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

UNION JACK OIL

UNION JACK OIL plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

2015

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Executive Chairman

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SUMMARY OF LICENCE INTERESTS HELD BY UNION JACK OIL PLC

PEDL180

WRESSLE

8.33%

PEDL005(R)

KEDDINGTON OILFIELD
LOUTH
NORTH SOMERCOTES

10%

PEDL253

BISCATHORPE

12%

PEDL241

NORTH KELSEY

20%

PEDL201

BURTON ON THE WOLDS

10%

PEDL209

LAUGHTON

10%

UNION JACK OIL

Union Jack Oil plc is an onshore oil and gas exploration and production company with a focus on drilling, development, investment and production 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.

CONTENTS

BUSINESS AND STRATEGY

2 Chairman's Statement
6 Strategic Report
8 Review of Operations

GOVERNANCE

16 Directors' Report
18 Corporate Governance Report
19 Directors' Responsibilities Statement
20 Independent Auditor's Report on the Financial Statements

FINANCIAL STATEMENTS

21 Income Statement
22 Statement of Comprehensive Income
23 Balance Sheet
24 Statement of Changes in Equity
25 Statement of Cash Flows
26 Principal Accounting Policies
30 Notes to the Financial Statements

ANNUAL GENERAL MEETING

43 Notice of Annual General Meeting

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 2015.

2015 has been a successful year for Union Jack in which two significant advances within our asset portfolio took place. A decision was made to develop the Wressle discovery with a view to commencing commercial hydrocarbon production during H2 2016 and the Company acquired a 10% interest of PEDL005(R) incorporating the Keddington oilfield. In addition, first income was generated from test production from Wressle and other income was received from the sale of oil at Keddington. Subject to obtaining the necessary consents and permissions, management also expects revenues to be generated from successful development of the Wressle discovery.

Our strategic objective remains focused on building a successful UK onshore production and exploration hydrocarbon company. We intend to continue to develop and expand our existing portfolio of drill-ready prospects, with a view to generating shareholder value by the drill bit. The Board is actively reviewing a number of further projects across the UK with a focus on acquiring attractive low-cost producing or appraisal assets that bring production upside or additional late stage exploration/appraisal prospects that fit our strategy.

PEDL180 - Wressle

The Wressle discovery on PEDL180 located in Lincolnshire, on the western margin of the Humber Basin, in which Union Jack holds an 8.33% interest, is moving closer to development with a view to commencing commercial oil production during H2 2016. Applications for the various consents such as planning and environmental and the compilation of a Field Development Plan ("**FDP**") are currently being finalised for submission. Subject to receipt of these approvals it is anticipated that production will commence at rates of approximately 500 barrels of oil per day ("**bopd**") gross from the Ashover Grit reservoir, with the development of the Penistone Flags to follow at a later time. In addition, a Competent Persons Report is being finalised which will highlight the reserves and resource volumes in place and will be a key component for use in finalising the FDP.

"
2015 has been a successful year for Union Jack and two significant advances in our asset portfolio took place.

OPERATIONAL HIGHLIGHTS

- Successful hydrocarbon discovery at Wressle and decision to develop with a view to commencing commercial production during H2 2016
- The acquisition of a 10% interest in PEDL005(R) incorporating the Keddington oilfield

FINANCIAL HIGHLIGHTS

- Cash balance in excess of £2.6 million as at 30 April 2016
- £800,000 before expenses raised in October 2015 to further expand the Company's asset portfolio
- The Company remains debt free

PEDL005(R) - Incorporating the Keddington Oilfield

In September 2015, Union Jack completed the acquisition of a 10% interest in the producing Keddington oilfield located within PEDL005(R) also located in Lincolnshire. This transaction gave the Company its first combined exposure to production, development and appraisal and provides a measure of increased balance to the portfolio by introducing production to its base. The acquisition of the interest in PEDL005(R) supports the Board's objectives of creating shareholder value and contributes a modest income toward the Company's aim of reaching a position of self-sustainability.

Keddington has to date produced in excess of 300,000 barrels of oil and the Keddington-3Z well is currently producing approximately 30 barrels a day gross. Union Jack owns a 10% interest in the production and the associated infrastructure and production facilities. In addition, PEDL005(R) incorporates the Louth and North Somercotes Prospects which could be drilled in the future. The Keddington-5 development well was drilled post year end and during the course of drilling, elevated gas readings, indicative of the presence of hydrocarbons, were recorded from a gross interval of 141 metres, containing 62 metres of net sand. Subsequent testing of Keddington-5 sidetrack has initially seen production dominated by water and plans are being considered to isolate the zone of water production.

Following the results of the UK 14th Onshore Oil and Gas Licensing Round in December 2015, Egdon Resources plc ("**Egdon**"), the operator of PEDL005(R), and its application partners were offered Block TF38c, now known as PEDL339, located within the Humber Basin. As part of the acquisition agreement for PEDL005(R), a 10% interest in any new licence block awarded to Egdon, containing a portion of the Louth Prospect, is to be transferred to Union Jack at no upfront cost. This transfer in respect of TF38c/PEDL339 is pending, subject to Oil and Gas Authority approval.

The Louth Prospect is planned to be drilled in late 2017, subject to partner approval, planning and other consents. Located on the margins of the Humber Basin and defined using re-processed 3D seismic data, the Louth Prospect is estimated by the operator to contain Stock Tank Oil Initially in Place of 5.5 million barrels and gross mean Prospective Resources of 1.4 million barrels of oil with an attractive geological chance of success of 37%.

CHAIRMAN'S STATEMENT

"The Wressle discovery on PEDL180 in which Union Jack holds an 8.33% interest is moving closer to development with a view to commencing commercial oil production during H2 2016."

PEDL201 - Burton on the Wolds

Drilling operations were completed in October 2014 on the Burton on the Wolds-1 well located on PEDL201, in which the Company has a 10% interest, following which the well was plugged and abandoned. Drill cutting samples of shale source rock collected at the well in 2015 were sent for analysis by experts in source rock evaluation. This analysis concluded that the Upper Bowland-Hodder shale interval is a very good source rock containing dominantly oil prone Type II organic matter though conditions at this location were not conducive to hydrocarbon generation. Regional well correlations show the Bowland Shale to be buried at much greater depth and is believed to be thermally mature for hydrocarbon generation in the north of the licence area. This supports the earlier work undertaken in 2014 that highlighted the unconventional potential within the licence area. The directors are continuing to evaluate the site with a view to future exploration and production.

Other Assets

Other assets within the Union Jack exploration portfolio include a 12% interest in PEDL253 containing the Biscathorpe Prospect and a 20% interest in PEDL241 containing the North Kelsey Prospect. Post year end the Company acquired a 10% conventional interest in PEDL209 which saw the drilling of the Laughton-1 exploration well in early 2016 which failed to discover commercial hydrocarbons. There was no upfront consideration for this licence interest.

