UNION JACK OIL plc

ANNUAL REPORT AND FINANCIAL STATEMENTS 2014

UNION JACK OIL

Drilling, Development and
Investment in the United Kingdom
Onshore Hydrocarbon Sector

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Executive Chairman

Joseph O'Farrell
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UNION JACK OIL

Union Jack Oil plc is an onshore oil and gas exploration company with a focus on 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.

SUMMARY OF LICENCE INTERESTS HELD BY UNION JACK OIL PLC

PEDL180
WRESSLE
8.33%

PEDL253
BISCATHORPE
10%

PEDL201
BURTON ON THE WOLDS
10%

PEDL241
NORTH KELSEY
10%

CONTENTS

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 2014.

As a result of the fundraising activity undertaken in 2014 the Company is in a strong financial position with a cash balance of approximately £3.0 million at the time of writing. The Company is consequently adequately funded for the foreseeable future and is able to maintain its current planned drilling programme for 2015 and cover its working capital requirements without resorting to shareholders for additional funding. The oil and gas sector currently is faced with challenging times, however, given our focus on low cost onshore projects, this does not impact on any plans we have for future growth and we remain on course and intend to participate in the expected drilling of the Biscathorpe-2 and North Kelsey-1 wells in late 2015. In addition, the current environment provides the potential for opportunities to acquire, at good value, interests within new projects.

The Board’s immediate preference and focus is on conventional projects where costs are manageable and monetisation of any discoveries can be achieved within a relatively short timeframe, utilising a simple development plan in most cases. Due to the low cost nature of these projects, onshore exploration within the UK remains an attractive prospect in a low oil price environment.

In addition to the financial stability of the Company, I am also very pleased that our first well, Wressle-1, in which the Company holds an 8.33% interest, has resulted in a discovery which is being fast-tracked in respect of potential monetisation and test production which is anticipated to provide a second half 2015 revenue contribution.

The Company’s strategic objective remains focused on building a successful hydrocarbon exploration and development business, located primarily onshore in the United Kingdom, by acquiring interests in drill ready prospects, adding value and drilling them. We intend to continue to develop our portfolio of interests in drill ready prospects.

Wressle-1 has resulted in a discovery which is being fast-tracked in respect of potential monetisation and test production which is anticipated to provide a second half 2015 revenue contribution

In the year under review there has been drilling activity on two projects, Wressle and Burton on the Wolds, located on PEDL180 and PEDL201 respectively. The highlight has been the discovery of hydrocarbons in respect of the Wressle-1 exploration well. Subsequent testing of the well has demonstrated the recovery of good quality oil and gas from three separate zones producing in excess of 700 barrels of oil equivalent per day gross resulting in the decision by the partnership comprising the operator Egdon Resources UK Limited ("**Egdon**"), Celtique Energie Petroleum Limited, Europa Oil and Gas plc and Union Jack to subject the well to an Extended Well Test ("**EWT**") in respect of the Ashover Grit and Penistone Flags formations in order to determine commerciality. Equipment for this operation is currently being sourced by the operator Egdon and the EWT tests are expected to commence in the very near future.

The Burton on the Wolds-1 exploration well, seeking conventional hydrocarbons, penetrated only thin sands in the primary reservoir objective, the Rempstone Sandstone group, and subsequently the well was plugged and the well-site will be restored to its original condition as agricultural land. However, PEDL201 remains of continued interest. Further independent and in-house reviews are planned for 2015 to evaluate the further potential of this licence block.

In June 2014, an independent technical review was executed by Molten Limited ("**Molten**") on behalf of the Company over the unconventional potential of the northern part of PEDL201 within the Widmerpool Gulf. The results of this work, using the SPE standard required for a Competent Persons Report, as set out in the AIM note for Mining and Oil and Gas Companies, indicated that the mean gross unrisked deterministic in place volumetric estimates approximate to 5.4 billion barrels of oil and over 2.7 trillion standard cubic feet of gas.

Union Jack's equity interest in this figure within the shale area would amount to approximately 540 million barrels of oil initially in place and 270 billion standard cubic feet of gas initially in place.

The Molten report offers excellent encouragement as to the potential value of our interest in PEDL201. However, there remains a considerable amount of work to be conducted before any hydrocarbons can be commercially produced and there is no certainty that any portion of this resource, if discovered, will be recoverable.

OPERATIONAL HIGHLIGHTS

Discovery at Wressle-1 conventional exploration well

- Good quality oil recovered from three stacked zones producing an un-pumped aggregate of in excess of 700 barrels of oil equivalent per day gross
- Extended Well Test to be conducted in the near future in order to confirm commerciality

Planning consent granted in December 2014 for the drilling and any subsequent testing of the North Kelsey-1 exploration well

Post period end planning consent was granted for the drilling and any subsequent testing of the Biscathorpe-2 exploration well

FINANCIAL HIGHLIGHTS

£3,486,000 of net proceeds raised through three placings

Cash balance as at 15 May 2015 of £3,000,000

Fully financed for the 2015 planned drilling programme

CHAIRMAN'S STATEMENT

The Biscathorpe prospect is considered by your Board to hold high potential and it has been agreed in principle to acquire a further 2% in **PEDL253**

Our other existing projects are Biscathorpe within |PEDL253 and North Kelsey within PEDL241 in each of which the Company holds a 10% interest. Given the current strength of the balance sheet and expectation that the Wressle-1 well will contribute revenues in the future, it is the Board's intention that the Company participates in the drilling of the Biscathorpe-2 and North Kelsey-1 exploration wells. Consequently, the Board will not exercise its withdrawal option under the supplemental farmout agreements signed in 2013.

The Biscathorpe prospect is considered to hold high potential by your Board and it has agreed in principle to acquire a further combined 2% interest from Egdon and Montrose Industries Limited, bringing the Company's interest to 12% in a well with a mean Prospective Resource volume for the main reservoir objective, as calculated by Egdon, of 17.81 million barrels of oil.

North Kelsey-1 has four stacked reservoir objectives and is calculated by Egdon to have a mean Prospective Resource of 6.7 million barrels of oil.

Planning permission for the drilling of both wells has been granted and Egdon has indicated that these conventional wells should be drilled in Q4 2015.

A comprehensive overview of our projects can be found in the Review of Operations section in this Annual Report and Financial Statements.

CORPORATE AND FINANCIAL

During 2014 the Company raised £3,486,000 net through three placings. The proceeds of these placings will be used to fund the drilling of the Biscathorpe-2 and North Kelsey-1 exploration wells, Wressle-1 well testing, other projects and working capital.

Administrative expenses for the year are effectively the same as those posted in 2013 before AIM admission costs. The balance sheet for the year shows cash and cash equivalents standing at the year end at £3.4 million (2013: £0.9 million). Net assets have risen to £4.1 million (2013: £0.9 million).

The Board intends to continue with the same low salary commitment and does not intend to provide management with share options until the Company is established as a production entity.

BOARD CHANGES

During the year we welcomed Graham Bull to the Board as a non-executive director, replacing Martin Durham who left to fill a full time appointment with Egdon Resources plc. It is a pleasure to be able to still continue to work with Martin on our joint projects. Graham is a geologist with 46 years of international oil and gas industry exploration experience. Graham has held positions with Chevron, Dome Petroleum, Siebens Oil and Gas and Poco Exploration.

In addition, Graham has operated as a geological adviser for EnCore Oil plc, Premier Oil plc, Cirque Energy and DSM Energy.

I would also like to take this opportunity to thank our advisers for their support during 2014. In addition, my thanks go to my fellow Board members Joe O'Farrell, Graham Bull and Ray Godson.

SHARE CONSOLIDATION

The Board has decided to undertake, subject to shareholder approval at the forthcoming AGM, a consolidation of the Company's share capital so that every 100 existing ordinary shares of 0.025p will be consolidated into one new ordinary share of 2.5p (the "**Share Consolidation**"). The directors believe that the Share Consolidation will help further improve the marketability of the Company's shares by creating a higher trading price per share which it is hoped will result in a narrowing of the spread between the bid and ask market price of the Company's shares. The proposal is set out in Resolution 8 in the Notice of AGM along with an Explanatory Note on the matter.

SUMMARY

The results of the Wressle-1 well have to date exceeded our expectations with all three reservoir objectives producing hydrocarbons to surface on test and I look forward to updating shareholders on progress in monetising the discovery in the coming months. The results of the EWTs are key to the declaration of commerciality and it will be interesting to determine the flow rates when under pump test rather than from non-induced flow tests that flowed oil and gas to surface.

Looking beyond the Wressle-1 well and confirming its commerciality we look forward to drilling the high potential Biscathorpe-2 well located within PEDL253 which resulted from a discovery by BP in respect of Biscathorpe-1 in 1987. Planning permission has been granted for the Biscathorpe-2 exploration well and, if successful, the possible upside for Union Jack is high.

We also continue to evaluate PEDL201 in respect of the prospectivity of the licence block.

Finally in relation to our existing projects the Board believes North Kelsey, located on PEDL241, which has four stacked prospects as targets, provides several further chances for a successful discovery.

