss for the period /year	(484,068)	(418,759)	(1,098,708)

UNAUDITED BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	As at 30 June 2019 Unaudited £	As at 30 June 2018 Unaudited £	As at 31 December 2018 Audited £
Assets				
Non-current assets				
Exploration and evaluation assets		5,512,441	3,044,232	3,485,961
Property, plant and equipment		596,328	535,409	611,139
Investments		152,500	40,000	40,000
		6,261,269	3,619,641	4,137,100
Current assets				
Trade and other receivables		1,279,056	109,969	198,054
Cash and cash equivalents		1,442,126	1,827,229	3,123,287
		2,721,182	1,937,198	3,321,341
Total assets		8,982,451	5,556,839	7,458,441
Liabilities				
Current liabilities				
Trade and other payables		777,094	113,606	396,688
Non-current liabilities				
Provisions		456,813	264,854	453,165
Total liabilities		1,233,907	378,460	849,853
Net assets		7,748,544	5,178,379	6,608,588
Capital and reserves attributable to the Company's equity shareholders				
Share capital	4	4,567,292	3,322,194	3,983,958
Share premium		8,606,599	6,161,633	7,593,146
Share-based payment reserve		105,556	61,438	78,319
Accumulated deficit		(5,530,903)	(4,366,886)	(5,046,835)
Total equity		7,748,544	5,178,379	6,608,588

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June 2019 Unaudited £	Six months ended 30 June 2018 Unaudited £	Year ended 31 December 2018 Audited £
Cash outflow from operating activities	(1,141,509)	(648,332)	(893,956)
Cash flow from investing activities			
Purchase of intangible assets	(2,026,480)	(203,018)	(755,919)
Purchase of property, plant and equipment	–	(50,777)	(52,291)
Purchase of investment	(112,500)		
Interest received	2,541	1,232	4,051
Net cash used in investing activities	(2,136,439)	(252,563)	(804,159)
Cash flow from financing activities			
Proceeds on issue of new shares	1,750,000	1,250,000	3,500,000
Cost of issuing new shares	(153,213)	(100,390)	(257,113)
Net cash generated from financing activities	1,596,787	1,149,610	3,242,887
Net (decrease) / increase in cash and cash equivalents	(1,681,161)	248,715	1,544,773
Cash and cash equivalents at beginning of period / year	3,123,287	1,578,514	1,578,514
Cash and cash equivalents at end of period / year	1,442,126	1,827,229	3,123,287

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2019

I ACCOUNTING POLICIES

Basis of Preparation

These financial statements are for the six month period ended 30 June 2019.

The information for the year ended 31 December 2018 does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006.

A copy of the statutory financial statements for that period has been delivered to the Registrar of Companies. The Auditor's Report was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The interim financial statements for the six months ended 30 June 2019 are unaudited.

The interim financial information in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The principal accounting policies have been consistently applied to all periods presented.

Significant Accounting Policies

The accounting policies and methods of computation followed in the interim financial statements are consistent with those as published in the Company's Annual Report and Financial Statements for the year ended 31 December 2018.

The Company has adopted IFRS 16 Leases from 1 January 2019. There is no material effect on the Company's financial statements as the Company does not currently hold any leases.

The Annual Report and Financial Statements are available from the Company Secretary at the Company's registered office, 6 Charlotte Street, Bath BA1 2NE or on the Company's website www.unionjackoil.com.

Going Concern

The directors have, at the time of approving the interim financial statements, 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.

2 LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY

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

Given the Company's reported loss for the period, warrants are not taken into account when determining the weighted average of ordinary shares in issue during the period and therefore the basic and diluted earnings per share are the same.

Basic loss per share	Six months ended 30 June 2019 pence	Six months ended 30 June 2018 pence	Year ended 31 December 2018 pence
Loss per share from continuing operations	(0.01)	(0.01)	(0.01)

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

	Six months ended 30 June 2019 £	Six months ended 30 June 2018 £	Year ended 31 December 2018 £
Loss used in the calculation of total basic and diluted earnings per share	(484,068)	(418,759)	(1,098,708)

Number of Shares	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	9,520,691,838	5,267,414,840	7,532,096,235

NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2019

3 TAXATION

There was no tax charge for the half yearly period due to the loss incurred. A deferred tax asset in respect of trading losses and share-based payments has not been recognised due to the uncertainty of timing of future profits. The trading tax losses are recoverable against suitable future trading profits.

4 SHARE CAPITAL

In April 2019, 2,333,333,334 new ordinary shares were issued for cash at 0.075 pence per share, raising approximately £1,750,000 before expenses of £153,213 by way of a placing and subscription.

At 30 June 2019, there were 10,784,043,588 ordinary shares of a nominal value of 0.025 pence in issue.

At 30 June 2019, there were 831,680,400 deferred shares of 0.225 pence nominal value in issue.

At 30 June 2019, there were 46,074,504 warrants outstanding and exercisable.

During the period under review, 5,333,333 warrants expired.

5 EVENTS AFTER THE BALANCE SHEET DATE

In July 2019, 1,323,529,411 new ordinary shares were issued for cash at 0.17 pence per share, raising approximately £2.25 million before expenses of £140,888 by way of a placing and subscription.

Following this fundraising, as of 3 July 2019, there are now 12,107,572,999 ordinary shares of a nominal value of 0.025 pence in issue.

In July 2019, Joe O'Farrell, Executive Director, purchased 29,411,764 new ordinary shares at a price of 0.17 pence through a subscription.

In July 2019, Ray Godson, Non-Executive Director, purchased 5,882,353 new ordinary shares at a price of 0.17 pence through a subscription.

In July 2019, 120,000,000 share options were granted to David Bramhill, Executive Chairman, 80,000,000 share options were granted to Graham Bull, Non-Executive Director, 30,000,000 share options were granted to Ray Godson, Non-Executive Director and 30,000,000 share options were granted to Matthew Small, Company Secretary.

The share options have an exercise price of 0.265 pence, being the mid-market closing price as of 18 July 2019. The vesting date is 19 July 2022, and the exercise period expires on 19 July 2029. The share options can only be exercised if the share price is at a 30% premium to the option issue price.

In August 2019, 80,000,000 share options were granted to Joe O'Farrell, Executive Director.

The share options have an exercise price of 0.265 pence, being the mid-market closing price on 5 August 2019. The vesting date is 6 August 2022, and the exercise period expires on 6 August 2029. The share options can only be exercised if the share price is at a 30% premium to the exercise price.

The grant of options is a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies, however these events have occurred after the Balance Sheet Date.

6 RELATED PARTY TRANSACTIONS

Charnia Resources (UK), an unincorporated entity owned by Graham Bull, non-executive director, received from the Company the sum of £32,800 during the period under review in respect of consulting fees.

Jayne Bramhill, spouse of David Bramhill, received from the Company the sum of £3,000 during the period under review in respect of IT maintenance and administration costs.

7 COPIES OF THE HALF YEARLY REPORT

A copy of the Half Yearly Report will shortly be posted to shareholders, and is now available on the Company's website www.unionjackoil.com.



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