A detailed review of Union Jack's asset base can be found in the Review of Operations section within this Annual Report.

CORPORATE AND FINANCIAL

The Company remains debt free and our cash balance as at 30 April 2016 stands in excess of £2.6 million, enough to cover the costs of our current planned production and development projects and to fund our existing exploration drilling programme over a 12 month period from the date of approving the financial statements.

In October 2015, the Company raised £800,000 before expenses of £104,000 by means of a placing. These funds are being used to take advantage of the current opportunities within the oil and gas market to further expand Union Jack's portfolio through the acquisition of interests in drill-ready projects onshore UK on attractive terms.

We apply strict financial and technical disciplines to our activities and we pride ourselves on our low general and administrative costs. The Board intends to continue with the same low salary commitment going forward.

A further reduction in the Supplementary Tax rate from 20% to 10% in the March 2016 budget is constructive and positively impacts the economics of onshore hydrocarbon projects. This would reduce the effective tax rate from 50% to 40% going forward.

Our strategy of focusing on late stage drill-ready prospects helps to manage the portfolio from a technical perspective and shortens the lead time between the acquisition of an interest in an asset and drilling or initial production from any resulting discoveries. Union Jack is primarily involved in conventional hydrocarbon projects where costs are manageable and development of any discoveries can be achieved within a relatively short timeframe and on a cost effective basis by applying simple development techniques. We believe the full-cycle costs associated with onshore production, development and exploration in the UK remain attractive in the current low oil price environment.

Union Jack has been insulated somewhat from the low oil price environment which has been observed by the industry for the past 15 months due to low operating costs onshore in the UK and no material production to date. Our focus remains on relatively low cost projects and means our future growth plans have not been materially impacted. The search for new assets continues in tandem with our desire to develop our discovery at Wressle which, when on production, should transform cash flows to the Company.

I take this opportunity to thank the rest of my Board, Joe O'Farrell, Graham Bull and Ray Godson for their sound advice, technical support and expert guidance in respect of Company matters. The same comment applies to our advisors for their help in assisting the Company, all of whom diligently look after our interests.

"

In September 2015, Union Jack completed the acquisition of a 10% interest in the producing Keddington oilfield located within PEDL005(R).

SUMMARY

I am enthusiastic in respect of the year ahead. Union Jack is in a sound position with an interest in a discovery at Wressle, which is moving closer to development, with a view to commencing commercial oil production during 2016, together with a healthy cash balance to progress projects and fund its existing portfolio of drill-ready potentially high impact exploration prospects.

In addition, Union Jack has firm intentions of expanding its interests in other areas of the UK.

I look forward to reporting progress with our projects and new acquisitions during 2016 and beyond.

David Bramhill

Executive Chairman

16 May 2016

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

STRATEGY

Our strategy is the appraisal and exploitation of the assets currently owned. Simultaneous with this process, the Company's management expects to continue to use its expertise and cash resource to acquire further licence interests in the UK over areas where there is a short lead time between the acquisition of the interest and either exploration drilling or initial production from any oil or gas fields that may be discovered.

BUSINESS REVIEW

Union Jack Oil plc is a UK registered company, focused on the exploration for, and future development of, hydrocarbon projects.

A review of the Company's operations during the year ended 31 December 2015 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 £587,301 (2014: £547,256).

The directors do not recommend the payment of a dividend (2014: nil).

In January 2015, 280,600,000 warrants issued on 22 July 2013, exercisable at 0.30 pence, expired and were cancelled from the Company's Warrant Register, leaving 55,052,548 warrants outstanding at 31 December 2015.

In October 2015, 470,588,235 new ordinary shares were issued for cash at 0.17 pence per share raising £800,000 before expenses of £104,000.

The enlarged issued share capital following the issue of new shares described in this section is 2,888,708,805 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 for onshore oil and gas exploration and development.

KEY PERFORMANCE INDICATORS

The Company has made good progress during the year ended 31 December 2015.

The directors were successful in raising funds to ensure the Company is adequately funded to meet all of its current commitments in respect of licence terms and drilling commitments to the end of May 2017.

In July 2015, the Company agreed to acquire a 10% interest in PEDL005(R), which includes the Keddington oilfield, Louth oil prospect and the North Somercotes gas prospect.

In October 2015, the Joint Venture partners made the decision to proceed with a Field Development Plan in respect of the Wressle discovery with a view to early oil production from the Ashover Grit formation during H2 2016.

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 have an impact on potential revenues and forward investment decisions by the operator on the projects invested in as the economics may adversely be affected. However, onshore development costs are lower than for offshore developments. The Company 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 before an investment decision is taken, for each investment which includes a valuation exercise on the potential return on monies spent. All but one 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.

No commercially viable hydrocarbons were identified at Burton on the Wolds-1 drilled in October 2014. However, source rock analysis completed in 2015 indicates the presence of unconventional potential in the licence area, of which the potential revenues from this analysis would exceed costs and accordingly, the directors continue to actively evaluate the licence with a view to possible future explorative drilling.

Operational: Operational events can have an adverse effect

The main risk is the failure to find economic hydrocarbons.

This risk is mitigated by an 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.

A further potential risk is the reliance upon the operator Egdon Resources plc and its ability to determine timetables and priorities which are beyond the control of Union Jack Oil plc.

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 for 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 cash flow risk, credit 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. 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 at the year end. 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.

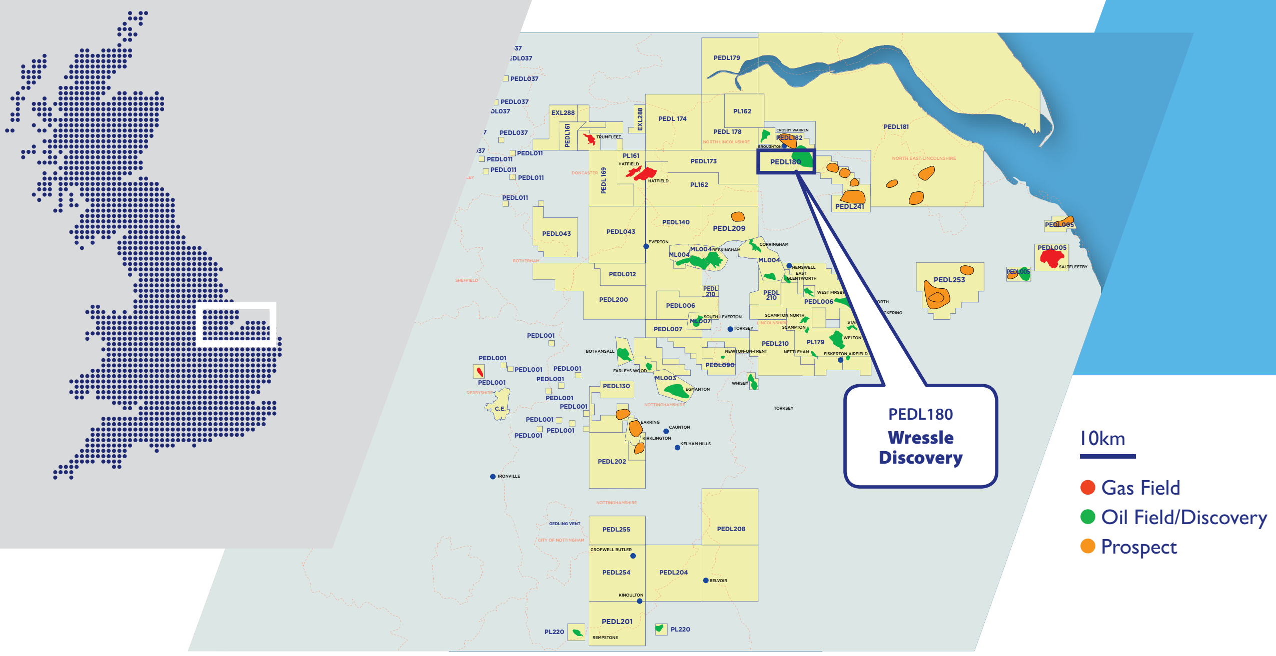
Accordingly, no reliance may be placed on the forward - looking statements.