The Company is also seeking other quality projects, with a focus on UK onshore, in which to become involved as partners. We remain adequately funded and the future of Union Jack remains bright.

David Bramhill

Executive Chairman

15 May 2015

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

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 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.

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 2014 and subsequently to the date of this report is contained in the Chairman's Statement and Review of Operations.

The loss for the year amounted to £547,256 (2013: £708,920).

The directors do not recommend the payment of a dividend (2013: nil).

In March 2014, 288,888,889 ordinary shares were issued for cash at 0.225 pence per share raising £650,000 before expenses.

In March 2014, shareholders approved a share sub-division at a General Meeting.

This means that the ordinary shares of 0.25 pence in the capital of the Company were sub-divided into one new ordinary share of 0.025 pence, and one deferred share of 0.225 pence.

The new ordinary shares have the same rights, being subject to the restrictions and ranking pari passu in all respects with the existing ordinary shares (save as to the nominal value).

In June 2014, 560,284,640 ordinary shares were issued for cash at 0.25 pence per share raising £1,400,000 before expenses.

In July 2014, 30,900,000 warrants (19,200,000 at 0.25p and 11,700,000 at 0.30p) were exercised generating cash proceeds of £83,100 for the Company.

In September 2014, 666,666,641 ordinary shares were issued for cash at 0.3 pence per share raising £2,000,000 before expenses.

In October 2014, 20,000,000 warrants (8,000,000 exercisable at 0.30p and 12,000,000 exercisable at 0.225p) were exercised generating cash proceeds of £51,000 for the Company.

In October 2014, a further 19,200,000 warrants were exercised at a price of 0.30p generating cash proceeds of £57,600 for the Company.

In October 2014, a further 500,000 warrants were exercised at a price 0.30p generating cash proceeds of £1,500 for the Company.

The enlarged issued share capital following the warrant exercises and issue of new shares described in this section is 2,418,120,570 ordinary shares of 0.025 pence each.

FUTURE DEVELOPMENTS

The directors intend to continue their involvement with the licences as disclosed in the Review of Operations. They continue to seek further acquisition opportunities in relation to onshore oil and gas exploration and development.

KEY PERFORMANCE INDICATORS

The Company has made good progress during the year ended 31 December 2014.

The directors were successful in raising funds to ensure the Company is adequately funded to meet all of its commitments in respect of licence terms and drilling commitments to the end of June 2016 and beyond.

In August 2014, the drilling of the Wressle-1 exploration well resulted in a potential multi-pay zone discovery.

Subsequent testing on three zones has resulted in the flow of hydrocarbons to surface. The Wressle-1 well will see Extended Well Testing to determine commerciality in the near future.

In respect of Biscathorpe-2 and North Kelsey-1 exploration wells, planning permission has been granted for drilling by the relevant Councils.

In respect of PEDL201, containing the Burton on the Wolds prospect, evaluation is continuing on this licence block and based on this no impairment has been recognised to date. At this stage it is the Company's intent to continue operations until advised otherwise by the operator.

Further key performance indicators will be determined assuming production commences in 2015.

PRINCIPAL RISKS AND UNCERTAINTIES

As with the majority of companies within the energy sector the business of oil and gas exploration and development includes varying degrees of risk. These risks broadly include operating reliance on third parties, the ability to monetise discoveries and the risk of cost overruns. There are also specific, political, regulatory, and licensing risks attached to various projects as well as issues of commerciality, environmental, economic, competition, reliance on key personnel, contractor and judicial factors.

Commodity prices will in the future have an impact on potential revenues and forward investment decisions by the operator of the projects invested in as the economics may adversely be affected. However, onshore development costs are very much lower than offshore developments. The Company, as it has no production as yet, does not use hedging facilities. The Company holds adequate Directors' Insurance cover and the Company is covered by the operator's insurance during drilling and other operational situations. The Board, in its opinion has mitigated risks as far as reasonably practicable.

The principal risks to the Company as well as the mitigation actions are set out below:

Strategic: A weak or poorly executed development process fails to create shareholder value

This can be effected by poor selection of exploration projects where hydrocarbons are not located.

This risk is mitigated through performing a detailed technical review, both internally by management and externally by advisers, for each investment which includes a valuation exercise on the potential return on monies spent. All of the company's current project investments are at a stage where drilling and potential development can be executed within a relatively short lead time. The amount of interest acquired in each project is dependent upon the Company's financial capability to fulfil its obligation. The Company's technical management team is highly skilled with many years industry experience.

Operational: Operational events can have an adverse effect

The main risk is the failure to find economic hydrocarbons.

This risk is mitigated by a ongoing review of each project and maintaining strong relationships with the project operators. All external technical project meetings are attended by at least one member of the Union Jack management team and its results reported to the Board.

External Risk: Lack of growth caused by political, industry or market factors

The Company operates exclusively within the United Kingdom ("UK") and the Board considers that the UK onshore hydrocarbon arena offers excellent value under a regime with a very clearly spelt out protocol giving the opportunity to develop assets unhindered.

As mentioned in this review, oil and gas price volatility can cause concern, however, onshore developments can continue as planned in most cases as development costs are lower than offshore. Lack of control over key assets is mitigated by the fact that our operator of choice, Egdon, has a very transparent operating protocol and all partners are involved, both formally and informally with offering input to the ongoing development of the projects in which they are involved. The Company's in house technical team is involved at all times and regular technical meetings are held in which opportunity is given to comment.

Financial Risk: The lack of ability to meet financial obligations

The main risk is the lack of funds being available to pay for our future drilling commitments.

All drilling expenditure associated with exploration assets are forecast and budgeted at least 12 months in advance. The Company raises its funds through the financial market by share issues and does not become involved in derivatives and borrowing to fund its financial obligations. Further comment in respect of Financial Risk Management Objectives and Policies, Cash Flow Risk, Credit Risk, and Liquidity Risk are also covered within this Strategic Report.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

CASH FLOW RISK

During the year the Company's activities did not expose it to financial risks of changes in foreign currency exchange rates.

CREDIT RISK

The Company's principal financial assets are bank balances and cash and other receivables. The credit risk on liquid funds is limited because the counterparty is a bank with high credit-rating.

LIQUIDITY RISK

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses its existing cash funds.

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, Review of Operations 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 from the cash held on deposit. The principal risk to the Company's working capital position is drilling cost overruns. The Company has sufficient funding to meet planned drilling expenditures and a level of contingency. Taking account of these risks, sensitised forecasts show that the Company should be able to operate within the level of funds currently held. 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.

APPROVAL OF THE BOARD

This Strategic Report 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 the Annual Report to be reasonable in light of the information available up to the time of their approval of this report, 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.

On behalf of the Board

David Bramhill
Executive Chairman

15 May 2015

REVIEW OF OPERATIONS

PEDL180

WRESSLE

UNITED KINGDOM

INTEREST HELD BY UNION JACK OIL PLC
8.33%

Union Jack holds an 8.33% interest in PEDL180 located in Lincolnshire, on the Western margin of the Humber Basin and is on trend with the producing Crosby Warren oil field and the Brigg-1 oil discovery, situated to the immediate northwest and southeast of the licence respectively.

In July 2014 the Wressle-1 conventional exploration well was spudded. The Wressle-1 Prospect was defined on proprietary 3D seismic data acquired by Egdon in 2012, and the well was drilled as a deviated well to a total depth (TD) of 2,240 metres and was designed to intersect a number of prospective Upper Carboniferous age sandstone reservoirs in a structurally favourable position near the crest of the Wressle structure. Pre-drill gross mean Prospective Resources at Wressle as calculated by Egdon were estimated to be 2.1 million barrels of oil.

On 23 August 2014 TD was reached and elevated mud gas readings were observed over large parts of the interval from the top of the Penistone Flags reservoir target (1,831.5 metres MD – measured depth) to TD.

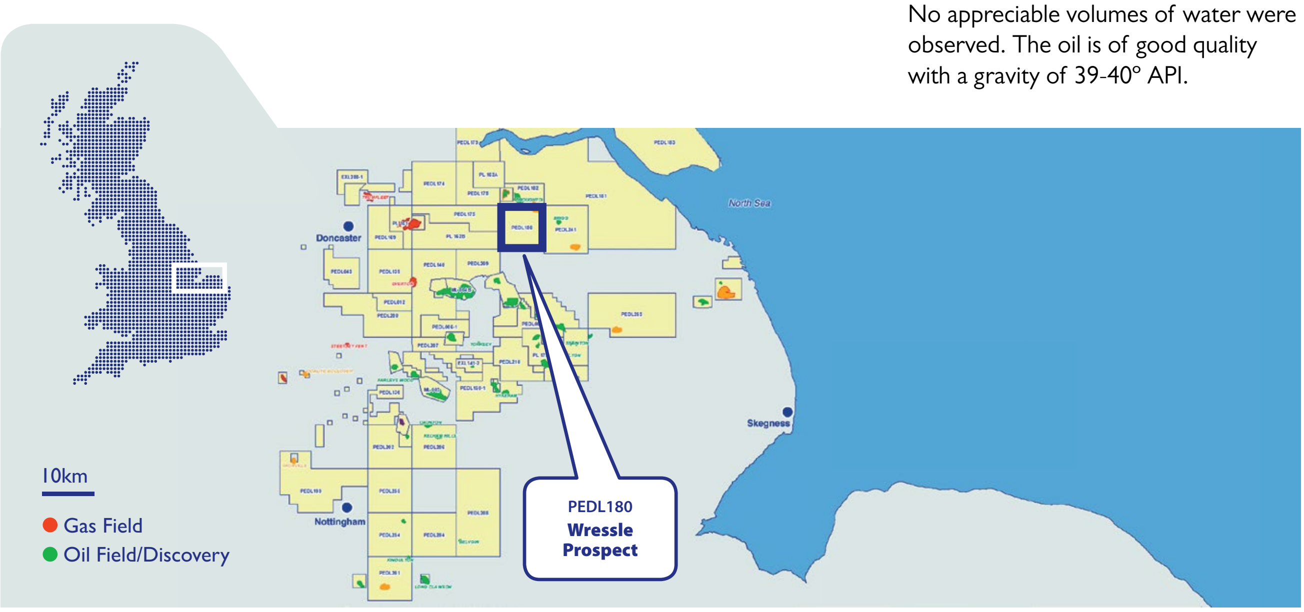
The well was logged using measurement whilst drilling (MWD) logging tools run on the drill string. Petrophysical evaluation of the log data indicated the presence of hydrocarbon pay in three intervals.