On behalf of the Board

David Bramhill
Executive Chairman

16 May 2016

Review of Operations



PEDL180

WRESSLE

UNITED KINGDOM

INTEREST HELD BY
UNION JACK OIL PLC
8.33%

A decision was made during the period to proceed with the development of the Wressle discovery, anticipating production from the Ashover Grit formation at a planned rate of approximately 500 barrels of oil per day gross in H2 2016.

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

In respect of the Wressle-1 discovery, the Joint Venture group completed a detailed review of the data gathered and concluded that a Field Development Plan should be compiled with a view to early oil production from Wressle-1.

The drilling and test data from the well, together with the reprocessed 3D seismic data are currently being applied to quantify the developable resource volumes attributable to Wressle.

Applications for the various consents are currently being finalised by the operator for submission. Subject to these approvals it is anticipated that production will commence during H2 2016 at rates of approximately 500 barrels of oil a day gross from the Ashover Grit formation, with the development of the Penistone Flags formation following at a later time.

The Wressle-1 well was spudded in July 2014. The Wressle-1 Prospect was defined on proprietary 3D seismic data acquired 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 were estimated by the operator to be 2.1 million barrels of oil.

“ ”

IN FEBRUARY 2015, SHAREHOLDERS WERE UPDATED ON THE INITIAL SUCCESSFUL ASHOVER GRIT FLOW TEST WHICH RECORDED 80 BOPD AND 47,000 CUBIC FEET OF GAS PER DAY DURING A 16 HOUR MAIN FLOW PERIOD.

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)

In February 2015, shareholders were updated on the initial successful Ashover Grit flow test which recorded 80 bopd and 47,000 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 bopd of good quality oil with a gravity of 39-40° API along with up to 456,000 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 Flags test produced gas at restricted flow rates of up to 1.7 million cubic feet of gas per day with associated oil of up to 12 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.

“ ”

FOCUS IS NOW CONCENTRATED ON DELIVERING THE REQUIRED CONSENTS TO ENABLE COMMERCIAL PRODUCTION FROM THE WRESSLE DISCOVERY.

REVIEW OF OPERATIONS

“ ”

AVERAGE RATES OVER A TWO DAY PERIOD ON THE 8/64” CHOKE WERE 105 BOPD WITH 465,000 CUBIC FEET OF GAS PER DAY, TOGETHER TOTALLING 182 BOEPD.

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 operations produced 34.3 barrels of oil. This equates to approximately 77 bopd.

The Penistone Flags Zone 3a interval was pumped for a period of time and achieved average rates over a three day period of 131 bopd and 222,000 cubic feet of gas per day, together totalling 168 barrels of oil equivalent per day ("**boepd**")with an average producing gas oil ratio of approximately 1,700 cubic feet of gas per barrel of oil.

Due to increasing gas rates, the pump was then stopped and the well allowed to naturally flow to surface with a series of decreasing choke sizes from 12/64” down to 8/64” (being the smallest available). Average rates over a two day period on the 8/64” choke were 105 bopd with 465,000 cubic feet of gas per day, together totalling 182 boepd.

Following the Extended Well Test on Zone 3a, it was noted that both oil and gas had flowed without evidence of any water. Encouragingly, the well test data together with the log data indicate that the elevation of the oil water contact is deeper than originally considered for the Penistone Flags reservoir.

Focus is now concentrated on delivering the required consents such as planning and environmental permissions to enable commercial production from the Wressle discovery.

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

PEDL005(R)

KEDDINGTON

UNITED KINGDOM

INTEREST HELD BY
UNION JACK OIL PLC
10.00%

Producing oilfield with increased production potential from two additional prospects.

In July 2015, Union Jack agreed to acquire a 10% interest from Egdon in PEDL005(R) located in Lincolnshire and incorporating the Keddington oilfield, the Louth oil prospect and the North Somercotes gas prospect.

Under the terms of the acquisition agreement Union Jack agreed to pay 20% of the costs of the Keddington-5 sidetrack development well drilled in January 2016 and the proposed Louth exploration well planned for late 2017. The Company has not paid any upfront cash to earn the 10% economic interest in PEDL005(R). Under the terms of the agreement Union Jack would also earn a 10% interest from Egdon in any new licence awarded to the existing Joint Venture group in the UK 14th Landward Oil and Gas Licensing Round which contains the mapped extension to the Louth Prospect.

In December 2015 Egdon and its application partners were offered Block TF38c, now known as PEDL339, located within the Humber Basin and containing the western section of the Louth Prospect. Consequently, subject to approvals and final award by the Oil and Gas Authority, Egdon will transfer a 10% interest in PEDL339 to Union Jack at no cost.

KEDDINGTON OILFIELD

Union Jack owns a 10% interest in Keddington and the associated infrastructure and production facilities. Union Jack receives 10% of all production revenues. The partners in Keddington are seeking to maximise the value of the "Greater Keddington" area through two additional prospects located within PEDL005(R), namely the Louth oil and the North Somercotes gas prospects. As part of the acquisition, Union Jack also holds a 10% interest in both of these prospects.

Keddington has produced in excess of 300,000 barrels of oil to date and is currently producing approximately 30 barrels of oil per day from the Keddington-3Z well. Testing of the recently drilled Keddington-5 sidetrack well has initially seen production dominated by formation water and plans are being considered to isolate the zone of water production in the well.

LOUTH PROSPECT

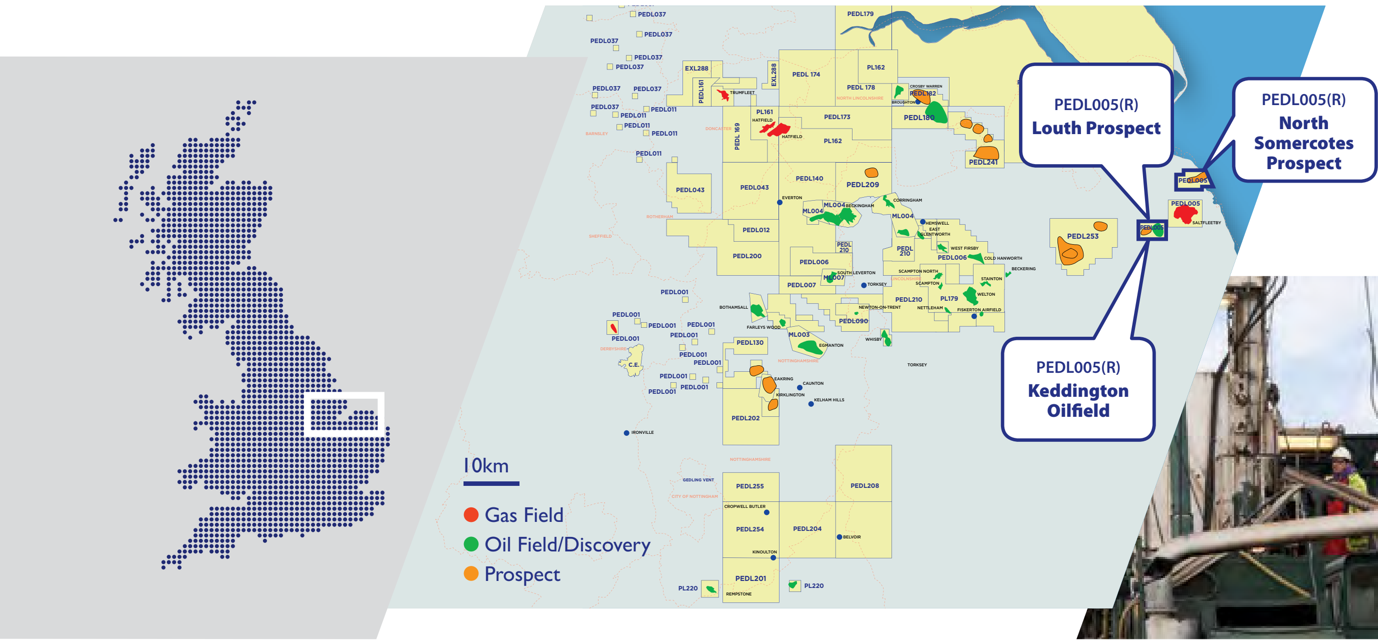
The Louth oil prospect is located mostly within PEDL005(R) and extends into the Block TF38c/PEDL339. Located on the margins of the Humber Basin, the prospect is defined on reprocessed 3D seismic data and is estimated by the operator to contain Stock Tank Oil Initially in Place ("STOIIP") of 5.5 million barrels and gross mean Prospective Resources of 1.4 million barrels with an attractive chance of success ("COS") of 37%. A well to test this prospect could be drilled in late 2017 subject to partner approval and receipt of planning and other consents.

NORTH SOMERCOTES

Located on the margins of the Humber Basin, the North Somercotes gas prospect is within PEDL005(R) to the north of the Saltfleetby gasfield and is estimated by the operator to contain gross mean Prospective Resources of 11.0 billion cubic feet of gas and to have a COS of 25%.

THE INTERESTS IN PEDL005(R) ARE HELD BY:

	KEDDINGTON OILFIELD	PEDL005(R) EXCLUDING KEDDINGTON
Egdon Resources UK Limited (operator)	45.00%	65.00%
Nautical Petroleum Limited	10.00%	10.00%
Terrain Energy Limited	35.00%	15.00%
Union Jack Oil plc	10.00%	10.00%



REVIEW OF OPERATIONS

PEDL253

BISCATHORPE

UNITED KINGDOM

INTEREST HELD BY UNION JACK OIL PLC
12.00%

Drill-ready prospect expected to be drilled during H2 2016 / H1 2017 adding considerable risk adjusted value.

In March 2013, Union Jack entered into an agreement with Egdon, the licence operator, and Montrose Industries Limited to acquire a 10% interest in PEDL253 containing the Biscathorpe Prospect. During June 2015, Union Jack subsequently acquired an additional 2% interest pro-rata from Egdon and Montrose bringing the Company's interest to 12%.

PEDL253 is located in Lincolnshire, within the proven hydrocarbon fairway of the Humber Basin, on trend with the Saltfleetby gas field and the Keddington oilfield 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 and adds considerable risk adjusted value that also offers lower geological risk than a pure exploration well given that a prior well, Biscathorpe-1, encountering oil bearing sands, has already been drilled.

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 within 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.

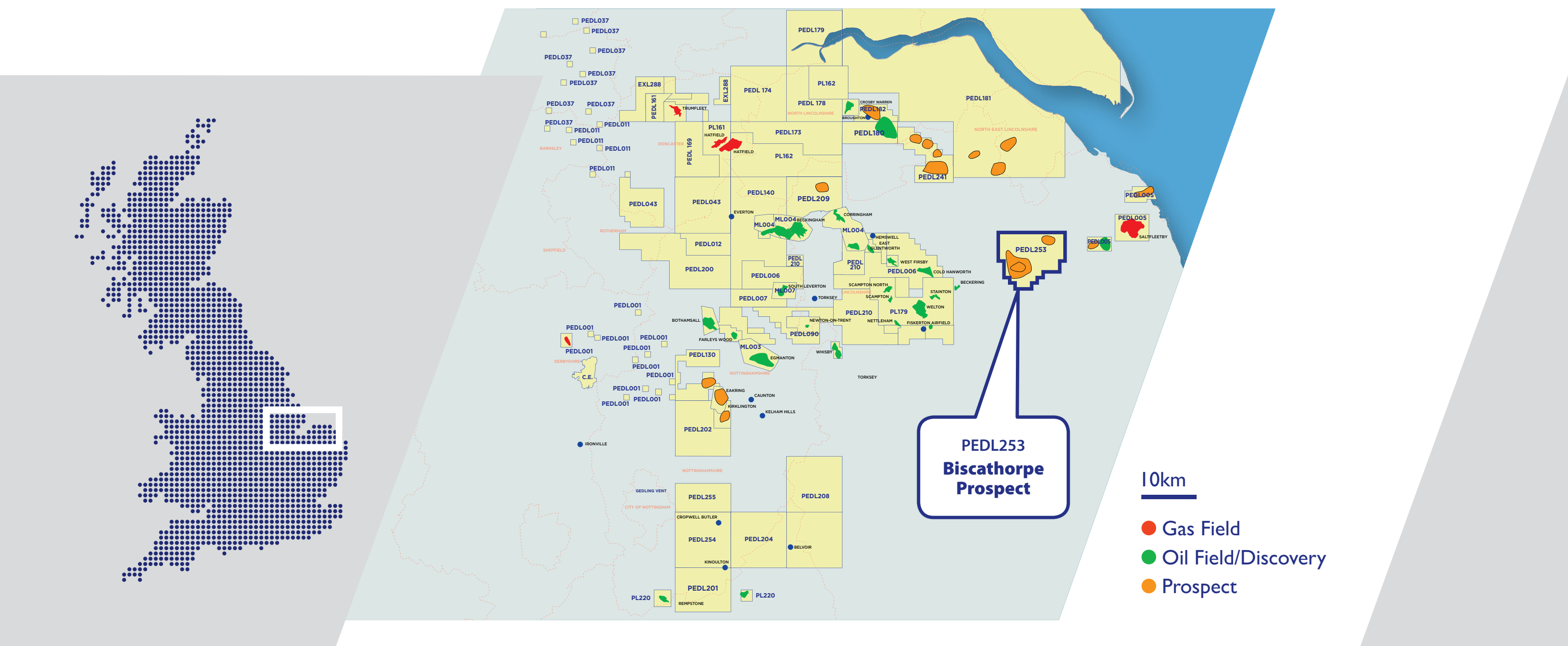
The sand unit is predicted to thicken away from the crest of the structure and the operator's Best Estimate is a gross Prospective Resource of 14 million barrels of oil, with a COS of 40%, within the mapped structural closure. There is also the potential for stratigraphic trapping to the west which, if present, could increase the expected gross Prospective Resources to 41 million barrels of oil. The same sand unit is the producing reservoir in the Keddington oilfield in which Union Jack has acquired a 10% interest.