Penistone Flags – up to 19.8 metres measured thickness (15.9 metres vertical thickness)

Wingfield Flags – up to 5.64 metres measured thickness (5.1 metres vertical thickness)

Ashover Grit – up to 6.1 metres measured thickness (5.8 metres vertical thickness)

Subsequent to the year end, in February 2015 shareholders were updated on the initial successful Ashover Grit Flow Test which recorded 80 barrels of oil per day (bopd) and 47 thousand cubic feet of gas per day during a 16 hour main flow period. No appreciable volumes of water were observed. The oil is of good quality with a gravity of 39-40° API.



Following the Ashover Grit test shareholders were updated on the initial successful Wingfield Flags Flow Test which recorded up to 182 barrels of oil per day (bopd) of good quality oil with a gravity of 39-40° API along with up to 456 thousand cubic feet of gas per day.

The next horizon to be flow tested was the Penistone Flags, the last of three hydrocarbon bearing zones identified in the well. The Penistone test produced gas at restricted flow rates of up to 1.7 million cubic feet of gas per day (mmcfd) with associated oil of up to 12 barrels of oil per day (bopd) and no free water from a 9 metre perforated zone at the top of the formation. Gas flow rates were constrained by the equipment and flaring limits imposed by the environmental permit. The gas and oil are of good quality with the oil having a gravity of 35° API.

The downhole pressure data recorded during the testing will now be analysed to estimate the gas flow rates that could be achieved under production, unconstrained by the flare and permit restrictions.

A further test was carried out to evaluate the gas-oil and oil-water contacts in the Penistone Flags by perforating the formation deeper in the section. Zone 3a was perforated over a 7.5 metre interval and produced good quality oil with a gravity of 33° API. A total of 98.5 barrels of oil were recovered during the test (of which flow induced by swabbing produced 34.3 barrels of oil). This equates to approximately 77 barrels of oil per day (bopd).

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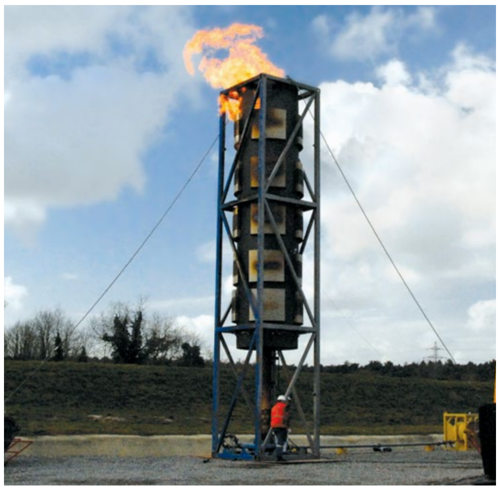
FOLLOWING THE ASHOVER GRIT TEST SHAREHOLDERS WERE UPDATED ON THE INITIAL SUCCESSFUL WINGFIELD FLAGS FLOW TEST WHICH RECORDED UP TO 182 BARRELS OF OIL PER DAY (BOPD) OF GOOD QUALITY OIL WITH A GRAVITY OF 39-40° API.



REVIEW OF OPERATIONS

“”
THE DOWNHOLE PRESSURE AND OIL SAMPLE DATA FROM ALL TESTS WILL NOW BE INTERPRETED AND INTEGRATED INTO AN UPDATED FIELD MODEL TO INFORM FUTURE DEVELOPMENT PLANNING.

To summarise, the Wressle-1 well has flowed oil and gas from three separate reservoirs, the Ashover Grit, the Wingfield Flags and the Penistone Flags. The flow test from Zone 3a has confirmed the presence of an oil column below the gas leg in Zone 3 of the Penistone Flags.

The downhole pressure and oil sample data from all tests will now be interpreted and integrated into an updated field model to inform future development planning.

The next steps in evaluating the discovery will be to undertake a pumped Extended Well Test (EWT) of the Ashover Grit and Penistone Flags oil intervals to quantify the production levels that can be attained during production. This work is expected to commence in late May 2015.

The results to date from Wressle-1 are deemed to be very positive with an un-pumped aggregate gross production totalling 710 barrels of oil equivalent per day from all zones.

THE INTERESTS IN PEDL180 ARE HELD BY:	
Egdon Resources (operator)	25.00%
Celtique Energie Petroleum Limited	33.33%
Europa Oil & Gas Limited	33.34%
Union Jack Oil	8.33%

PEDL253

BISCATHORPE

UNITED KINGDOM

INTEREST HELD BY
UNION JACK OIL PLC
10.0%

In March 2013 Union Jack entered into an agreement with Egdon, the licence operator, and Montrose Industries Limited ("Montrose") to acquire a 10% interest in PEDL253 containing the Biscathorpe Prospect.

PEDL253 is located within the proven hydrocarbon fairway of the Humber Basin, on trend with the Saltfleetby gas field and the Keddington oil field which produces oil from the Upper Carboniferous Westphalian aged reservoir sandstones.

The Biscathorpe Prospect is a well-defined four way dip closed structure mapped from recently reprocessed 3D seismic. The Biscathorpe structure was initially drilled and tested by BP in 1987 with the Biscathorpe-1 well which encountered a 1.2 metre thick, oil-bearing sandstone of lower Westphalian age with a 24 metre gross sequence. Biscathorpe-2 will be located in a direction towards a potentially thicker sand development within the structural closure of the trap. The sand unit is predicted to thicken away from the crest of the structure and there is also potential for stratigraphic trapping in the west which, if present, could increase the expected total prospective reserves. The same sand unit is the producing reservoir in the Egdon operated Keddington oil field.

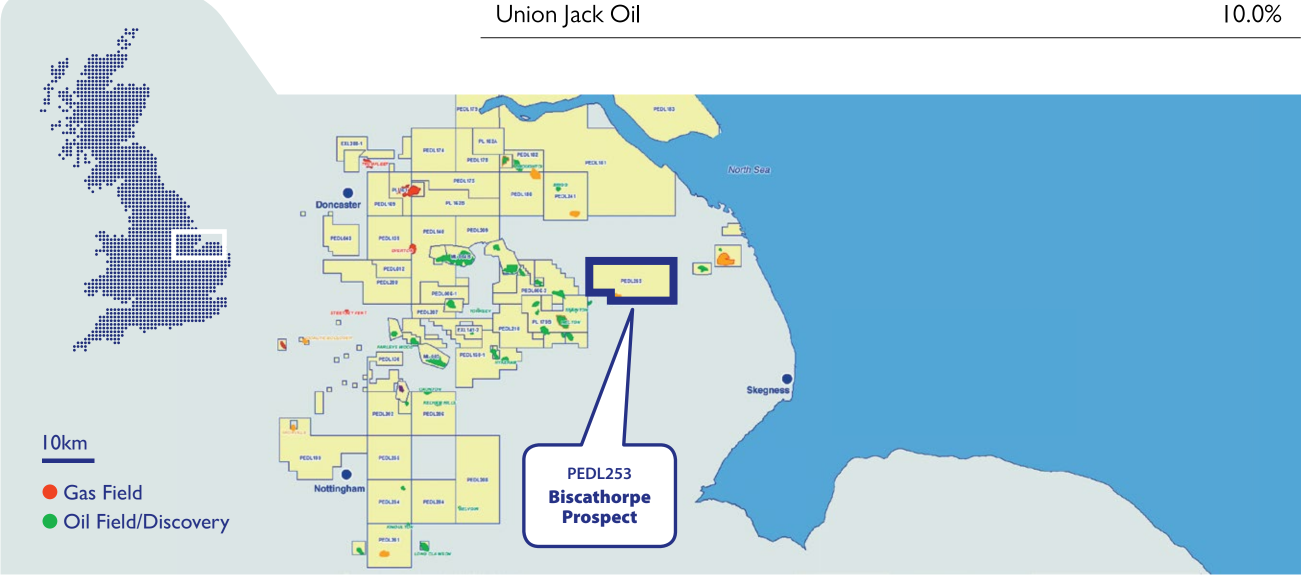
A subsurface location to evaluate the exploration potential of the Biscathorpe Prospect has been defined and a surface drilling location has been identified from which a vertical well to the depth of 2,100 metres can be drilled to test the primary surface objective.