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

In March 2015, planning consent was granted for the drilling and any subsequent testing of the Biscathorpe-2 exploration well.

Drilling of the Biscathorpe-2 conventional exploration well is expected in H2 2016/H1 2017.

THE INTERESTS IN PEDL253 ARE HELD BY:	
Egdon Resources UK Limited (operator)	52.80%
Montrose Industries Limited	35.20%
Union Jack Oil plc	12.00%



PEDL241

NORTH KELSEY

UNITED KINGDOM

INTEREST HELD BY
UNION JACK OIL PLC
20.00%

Drill-ready prospect.

Union Jack holds a 20% interest in PEDL241 containing the North Kelsey Prospect. The initial holding was 10% which was acquired from Egdon, the operator, during 2013 on a two for one promote agreement whereby Union Jack earned its interest by bearing an increased share of certain costs.

In June 2015 Celtique Energie Petroleum Limited relinquished its interest in PEDL241 and the Company acquired pro-rata a further 10% interest for a nominal consideration and without promote.

PEDL241 is located within the proven hydrocarbon fairway of the Humberside platform. The North Kelsey Prospect is located approximately 10 kilometres to the south of the Wressle-1 discovery in PEDL180.

The prospect is defined on 3D seismic data and has the potential for up to four stacked sandstone reservoirs in the Chatsworth, Beacon Hill, Raventhorpe and Santon sandstones. The nearby Crosby Warren oilfield and the Brigg oil discovery are productive from the Upper Carboniferous Namurian aged reservoirs.

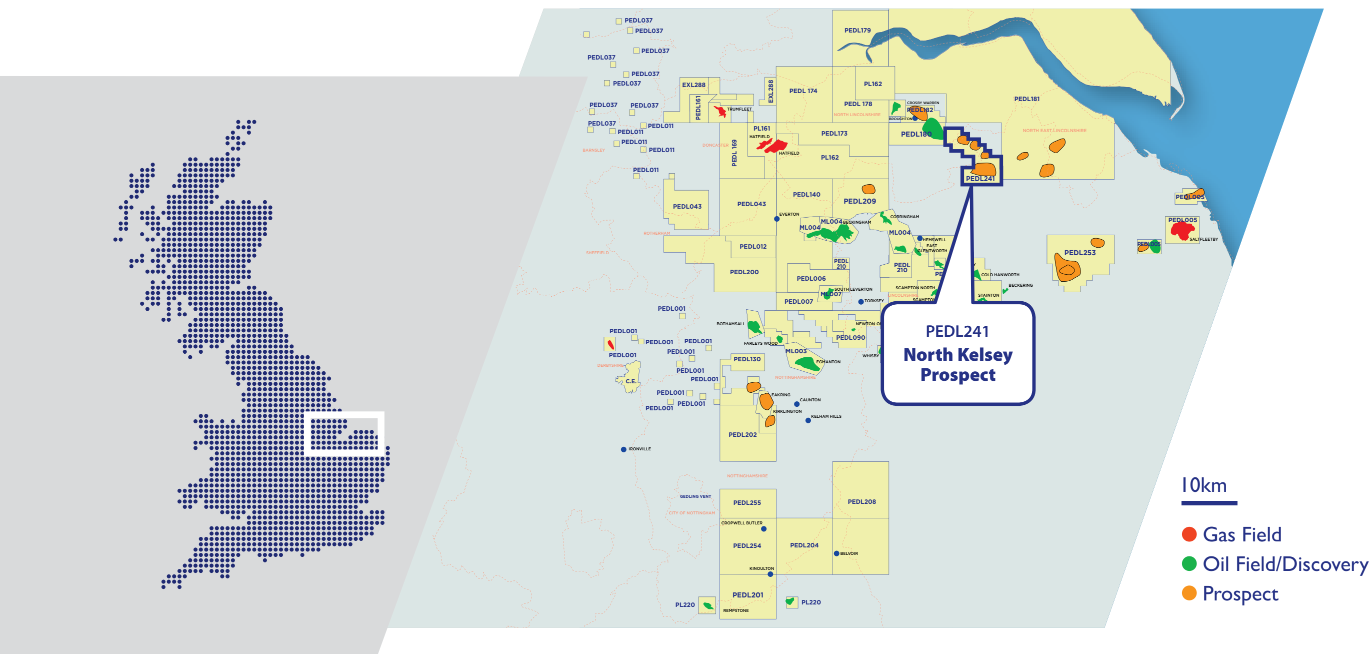
The gross mean combined Prospective Resources for these multiple objectives, as calculated by Egdon, are estimated to be 6.7 million barrels of oil.

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 of, and any subsequent testing of, the North Kelsey-1 well.

Drilling of the North Kelsey-1 well is subject to farm out and is targeted to commence during H2 2016/H1 2017.

THE INTERESTS IN PEDL241 ARE HELD BY:	
Egdon Resources UK Limited (operator)	80.00%
Union Jack Oil plc	20.00%



REVIEW OF OPERATIONS

PEDL201

BURTON ON THE WOLDS

UNITED KINGDOM

INTEREST HELD BY
UNION JACK OIL PLC
10.00%

Significant Bowland-Hodder Shale potential.

Drilling operations were completed in October 2014 on the Burton on the Wolds-1 well located on PEDL201 in Leicestershire which was drilled on a geological feature known as the Hathern Shelf, a stable platform area, evaluating a conventional oil prospect in the Rempstone sand, productive at the Rempstone oilfield to the west of PEDL201.

The well encountered the Rempstone sand in the primary reservoir which was water wet and as a result the well was plugged and abandoned.

However, a thickness of Bowland Shale was encountered during drilling, which according to studies undertaken by the British Geological Survey, has potential for unconventional resources of shale oil or gas if buried to greater depths.

Drill cutting samples of the Bowland Shale source rock collected at the well were sent for analysis to Houston based, Weatherford Laboratories to determine source rock quality. Weatherford are recognised experts in source rock evaluation.

Following analysis, Weatherford concluded that the Upper Bowland-Hodder Shale interval in the Burton on the Wolds well from the East Midlands region of the UK is a very good source rock containing dominantly oil prone Type II organic matter.

The Bowland Shale at the site of the Burton on the Wolds-1 well is deemed, not unsurprisingly, to be thermally immature owing to its shallow depth. Source rock maturity is a function of heat flow, burial depth and time. To the north of the well location is the Hoton Fault which forms the southern boundary of the Widmerpool Trough. Regional well correlations show the Bowland Shale to be buried at a much greater depth and is believed to be thermally mature for hydrocarbon generation.

The results of the Weatherford analysis and the BGS studies suggest an unconventional shale play is present under the retained part of PEDL201.

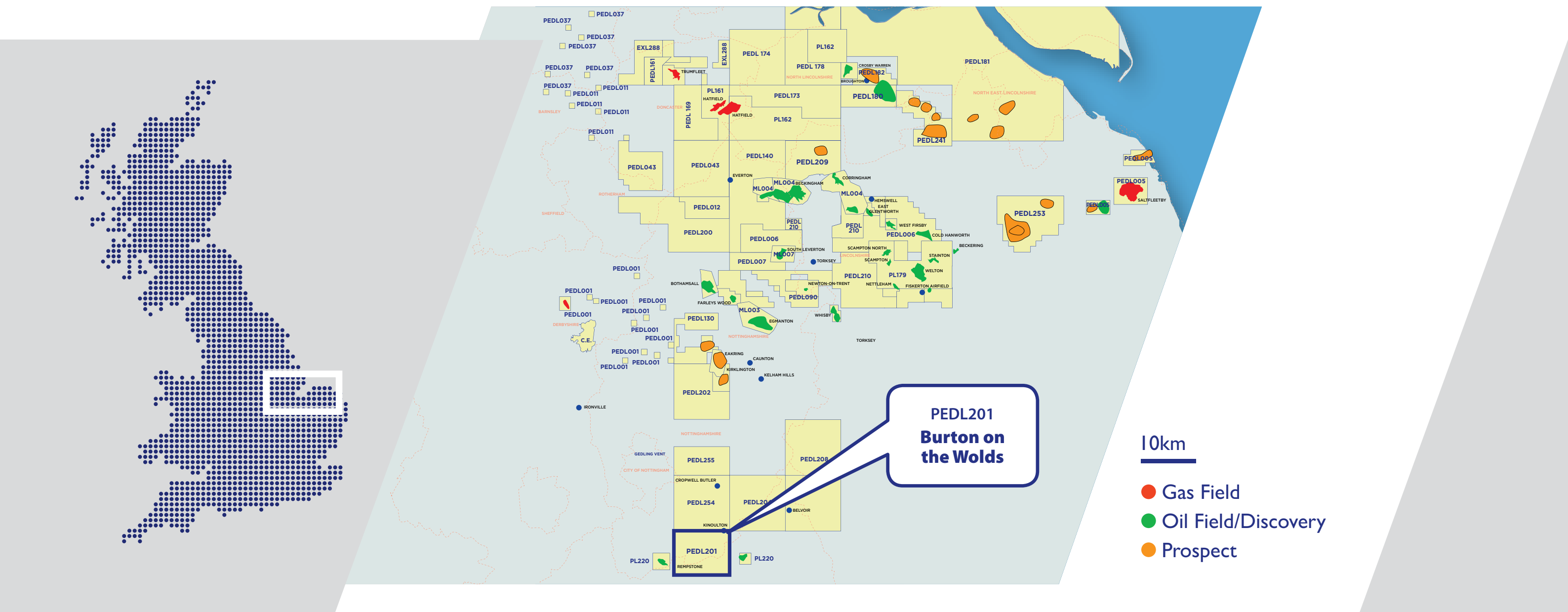
In June 2014, industry consultants Molten Limited completed a report commissioned by Union Jack reviewing the shale resource potential within PEDL201. Molten's review and summary concluded that the mean deterministic un-risked in place volumes within that shale area could be approximately 5.4 billion barrels of oil and in excess of 2.7 trillion standard cubic feet of gas gross.

Elsewhere in the world, the combination of the technologies has permitted extensive shale developments such as the Bakken oil play in the US. Shale oil recovery factors in the US have ranged from 1% to nearly 10%. If recovery factors, even at the low end of those achieved in the US can be seen in the UK these volumes would represent significant economic developments.

Awards of licences adjacent to PEDL201 to other parties under the 14th Round, offer great encouragement regarding the unconventional play within the area under licence.

The directors are considering their options to generate cash inflows from this development. As unconventional potential has been highlighted in the licence area, of which the potential revenues would exceed costs, no impairment is considered appropriate at this time whilst further evaluation is planned and budgeted.

THE INTERESTS IN PEDL201 ARE HELD BY:	
Egdon Resources UK Limited (operator)	32.50%
Celtique Energie Petroleum Limited	32.50%
Terrain Energy Limited	12.50%
Corfe Energy Limited	12.50%
Union Jack Oil plc	10.00%



PEDL209

LAUGHTON

UNITED KINGDOM

INTEREST HELD BY
UNION JACK OIL PLC
10.00%

Two additional conventional prospects and hydrocarbon potential to be further evaluated.

After the financial year end, in January 2016, Union Jack acquired from Egdon Resources plc a 10% interest in PEDL209 in respect of the conventional prospects only within the licence area for no upfront consideration.

PEDL209 is located along the eastern side of the Gainsborough Trough, a proven hydrocarbon province within the East Midlands and contains the Laughton Prospect.

The Laughton Prospect had multiple conventional Carboniferous sandstone targets with the primary objective being the Silkstone Rock, a sandstone interval which is productive in the analogous Corringham oilfield located five kilometres to the south east.

Two other potential reservoirs, the Kilburn Sandstone and the Wingfield Flags were also targeted by the Laughton-1 well.