In March 2015, at a Planning and Regulation Committee Meeting of Lincolnshire County Council, planning consent was granted for the drilling and any subsequent testing of the Biscathorpe-2 exploration well.

Biscathorpe-2 is planned to be drilled in Q4 2015. The Board has agreed in principle to acquire a further 2% interest in PEDL253.

The mean Prospective Resource volume for the main reservoir objective, as calculated by Egdon, is 17.81 million barrels of oil.

THE INTERESTS IN PEDL253 ARE HELD BY:	
Egdon Resources (operator)	54.0%
Montrose	36.0%
Union Jack Oil	10.0%



REVIEW OF OPERATIONS

PEDL201

BURTON ON THE WOLDS

UNITED KINGDOM

INTEREST HELD BY
UNION JACK OIL PLC
10.0%

In October 2014 drilling operations were completed on the Burton on the Wolds-1 exploration well located on PEDL201 in Leicestershire and the well was plugged penetrating only thin sands in the primary reservoir objective, the Rempstone Sandstone group.

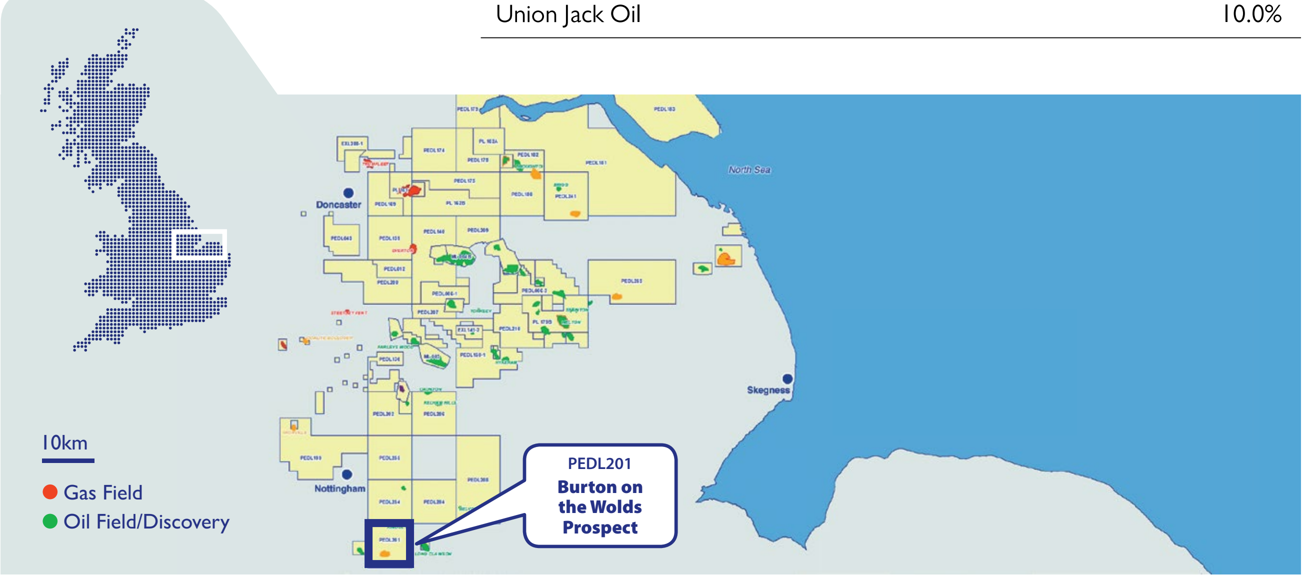
Data received during drilling is now being interpreted in order to evaluate the future prospectivity of the licence. The opportunity to interface the wireline data and fresh cutting samples has been taken and an international consultancy is conducting this work on behalf of the Partnership. This will assist in the quantification of the source rock potential and the unconventional upside that may exist on the licence.

Prior to drilling, in June 2014 industry consultants Molten Limited completed a report commissioned by Union Jack reviewing the shale resource potential within PEDL201.

Molten's review and analysis was summarised as follows:

- Molten calculates the mean deterministic un-risked in place volumes within that shale area of approximately 5.4 billion barrels of oil and over 2.7 trillion standard cubic feet of gas.
- Union Jack's 10% interest of the mean volumes identified would amount to approximately 540 million stock tank barrels of oil initially in place and approximately 270 billion standard cubic feet of gas initially in place.
- Elsewhere in the world, the combination of the technologies of horizontal drilling and hydraulic fracturing has permitted extensive shale developments, most notably in the United States. Although relatively recent in the history of the oil and gas industry, developments such as the Bakken oil play in the US have been producing for over 19 years. Shale oil recovery factors in the US have ranged from approximately 1% to nearly 10%.
- If recovery factors even at the low end of those achieved in the US can be achieved in the UK, these volumes would represent significant economic developments.

THE INTERESTS IN PEDL201 ARE HELD BY:	
Egdon Resources (operator)	32.5%
Celtique Energie	32.5%
Terrain Energy Limited	12.5%
Corfe Energy Limited	12.5%
Union Jack Oil	10.0%



PEDL241

NORTH KELSEY

UNITED KINGDOM

INTEREST HELD BY
UNION JACK OIL PLC
10.0%

In March 2013 Union Jack entered into an agreement with Egdon, the licence operator, to acquire a 10% interest in PEDL241 containing the North Kelsey Prospect.

PEDL241 is located within the proven hydrocarbon fairway of the Humberside Platform.

This prospect is a well-defined tilted fault-block mapped from 3D seismic. Based on offset well data, potential exists for up to four separate oil bearing stacked conventional reservoir intervals in the Chatsworth, Beacon Hill, Ravensthorpe and Santon sandstones. The nearby Crosby Warren oil field and the Brigg oil discovery are productive from the Upper Carboniferous Namurian aged reservoirs.

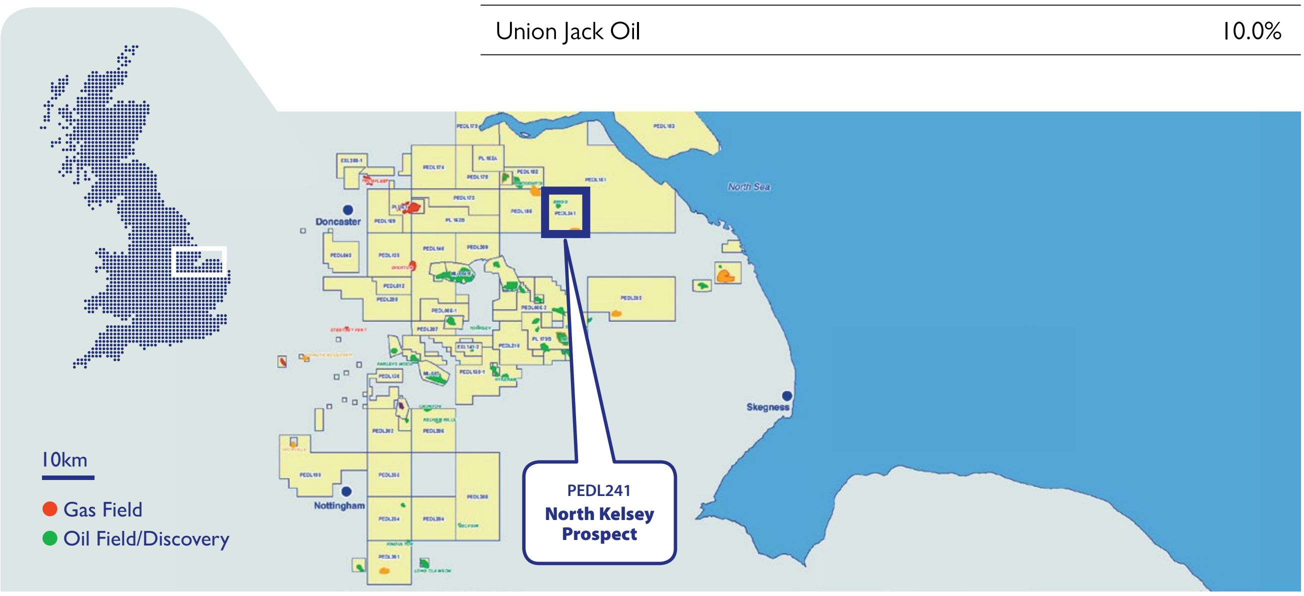
The gross mean combined Prospective Resources for these multiple objectives, as calculated by Egdon, are estimated to be 6.7 million barrels of oil.

The subsurface target location to evaluate the exploration of the North Kelsey Prospect has been defined and a surface drilling location has been identified from which a vertical well can be drilled.

In December 2014, the Planning and Regulation Committee of Lincolnshire County Council granted planning consent for the drilling and any subsequent testing of the North Kelsey-1 well.

Drilling of North Kelsey-1 is targeted to commence in Q4 2015.

THE INTERESTS IN PEDL241 ARE HELD BY:	
Egdon Resources (operator)	40.0%
Celtique Energie	50.0%
Union Jack Oil	10.0%



DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report together with the financial statements for the year ended 31 December 2014.

DIRECTORS

The directors in office at the end of the year, and their interests in the shares of the Company as at 1 January 2014 and 31 December 2014, were as shown in the table below.

	ORDINARY SHARES	
	31 December 2014	1 January 2014
D Bramhill	52,164,580	44,664,580
J O'Farrell	110,164,180	105,664,180
R Godson	14,000,000	12,000,000
G Bull	4,000,000	–

Directors who served during the year and subsequently are as follows:

David Bramhill (executive director).

Joseph O'Farrell (executive director).

Raymond Godson (non-executive director).

Graham Bull (non-executive director) appointed 15 September 2014.

Martin Durham (non-executive director) resigned 15 September 2014.

DIRECTORS' REMUNERATION

The remuneration of the directors for the year ended 31 December 2014 and the year ended 31 December 2013 was as follows:

	SALARIES AND FEES	
	2014 £	2013 £
D Bramhill	59,167	77,439
J O'Farrell	29,167	62,686
R Godson	10,416	25,000
G Bull	8,333	–
M Durham	–	25,000

Directors' remuneration is disclosed in note 3 of these financial statements.

Copies of the Service Agreements in respect of D Bramhill and J O'Farrell are available for inspection at the Company's Registered Office. Copies of the Letters of Appointment in respect of G Bull and R Godson are available for inspection at the Company's Registered Office.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 25 June 2015 in accordance with the Notice of Annual General Meeting on page 38. Details of the resolutions to be passed are included in this notice.

EVENTS AFTER THE BALANCE SHEET DATE

The following event has taken place after the year end:

In January 2015, 280,600,000 warrants issued on 22 July 2013, exercisable at 0.30p, expired and were cancelled from the Company's Warrant Register.

CAPITAL STRUCTURE

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 11.

In March 2014, shareholders approved a share sub-division at a General Meeting.

This means that ordinary shares of 0.25 pence in the capital of the Company were sub-divided into one new ordinary share of 0.025 pence each, and one deferred share of 0.225 pence.

The new ordinary shares have the same rights, being subject to the restrictions and ranking pari passu in all respects with the existing ordinary shares (save as to the nominal value).

Each new ordinary share carries the right to one vote at General Meetings of the Company.

There are also warrants in issue as disclosed in note 11.

SUBSTANTIAL SHAREHOLDINGS

On 31 December 2014, the Company's shareholders' register showed the following persons holding voting rights of 3% or more as a shareholder of the Company.

Name of holder	Percentage of voting rights	No. of ordinary shares	Nature of holding
Halifax Share Dealing	13.10%	316,870,320	Beneficial
Hargreaves Lansdown	9.34%	225,825,605	Beneficial
TD Direct Investing	7.86%	190,095,574	Beneficial
Barclays Stockbrokers Ltd	7.23%	174,897,094	Beneficial

On 15 May 2015, (the latest practical date before publication of these accounts) the Company's shareholders' register showed the following persons holding voting rights of 3% or more as a shareholder of the Company.

Name of holder	Percentage of voting rights	No. of ordinary shares	Nature of holding
Halifax Share Dealing	10.42%	252,066,695	Beneficial
Barclays Stockbrokers Ltd	6.99%	169,001,421	Beneficial
TD Direct Investing	6.65%	160,852,137	Beneficial
Pershing International Ltd	5.14%	124,369,361	Beneficial

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors at the date of the approval of this Annual Report individually confirm that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

AUDITOR

A resolution to reappoint the Auditor, Deloitte LLP, will be proposed at the forthcoming Annual General Meeting.

COMPANY NAME AND REGISTERED NUMBER

The registered number of Union Jack Oil plc is 07497220.

On behalf of the Board

David Bramhill
Executive Chairman

15 May 2015

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The Company's securities are traded on the AIM Market of the London Stock Exchange ("AIM"). The Company has considered the Quoted Company Alliance ("QCA") corporate governance guidelines for AIM companies relevant to the Company.

THE BOARD

During the year the Board of Directors of Union Jack Oil plc consisted of two executive directors and two non-executive directors as disclosed within the Directors, Officers and Advisers section of this report, who were responsible for the proper management of the Company. The Board met in person or by telephone, as permitted by the current Articles of Association, eight times during the year.

The Board will meet at least four times in the coming year to review trading performance and budgets, ensure adequate funding, set and monitor strategy, examine acquisition opportunities and report to shareholders. The Board has a formal schedule of matters specifically reserved to it for decisions.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Graham Bull, who acts as its Chairman, and Ray Godson.

The current executive director remuneration package comprises basic salary only. Directors' remuneration for the year is noted in the Directors' Report and shown in note 3 on page 28.

Those disclosures form part of this report.

The remuneration of non-executive directors is determined by the Board.

AUDIT COMMITTEE

The Audit Committee comprises Ray Godson, who acts as its Chairman, and Graham Bull. The Committee is responsible for considering a wide range of financial matters.

This Committee also provides a forum for reporting by the Company's auditor. The executive directors may attend meetings by invitation.

INTERNAL FINANCIAL CONTROL

The directors are responsible for establishing and maintaining the Company's internal financial control systems. These are designed to meet the particular needs of the Company and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

The key procedures that the directors have established to provide effective internal financial controls are:

- **Identification of Business Risks**

  The Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate course of action to manage these risks.

- **Investment Appraisal**

  Capital expenditure is regulated by authorisation limits. For expenditure beyond the specified limits including investments in exploration projects, detailed proposals are submitted to the Board for review and sign-off.

- **Financial Reporting**

  The Company has a comprehensive system for reporting financial results to the Board.

- **Audit Committee**

  The Audit Committee considers and determines relevant action in respect of any control issues raised by the external auditor.

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

TO THE MEMBERS OF UNION JACK OIL PLC

We have audited the financial statements of Union Jack Oil plc ("the Company") for the year ended 31 December 2014 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Principal Accounting Policies and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Delyth Jones

Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

15 May 2015

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	31.12.14 £	31.12.13 £
Revenue		–	–
Administrative expenses before AIM admission costs		(551,056)	(514,470)
AIM admission costs		–	(199,406)
Total administrative expenses		(551,056)	(713,876)
Operating loss	2	(551,056)	(713,876)
Finance income	4	4,702	5,025
Loss before taxation		(546,354)	(708,851)
Taxation	5	(902)	(69)
Loss for the financial year		(547,256)	(708,920)
Attributable to:			
Equity shareholders of the Company		(547,256)	(708,920)
Loss per share			
Basic and diluted loss per share (pence)		(0.04)	(0.12)

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	31.12.14 £	31.12.13 £
Loss for the financial year	(547,256)	(708,920)
Other comprehensive income	–	–
Total comprehensive loss for the financial year	(547,256)	(708,920)

The accompanying accounting policies and notes form an integral part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	31.12.14 £	31.12.13 £
Assets			
Non-current assets			
Exploration and evaluation assets	7	832,100	44,294
Investments	8	20,000	20,000
		852,100	64,294
Current assets			
Trade and other receivables	9	33,238	40,673
Cash and cash equivalents	10	3,474,320	867,207
		3,507,558	907,880
Total assets		4,359,658	972,174
Liabilities			
Current liabilities			
Trade and other payables	17	260,974	71,262
Total liabilities		260,974	71,262
Net assets		4,098,684	900,912
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	11	2,475,811	2,079,201
Share premium account		3,282,848	–
Share-based payments reserve	12	349,833	284,263
Retained earnings	12	(2,009,808)	(1,462,552)
Total equity		4,098,684	900,912

The financial statements of Union Jack Oil plc, registered number 07497220, were approved and authorised for issue by the Board of Directors on 15 May 2015 and were signed on its behalf by:

David Bramhill
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital £	Retained earnings £	Share premium £	Share-based payment reserve £	Total £
Balance at 1 January 2013	607,451	(142,573)	–	14,716	479,594
Changes in equity					
Issue of share capital	1,471,750	–	–	–	1,471,750
Share issue costs	–	(611,059)	–	–	(611,059)
Total comprehensive income	–	(708,920)	–	–	(708,920)
Share-based payment charge	–	–	–	269,547	269,547
Balance at 31 December 2013	**2,079,201**	**(1,462,552)**	**–**	**284,263**	**900,912**
Balance at 1 January 2014	2,079,201	(1,462,552)	–	284,263	900,912
Changes in equity					
Issue of share capital	396,610	–	3,847,302	–	4,243,912
Share issue costs	–	–	(564,454)	–	(564,454)
Total comprehensive income	–	(547,256)	–	–	(547,256)
Share-based payment charge	–	–	–	65,570	65,570
Balance at 31 December 2014	**2,475,811**	**(2,009,808)**	**3,282,848**	**349,833**	**4,098,684**

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	31.12.14 £	31.12.13 £
Cash flow from operating activities	13	(354,811)	(688,949)
Cash flow from investing activities			
Purchase of intangible assets		(787,806)	(44,294)
Purchase of investments		–	(20,000)
Interest received		4,702	5,025
Net cash used in investing activities		(783,104)	(59,269)
Cash flow from financing activities			
Proceeds on issue of new shares		4,243,912	1,471,750
Cost of issuing new shares		(498,884)	(341,512)
Net cash generated from financing activities		3,745,028	1,130,238
Net increase in cash and cash equivalents		2,607,113	382,020
Cash and cash equivalents at beginning of financial year		867,207	485,187
Cash and cash equivalents at end of financial year	10	3,474,320	867,207

The accompanying accounting policies and notes form an integral part of these financial statements.