In February 2016 the Laughton-1 well was spudded, targeting a structural trap at a depth of over 1,500 metres below ground level defined on re-processed 2D seismic data.

The Laughton-1 well reached a total depth of 1,700 metres in line with the pre-drill prognosis. During drilling, the well recorded hydrocarbon shows from a number of potential reservoir sequences including the Kilburn Sandstone, Chatsworth Grit, Ashover Grit and Kinderscout Grit. The Silkstone Rock primary objective was poorly developed in the well. Analysis of the wireline log data indicated that the hydrocarbon saturations associated with the shows were not sufficiently encouraging to warrant testing.

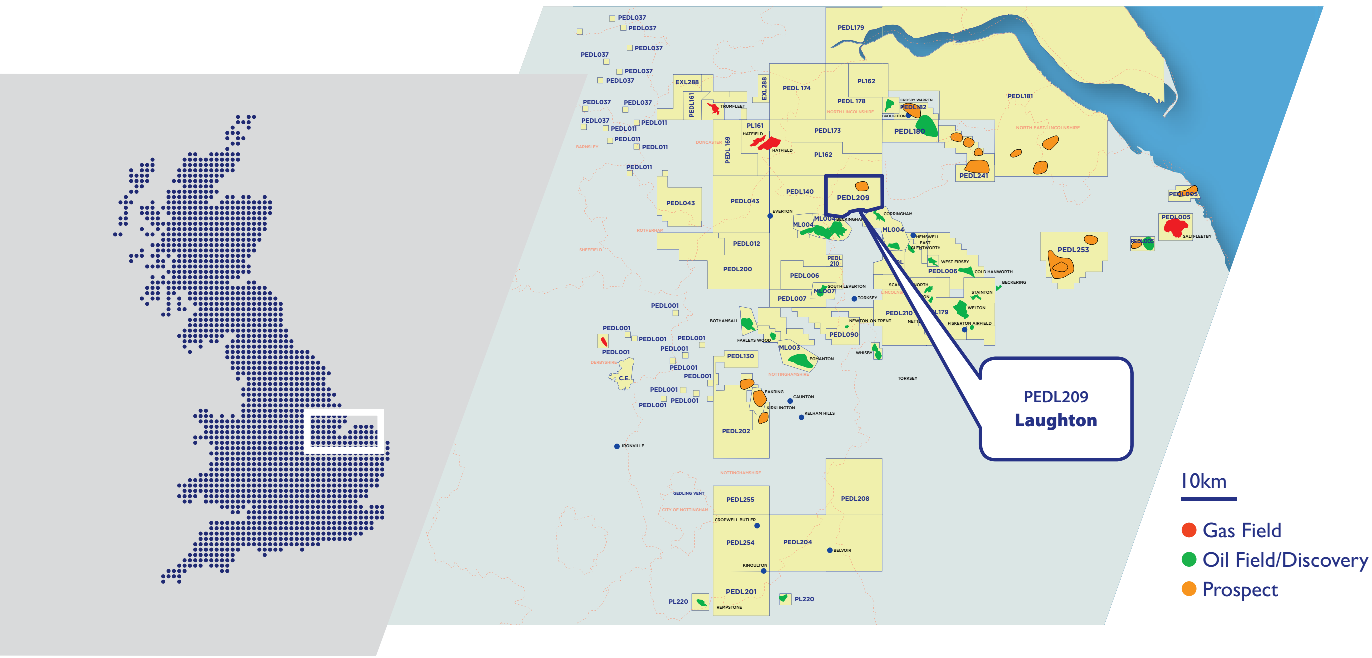
No costs have been capitalised with regard to this well to date.

The rig was released from contract and in due course the wellsite will be fully restored to its original condition.

The drilling of the Laughton-1 well completes the farm-in deal between Egdon and Union Jack and also the work commitment for the licence's first term which allows it to proceed into its second term.

Two further conventional prospects within PEDL209 and the remaining hydrocarbon potential are to be further evaluated.

THE INTERESTS IN PEDL209 ARE HELD BY:	
Egdon Resources UK Limited (operator)	50.00%
Blackland Park Exploration Limited	28.00%
Stelinmatvic Industries Limited	12.00%
Union Jack Oil plc	10.00%



DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report together with the financial statements for the year ended 31 December 2015.

DIRECTORS

The directors in office at the end of the year, and their interests in the shares of the Company as at 1 January 2015 and 31 December 2015, were as shown in the table below.

	ORDINARY SHARES	
	31 December 2015	1 January 2015
D Bramhill	52,164,580	52,164,580
J O'Farrell	118,870,063	110,164,180
R Godson	25,764,706	14,000,000
G Bull	4,000,000	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).

DIRECTORS' REMUNERATION

The remuneration of the directors for the year ended 31 December 2015 and the year ended 31 December 2014 was as follows:

	SALARIES AND FEES	
	2015 £	2014 £
D Bramhill	80,000	59,167
J O'Farrell	50,000	29,167
R Godson	25,000	10,416
G Bull	25,000	8,333

Directors' remuneration is disclosed in note 4 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 22 June 2016 in accordance with the Notice of Annual General Meeting on page 43. Details of the resolutions to be passed are included in this notice.

EVENTS AFTER THE BALANCE SHEET DATE

The following events have taken place after the year end:

In January 2016, a 10% interest in PEDL209 containing the Laughton Prospect was acquired from Egdon Resources plc.

In January 2016, the Keddington-5 sidetrack well was drilled. The well has initially seen production dominated by formation water and plans are being considered to isolate the zone of water production in the well.

In March 2016 the Laughton-1 conventional well was drilled. This well was subsequently plugged and abandoned as the amount of hydrocarbons discovered was deemed to be uncommercial. No costs have been capitalised with regards to this well to date.

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 12.

SUBSTANTIAL SHAREHOLDINGS

On 31 December 2015, 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
JIM Nominees Ltd (Jarvis)	9.07%	262,062,573	Beneficial
HSDL Nominees Ltd	7.77%	224,371,704	Beneficial
Barclayshare Nominees Ltd	6.95%	200,867,266	Beneficial
TD Direct Investing	6.50%	187,851,602	Beneficial

On 9 May 2016, (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
JIM Nominees Ltd (Jarvis)	9.77%	282,314,100	Beneficial
HSDL Nominees Ltd	8.82%	254,686,439	Beneficial
Barclayshare Nominees Ltd	6.23%	180,035,122	Beneficial
TD Direct Investing	6.10%	176,029,610	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

16 May 2016

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

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, three times during the year. In addition, the Board held numerous project appraisal and strategy discussions 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 Raymond 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 4 on page 30.

Those disclosures form part of this report.