PRINCIPAL ACCOUNTING POLICIES

Union Jack Oil plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 6 Charlotte Street, Bath BA1 2NE, England. The nature of the Company's operations and its principal activities are set out in the Directors' Report, Strategic Report and Review of Operations. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

BASIS OF PREPARATION

The annual financial statements of Union Jack Oil plc ("the Company") have 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.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS interpretations Committee, and there is an ongoing process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 December 2014.

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

GOING CONCERN

The directors have, at the time of approving the 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 in preparing the financial statements. Further detail is contained in the Strategic Report on page 7.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

EXPLORATION AND EVALUATION COSTS

The Company follows a successful efforts-based accounting policy for oil and gas assets.

Costs (including research costs) incurred prior to obtaining the legal rights to explore an area will be expensed immediately to the Income Statement.

Expenditure incurred on the acquisition of a licence interest will initially be capitalised on a licence-by-licence basis. Costs will be held, unimpaired, within exploration and evaluation costs until such a time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining exploration targets will be capitalised initially within intangible assets as exploration and evaluation costs. Exploration costs will initially be capitalised on a well-by-well basis whilst exploration and evaluation activities are continuing, and until the success or otherwise has been established. The success or failure of each exploration/evaluation effort will be judged generally on a licence-by-licence basis. Capitalised costs will be written off on completion of exploration and evaluation activities unless the results indicate that hydrocarbon reserves exist and that these reserves are commercially viable.

PRINCIPAL ACCOUNTING POLICIES

All such costs will be subject to regular technical, commercial and management review for indicators of impairment on at least an annual basis which includes confirming the continued intent to develop or otherwise extract value from the licence, prospect or discovery. Where this is no longer the case, the costs will be immediately expensed.

Following evaluation of successful exploration wells, if commercial reserves are established and the technical feasibility of extraction is demonstrated, and once a project is sanctioned for commercial development, then the related capitalised exploration/evaluation costs will be transferred into a single field cost centre within development/producing assets after testing for impairment within Property, Plant and Equipment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs will be written off to the Income Statement.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons have been demonstrated will be capitalised within development/producing assets on a field-by-field basis. Subsequent expenditure will be capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any costs remaining associated with the part replaced will be expensed.

Net proceeds from any disposal of an exploration asset will initially be credited against the previously capitalised costs. Any surplus proceeds will be credited to the Income Statement.

Plug and suspend and demobilisation costs will be recognised in full when wells have been suspended or facilities installed. A corresponding amount equivalent to the provision will also be recognised as part of the cost of the asset. The amount recognised will be the estimated cost of decommissioning, discounted to its net present value, and will be reassessed each year. Changes in the estimated timing or cost estimates will be dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the decommissioning asset. The unwinding of the discount on the decommissioning provision will be included as a finance cost.

TAXATION

The tax expense represents the sum of current and deferred tax.

CURRENT TAX

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

DEFERRED TAX

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

PRINCIPAL ACCOUNTING POLICIES

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

SHARE-BASED PAYMENTS – WARRANTS

Equity-settled share-based payments in respect of warrants for professional services are measured at the fair value of the equity instruments at the grant date, on the basis that this is immaterially different from the fair value of the services provided. There are no vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 11. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each Balance Sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

INVESTMENTS

Investments represent available-for-sale investments and are initially held at fair value and are subsequently measured at fair value or at cost where fair value is not readily ascertainable. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss recognised previously in equity is included in the net profit or loss for the year.

INTERNATIONAL FINANCIAL REPORTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the IFRS Interpretations Committee has issued standards, interpretations and amendments which are applicable to the Company. Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, these financial statements, the following may have an impact going forward:

Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Annual Improvements to IFRSs: 2012-2014 Cycle	Annual Improvements to IFRSs: 2012-2014 Cycle
Annual Improvements to IFRSs: 2011-13 Cycle	Annual Improvements to IFRSs: 2011-13 Cycle
Annual Improvements to IFRSs: 2010-12 Cycle	Annual Improvements to IFRSs: 2010-12 Cycle
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company.

PRINCIPAL ACCOUNTING POLICIES

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Warrants

In determining the fair value of warrants and the related charges to the Income Statement, the Company makes assumptions about future events and market conditions. The fair value is determined using a valuation model which is dependent on estimates, including the future volatility of the Company's share price and the expected life of the warrants. This is determined by using historic data from similar companies and historic trends on exercising warrants by warrant holders.

Impairment

Management is required to assess the exploration and evaluation assets for indicators of impairment. Note 7 discloses the carrying value of the exploration and evaluation assets.

In assessing the need to impair exploration and evaluation assets the Board makes assumptions about the future progress and likely successful outcome of exploration and drilling activities. Due diligence is performed at the outset of the investment before an investment is made. At an early stage of exploration of each investment the need for impairment is determined through monitoring market and industry conditions, competent person reports on each prospect and information from each licence's main operator.

In the case of those licences where drilling has commenced and management is committed to further exploration and evaluation with sufficient financial resources available to do so, impairment is not recognised unless technical analysis confirms that commercially viable hydrocarbons are insufficient to recover costs incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 BUSINESS AND OPERATING SEGMENTS

The Company is considered to have one operating segment, being the exploration for, and future development of, hydrocarbon projects in the United Kingdom.

2 OPERATING LOSS

	31.12.14 £	31.12.13 £
Operating loss is stated after charging:		
Staff costs (see note 3)	116,250	206,623
Fees payable to the Company's auditor for:		
– The audit of these financial statements	20,000	16,500
– Tax compliance services	5,800	4,500
– Other assurance services	–	100,000

3 STAFF COSTS

The aggregate payroll cost in the year of the employees, all of whom are directors, was as follows:

	31.12.14 £	31.12.13 £
Salaries	107,083	190,125
Social security costs	9,167	16,498
	116,250	206,623

The average number of persons employed by the company during the year was 4 (2013: 4).

Details of each director's remuneration are included in the Directors' Report.

Highest paid director

The highest paid director received remuneration of £59,167 (2013: £77,439).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4 FINANCE INCOME

	31.12.14 £	31.12.13 £
Bank interest	4,702	5,025

5 TAXATION

	31.12.14 £	31.12.13 £
Current tax		
UK corporation tax	–	–
Adjustment in respect of prior periods	902	69
Total UK corporation tax charge	902	69

The differences between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax for oil and gas companies of 62% (31 December 2013: 62%) to the loss before tax is as follows:

	£	£
Loss on ordinary activities before tax	(546,354)	(708,851)
Tax on Company loss on ordinary activities at standard UK corporation tax rate of 62% (31 December 2013: 62%)	338,740	439,488
Effects of:		
Disallowable expenses	–	(141,284)
Taxable finance income	2,915	–
Losses carried forward	(341,655)	(298,204)
Adjustment in respect of prior periods	902	69
Current tax charge for year	902	69

During the year the Company paid £902 corporation tax on its finance income for the previous year of £5,025.

The Company is not aware of any factors that will materially affect the future tax charge.

A deferred tax asset of £670,729 (2013: £329,074) relating to the carry forward of losses from trading and pre-trading expenditure has not been recognised in the year as at present it is not envisaged that any tax will become payable in the foreseeable future against which those losses could be utilised as deductions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

6 LOSS PER SHARE

The Company has issued warrants over ordinary shares which could potentially dilute basic earnings per share in the future. Further details are given in note 11.

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 in issue as detailed in note 11. At 31 December 2014 the company has 335,652,548 warrants. These warrants 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.

Loss per share	2014 Pence	2013 Pence
Loss per share from continuing operations	(0.04)	(0.12)

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

	2014 £	2013 £
Loss used in the calculation of total basic and diluted earnings per share	(547,256)	(708,920)

Number of shares	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,558,344,760	585,020,400

As detailed in note 11, the Company has 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, being potential ordinary shares, have not been taken into account when calculating the diluted loss per share as their impact was anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7 INTANGIBLE ASSETS

	Exploration and evaluation assets £
At 1 January 2014	44,294
Costs incurred during the year	787,806
At 31 December 2014	832,100

8 INVESTMENTS

The Company is the beneficial owner of 90,908 ordinary shares in Elephant Oil Limited, a company registered in England and Wales, for which it paid £20,000. Elephant Oil Limited has 21,387,341 ordinary shares in issue. Union Jack Oil plc has a 0.425% interest in that company.

9 TRADE AND OTHER RECEIVABLES

	31.12.14 £	31.12.13 £
VAT	7,541	5,122
Prepayments	25,697	35,551
	33,238	40,673

The directors consider that the carrying values of trade and other receivables are approximate to their fair value.

All of the Company's receivables have been reviewed for indications of impairment. None of the receivables was found to be impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

10 CASH AND CASH EQUIVALENTS

	31.12.14 £	31.12.13 £
Cash at bank	3,474,320	867,207

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is equal to their fair value.

11(a) SHARE CAPITAL

Allotted and issued: Number	Class	Nominal value	31.12.14 £	31.12.13 £
2,418,120,570 (31 December 2013: 831,680,400)	Ordinary	0.025p	604,530	–
831,680,400 (31 December 2013: Nil)	Ordinary	0.25p	–	2,079,201
831,680,400 (31 December 2013: Nil)	Deferred	0.225p	1,871,281	–
Total			2,475,811	2,079,201

Allotments during the year
In March 2014 288,888,889 ordinary shares were issued at 0.225p and in June 2014 560,284,640 ordinary shares were issued at 0.25p.

Also 666,666,641 ordinary shares were issued by the Company at 0.3p in September 2014.

In addition, warrants for 30,900,000 shares were exercised in July 2014, and in October 2014 warrants for 39,700,000 were exercised.

Issue costs have been recognised in the share premium account. £65,570 of the issue costs was in the form of warrants, hence there was no cash impact.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

11(b) SHARE-BASED PAYMENTS – WARRANTS

During the year the Company issued further share warrants which are exercisable within five years. Details of the number of warrants and the weighted average exercise price (WAEP) outstanding during the year are as follows:

Year ended December 2014	Number of warrants	WAEP £
Outstanding at the beginning of the year	348,919,216	0.003
Issued in the year	57,333,332	0.003
Exercised in the year	(70,600,000)	0.003
Outstanding and exercisable at the end of the year	335,652,548	0.003

Year ended December 2013	Number of warrants	WAEP £
Outstanding at the beginning of the year	9,719,216	0.003
Issued in the year	339,200,000	0.003
Outstanding and exercisable at the end of the year	348,919,216	0.003

The fair values of warrants issued were calculated using the Black-Scholes model. The inputs into the model are as follows:

Date of grant	04.12.12	20.12.12	22.07.13	30.07.13	17.03.14	26.09.14
Number granted	6,074,510	3,644,706	320,000,000	19,200,000	17,333,333	39,999,999
Share price at date of grant	0.3p	0.3p	0.25p	0.25p	0.225p	0.225p
Exercise price	0.25p	0.25p	0.30p	0.25p	0.225p	0.225p
Expected volatility	69%	69%	77%	77%	77%	77%
Expected life (years)	5.0	2.5	1.5	2.5	2.5	2.5
Risk-free rate	0.8464%	0.8464%	1.2064%	1.2064%	0.26%	0.26%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Fair value at date of grant	£11,099	£5,194	£245,655	£22,358	£22,000	£43,570
Earliest vesting date	20.12.12	20.12.12	30.07.13	30.07.13	17.03.14	26.09.14
Expiry date	20.12.22	20.12.17	28.01.15	30.07.18	17.03.19	26.09.19

The Company recognised total expenses of £65,570 (year to 31 December 2013: £269,547) related to equity-settled share-based payment transactions during the year. As those costs relate to the raising of equity, they have been debited to retained earnings rather than expensed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

12 RESERVES

	Retained earnings £	Share premium £	Share-based payment reserve £	Totals £
At 1 January 2014	(1,462,552)	–	284,263	(1,178,289)
Loss for the year	(547,256)	–	–	(547,256)
Issue of share capital	–	3,847,302	–	3,847,302
Share issue costs (note 11a)	–	(564,454)	–	(564,454)
Credit for the year (note 11b)	–	–	65,570	65,570
At 31 December 2014	(2,009,808)	3,282,848	349,833	1,622,873
At 1 January 2013	(142,573)	–	14,716	(127,857)
Loss for the year	(708,920)	–	–	(708,920)
Share issue costs (note11a)	(611,059)	–	–	(611,059)
Credit for the year (note 11b)	–	–	269,547	269,547
At 31 December 2013	(1,462,552)	–	284,263	(1,178,289)

13 RECONCILIATION OF LOSS TO CASH GENERATED FROM OPERATIONS

	31.12.14 £	31.12.13 £
Loss before taxation	(546,354)	(708,851)
Finance income	(4,702)	(5,025)
Income taxes paid	(902)	(69)
	(551,958)	(713,945)
Decrease/(Increase) in trade and other receivables	7,435	(15,109)
Increase in trade and other payables	189,712	40,105
Cash used in operations	(354,811)	(688,949)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

14 FINANCIAL INSTRUMENTS

Classification of financial instruments

The tables below set out the Company's accounting classification of each class of its financial assets and liabilities.

Financial assets measured at fair value	£
At 31 December 2014 and 31 December 2013	
Investments: available-for-sale	20,000

The fair value assets are equal to cost.

Financial assets measured at amortised cost	£
At 31 December 2014	
Other receivables	7,541
Cash and cash equivalents	3,474,320
Total carrying value	3,481,861
At 31 December 2013	
Other receivables	5,122
Cash and cash equivalents	867,207
Total carrying value	872,329

All of the above financial assets' carrying values approximate to their fair values at 31 December 2014 and 31 December 2013 given their nature and short times to maturity.

Financial liabilities measured at amortised cost	£
At 31 December 2014	
Trade payables	15,831
Accruals	25,800
Other creditors	219,343
Total carrying value	260,974
At 31 December 2013	
Trade payables	48,762
Accruals	21,000
Other creditors	1,500
Total carrying value	71,262

All of the above financial liabilities' carrying values approximate to their fair values at 31 December 2014 and 31 December 2013 given their nature and short times to maturity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

15 FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT

The principal financial risks to which the Company is exposed are: capital management, liquidity risk and credit risk. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

Financial assets held at fair value represent investments classified as available-for-sale. These have been classified as Level 3 financial instruments as their fair value has been based on cost in light of no observable market data.

No financial liabilities are held at fair value.

Credit risk

The Company's credit risk is primarily attributable to its cash balances and such risk is limited because the third party is an international bank.

The Company's total credit risk amounts to the total of the sum of the receivables, cash and cash equivalents. At the year end this amounted to £3,481,861 (2013: £872,329).

Liquidity risk

In managing liquidity risk, the main objective of the Company is to ensure that it has the ability to pay all of its liabilities as they fall due. The Company monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The table below shows the undiscounted cash flows on the Company's financial liabilities as at 31 December 2014 and 31 December 2013 on the basis of their earliest possible contractual maturity.

At 31 December 2014

	Total £	Within 2 months £	Within 2-6 months £	Greater than 6 months £
Trade payables	15,831	15,831	–	–
Accruals	25,800	–	25,800	–
Other creditors	219,343	219,343	–	–
	260,974	235,174	25,800	–
At 31 December 2013				
Trade payables	48,762	48,762	–	–
Accruals	21,000	–	21,000	–
Other creditors	1,500	1,500	–	–
	71,262	50,262	21,000	–

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, add shareholder value and to maintain an optimal capital structure to reduce the cost of capital. The Company defines capital as being share capital plus reserves as disclosed in the Balance Sheet.

The Board of Directors monitors the level of capital as compared to the Company's commitments, and adjusts the level of capital as is determined to be necessary, by issuing shares.

The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

16 FINANCIAL COMMITMENTS

At 31 December 2014 the Company was committed to its share of Wressle-1 initial testing costs. These costs are expected to total approximately £120,000.

17 TRADE AND OTHER PAYABLES

	31.12.14 £	31.12.13 £
Trade payables	15,831	48,762
Accruals	25,800	21,000
Other creditors	219,343	1,500
	260,974	71,262

18 RELATED PARTY TRANSACTIONS

Charnia Resources (UK), an entity owned by Graham Bull, non-executive director, was paid £5,356 in respect of consulting fees.

Details of key management personnel remuneration are disclosed in the Directors' Report.

On 24 June 2014 David Bramhill purchased 3,500,000 ordinary shares in the Company at a price of 0.36p settled in cash at the prevailing price at the time of purchase.

On 24 June 2014 Joe O'Farrell purchased 2,500,000 ordinary shares in the Company at a price of 0.37p settled in cash at the prevailing price at the time of purchase.

On 30 September 2014 Raymond Godson exercised 2,000,000 warrants at an exercise price of 0.3p. This transaction was settled in cash.

19 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities at 31 December 2014 nor 31 December 2013.

20 EVENTS AFTER THE BALANCE SHEET DATE

The following event has taken place after the year end:

In January 2015, 280,600,000 warrants issued on 22 July 2013, exercisable at 0.30p, expired and were cancelled from the Company's Warrant Register.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (the "**AGM**") of Union Jack Oil plc (the "**Company**") will be held at the offices of Osborne Clarke, 2 Temple Back East, Temple Quay, Bristol BS1 6EG on 25 June 2015 at 11.00 a.m. to consider and, if thought fit, pass the following resolutions, of which resolutions numbered 1 to 6 will be proposed as ordinary resolutions and resolutions numbered 7 and 8 will be proposed as special resolutions:

ORDINARY RESOLUTIONS

1 Report and accounts

To receive the audited annual accounts of the Company for the year ended 31 December 2014, together with the Directors' Report and the Auditor's Report on those annual accounts.

2 Re-election of director at his first AGM

To re-elect Graham Bull as a director, who offers himself for re-election in accordance with the Company's Articles of Association.

3 Re-election of director retiring by rotation

To re-elect Joseph O'Farrell as a director, who retires by rotation in accordance with the Company's Articles of Association.

4 Re-appointment of auditor

To re-appoint Deloitte LLP as auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

5 Auditor's remuneration

To authorise the directors to determine the remuneration of the auditor.

6 Directors' authority to allot shares

That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company ("**Relevant Securities**") up to an aggregate nominal amount of £302,265.05 (representing approximately 50% of the issued share capital of the Company at the date of this notice) provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the next Annual General Meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the directors may allot Relevant Securities in pursuance of such an offer or agreement as if this authority had not expired.

SPECIAL RESOLUTIONS

7 Directors' power to issue shares for cash

That, conditional upon the passing of resolution numbered 6, the directors be and they are empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under Section 551 of the Act conferred by resolution 6 above as if Section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to the allotment of equity securities up to an aggregate nominal value equal to £302,265.05 (representing approximately 50% of the issued share capital of the Company at the date of this notice) and, unless previously revoked, varied or extended, this power shall expire on the conclusion of the next Annual General Meeting of the Company, except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

8 Consolidation of existing ordinary shares

That:

(a) every 100 ordinary shares of 0.025p each in the capital of the Company (each an "**Existing Ordinary Share**") which, as at 5.30 p.m. on 25 June 2015 (or such other time and date as the directors of the Company may determine) are shown in the register of members of the Company to be in issue, be consolidated into one ordinary share of 2.5p each (each a "**Consolidated Ordinary Share**"), having the same rights as the Existing Ordinary Shares, provided that:

(i) where such consolidation results in any member being entitled to a fraction of a Consolidated Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of Consolidated Ordinary Shares to which other members of the Company may be entitled (each such Consolidated Ordinary Share arising from the aggregation of such fractions being a "**Fractional Entitlement Share**");

NOTICE OF ANNUAL GENERAL MEETING

(ii) the directors be and are authorised to sell (or to appoint another person to sell) on behalf of the relevant members, all the Fractional Entitlement Shares at the best price then reasonably obtainable to any person, and to pay the purchase price (net of expenses) in due proportion among the relevant members entitled thereto (save that no amount shall be paid to any member where the individual amount of net proceeds to which any member is entitled is less than £3.00 and any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company); and

(iii) any director (or any person appointed by the directors) shall be and is hereby authorised on behalf of all relevant members to execute an instrument or transfer in respect of such Fractional Entitlement Shares and to do all acts and things the directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares; and

(b) the Articles of Association of the Company be and are amended by replacing the existing definition of "Ordinary Shares" in article 2.1 with:

"Ordinary Shares" means ordinary shares of 2.5 pence each in the capital of the Company."

By order of the Board

Brian Marshall FCA
Company Secretary

Dated: 15 May 2015

Registered Office:
6 Charlotte Street
Bath BA1 2NE

Notes:

1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at 6.00 p.m. on 23 June 2015 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. In each case, changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.

2 If you wish to attend the AGM in person, you should arrive at the offices of Osborne Clarke, 2 Temple Back East, Temple Quay, Bristol BS1 6EG in good time before the AGM, which will commence at 11.00 a.m. In order to gain admittance to the AGM, members may be required to prove their identity.

3 A member who is entitled to attend, speak and vote at the AGM may appoint a proxy to attend, speak and vote instead of him. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the AGM in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the AGM (although voting in person at the AGM will terminate the proxy appointment). A proxy form is enclosed. The notes to the proxy form include instructions on how to appoint the Chairman of the AGM or another person as a proxy. You can only appoint a proxy using the procedures set out in these notes and in the notes to the proxy form.

4 To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrar, Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 11.00 a.m. on 23 June 2015.

5 The notes to the proxy form include instructions on how to appoint a proxy by using the CREST proxy appointment service.

6 In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

7 A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Notes 3 to 5 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's Articles of Association and the relevant provision of the Companies Act 2006.

8 Copies of the executive directors' service contracts with the Company and letters of appointment of the non-executive directors are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM.

EXPLANATORY NOTE FOR CONSOLIDATION RESOLUTION

The Board has decided to undertake, subject to shareholder approval at the forthcoming AGM, a consolidation of the Company's share capital (the "**Consolidation**") so that every 100 existing ordinary shares of 0.025p ("**Existing Ordinary Shares**")will be consolidated into one new ordinary share of 2.5p each ("**Consolidated Ordinary Share**"). The Directors believe that the Consolidation will help further improve the marketability of the Company's shares by creating a higher trading price per share which it is hoped will result in a narrowing of the spread between the bid and ask market price of the Company's shares. The proposal is set out in resolution 8 in the Notice of AGM and further details are set out below.

Upon implementation of the Consolidation, shareholders on the register of members of the Company at 5.30 p.m. on 25 June 2015 (the "**Record Date**"), will exchange every 100 Existing Ordinary Shares that they hold for one Consolidated Ordinary Share. As all existing ordinary shareholdings in the Company are proposed to be consolidated, the proportion of the issued ordinary share capital of the Company held by each shareholder immediately before and after the Consolidation will, save for fractional entitlements, remain unchanged. Other than a change in nominal value, the Consolidated Ordinary Shares will carry equivalent rights under the Company's Articles of Association (the "**Articles**") to the Existing Ordinary Shares.

No shareholder will be entitled to a fraction of a Consolidated Ordinary Share and where, as a result of the Consolidation, any shareholder would otherwise be entitled to any fraction of a Consolidated Ordinary Share in respect of their holding of Existing Ordinary Shares on the Record Date (a "**Fractional Shareholder**"), such fractions will be aggregated with the fractions of Consolidated Ordinary Shares to which other Fractional Shareholders may be entitled so as to form full Consolidated Ordinary Shares (such Consolidated Ordinary Shares arising from the aggregation of fractions being "**Fractional Entitlement Shares**"). In accordance with article 12.1 of the Articles, the directors will, on behalf of the Fractional Shareholders, sell such Fractional Entitlement Shares. Based on the closing mid-market price of 0.23p per Existing Ordinary Share on 15 May 2015 (being the latest practicable date prior to publication of this document), the proceeds of sale of each Fractional Entitlement Share would be 23p and each Fractional Shareholder would therefore be entitled to an aggregate amount less than this. The costs that would be incurred in distributing the proceeds of sale to each Fractional Shareholder are therefore likely to significantly exceed the proceeds to which such Fractional Shareholders would be entitled. Accordingly, such sale proceeds will be retained for the benefit of the Company in accordance with the Articles.

Fractional Shareholders will not therefore have a resultant proportionate shareholding of Consolidated Ordinary Shares exactly equal to their proportionate holding of Existing Ordinary Shares. Shareholders holding only a fractional entitlement to a Consolidated Ordinary Share (i.e. those shareholders holding fewer than 100 Existing Ordinary Shares at the Record Date) will cease to be shareholders of the Company. Such shareholders who wish to remain a shareholder of the Company following the Consolidation would therefore need to increase their shareholding to at least 100 Existing Ordinary Shares prior to the Record Date. **Shareholders in this position are encouraged to obtain independent financial advice before taking any action.**

In order to facilitate the Consolidation, 30 new Existing Ordinary Shares will be issued to Graham Bull so that, immediately prior to the Consolidation, the Company's issued share capital will be exactly divisible by 100. Graham Bull will not as a result of this increase in his shareholding become entitled to any Consolidated Ordinary Shares over and above those to which he would be entitled based on his current shareholding. This is because his interest in the 30 new Existing Ordinary Shares issued will, on completion of the Consolidation and based on his current shareholding, become an interest in a fraction of a Consolidated Ordinary Share. Such fraction will be dealt with in the manner described above.

The Existing Ordinary Shares have been admitted to CREST. Application will be made for the Consolidated Ordinary Shares to be admitted to CREST, all of which may then be held and transferred by means of CREST. It is expected that the Consolidated Ordinary Shares arising as a result of the Consolidation of Existing Ordinary Shares held in uncertificated form will be credited to CREST accounts at 8.00 a.m. on 26 June 2015. It is expected that definitive share certificates in respect of the Consolidated Ordinary Shares arising as a result of the Consolidation from Existing Ordinary Shares held in certificated form will be despatched to relevant shareholders within seven days of the admission of the Consolidated Ordinary Shares to trading on AIM (which is expected to occur at 8.00 a.m. on 26 June 2015). No temporary documents of title will be issued. Share certificates in respect of Existing Ordinary Shares will cease to be valid on 26 June 2015 and, pending delivery of share certificates in respect of Consolidated Ordinary Shares, dealings will be certified against the register.

The ISIN for the Consolidated Ordinary Shares is GB00BX90BP30. The SEDOL for the Consolidated Ordinary Shares is BX90BP3.

UNION JACK OIL

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