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

AUDIT COMMITTEE

The Audit Committee comprises Raymond 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 2015

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 SHAREHOLDERS OF UNION JACK OIL PLC

We have audited the financial statements of Union Jack Oil plc ("the Company") for the year ended 31 December 2015 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 22. 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 shareholders, 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 shareholders 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 shareholders 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 2015 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

16 May 2016

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	31.12.15 £	31.12.14 £
Revenue		–	–
Administrative expenses		(605,742)	(551,056)
Operating loss	2	(605,742)	(551,056)
Other income	3	12,713	–
Finance income	5	6,569	4,702
Loss before taxation		(586,460)	(546,354)
Taxation	6	(841)	(902)
Loss for the financial year		(587,301)	(547,256)
Attributable to:			
Equity shareholders of the Company		(587,301)	(547,256)
Loss per share			
Basic and diluted loss per share (pence)	7	(0.02)	(0.04)

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	31.12.15 £	31.12.14 £
Loss for the financial year	(587,301)	(547,256)
Other comprehensive income	–	–
Total comprehensive loss for the financial year	(587,301)	(547,256)

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

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	31.12.15 £	31.12.14 £
Assets			
Non-current assets			
Exploration and evaluation assets	8	1,165,077	832,100
Investments	9	40,000	20,000
		1,205,077	852,100
Current assets			
Trade and other receivables	10	27,232	33,238
Cash and cash equivalents	11	3,078,311	3,474,320
		3,105,543	3,507,558
Total assets		4,310,620	4,359,658
Liabilities			
Current liabilities			
Trade and other payables	18	85,649	260,974
Provisions	19	18,000	–
Total liabilities		103,649	260,974
Net assets		4,206,971	4,098,684
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	12	2,593,458	2,475,811
Share premium account		4,042,698	3,282,848
Share-based payments reserve	13	167,924	349,833
Retained earnings	13	(2,597,109)	(2,009,808)
Total equity		4,206,971	4,098,684

The financial statements of Union Jack Oil plc, registered number 07497220, were approved and authorised for issue by the Board of Directors on 16 May 2016 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 2015

	Share capital £	Retained earnings £	Share premium £	Share-based payment reserve £	Total £
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**
Balance at 1 January 2015	2,475,811	(2,009,808)	3,282,848	349,833	4,098,684
Changes in equity					
Issue of share capital	117,647	–	682,353	–	800,000
Share issue costs	–	–	(104,412)	–	(104,412)
Expiry of share-based payments	–	–	181,909	(181,909)	–
Total comprehensive income	–	(587,301)	–	–	(587,301)
Balance at 31 December 2015	**2,593,458**	**(2,597,109)**	**4,042,698**	**167,924**	**4,206,971**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	31.12.15 £	31.12.14 (restated) £
Cash flow from operating activities	14	(543,846)	(574,154)
Cash flow from investing activities			
Purchase of intangible assets		(534,320)	(568,463)
Purchase of investments		(20,000)	–
Interest received		6,569	4,702
Net cash used in investing activities		(547,751)	(563,761)
Cash flow from financing activities			
Proceeds on issue of new shares		800,000	4,243,912
Cost of issuing new shares		(104,412)	(498,884)
Net cash generated from financing activities		695,588	3,745,028
Net (decrease) / increase in cash and cash equivalents		(396,009)	2,607,113
Cash and cash equivalents at beginning of financial year		3,474,320	867,207
Cash and cash equivalents at end of financial year	11	3,078,311	3,474,320

Amounts in 2014 have been restated to classify £219,343 of accrued evaluation and exploration expenditure previously classified as a cash flow from operating activities into cash flow from investing activities.

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 2015.

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 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 12. 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:

IFRS 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers
IFRS 16 Leases
Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*
Annual Improvements *2012-2014 Cycle*
IFRS 7 *Financial Instruments: Disclosures*
Amendments to IAS 1 *Disclosure Initiative*

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 8 discloses the carrying value of the exploration and evaluation assets.

Impairment is considered on a licence-by-licence basis.

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.

In respect of PEDL201, the Burton on the Wolds-1 well was drilled and no conventional commercial hydrocarbons were discovered.

However, unconventional potential has been highlighted within the licence area, of which the potential revenues would exceed costs.

The directors are considering their options to generate cash inflows from this development and accordingly the directors continue to actively evaluate the licence with a view to possible future explorative drilling. As unconventional potential has been highlighted in the licence area, of which the potential revenues would exceed costs, no impairment is considered appropriate at this time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

	31.12.15 £	31.12.14 £
Operating loss is stated after charging:		
Staff costs (see note 4)	198,362	116,250
Fees payable to the Company's auditor for:		
– The audit of these financial statements	23,000	20,000
– Tax compliance services	6,000	5,800

3 OTHER INCOME

During the year a sum of £12,713 (2014: £nil) was received in respect of the Company's share of test production from the Wressle-1 well and the Keddington oilfield, currently under development.

4 STAFF COSTS

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

	31.12.15 £	31.12.14 £
Salaries	180,000	107,083
Social security costs	18,362	9,167
	198,362	116,250

The average number of persons employed by the company during the year was 4 (2014: 4).

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

Highest paid director

The highest paid director received remuneration of £80,000 (2014: £59,167).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

5 FINANCE INCOME

	31.12.15 £	31.12.14 £
Bank interest	6,569	4,702

6 TAXATION

	31.12.15 £	31.12.14 £
Current tax		
UK corporation tax	–	–
Adjustment in respect of prior periods	841	902
Total UK corporation tax charge	841	902

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 50% (2014: 62%) to the loss before tax is as follows:

	£	£
Loss on ordinary activities before tax	(586,460)	(546,354)
Tax on Company loss on ordinary activities at standard UK corporation tax rate of 50% (2014: 62%)	293,230	338,740
Effects of:		
Taxable finance income	3,284	2,915
Losses carried forward	(296,514)	(341,655)
Adjustment in respect of prior periods	841	902
Current tax charge for year	841	902

During the year the Company paid £841 corporation tax on its finance income for the previous year of £4,702.

A deferred tax asset of £967,243 (2014: £670,729) 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.

On 16 March 2016, the Government announced a reduction in the supplementary charge to 10%. This would reduce the effective tax rate to 40%. The reduction in the supplementary charge is expected to be substantively enacted in the Finance Bill 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

7 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 12.

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 12. At 31 December 2015 the company has 55,052,548 warrants in issue. 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	2015 Pence	2014 Pence
Loss per share from continuing operations	(0.02)	(0.04)

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

	2015 £	2014 £
Loss used in the calculation of total basic and diluted earnings per share	(587,301)	(547,256)

Number of shares	2015	2014
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,492,898,974	1,558,344,760

As detailed in note 12, 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 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 2015

8 INTANGIBLE ASSETS

	31.12.15 £	31.12.14 £
At 1 January	832,100	44,294
Costs incurred during the year	314,977	787,806
Provision for site restoration	18,000	–
At 31 December	1,165,077	832,100

Intangible assets includes amounts capitalised for Wressle (PEDL180) of £723,703 (2014: £486,057), Burton on the Wolds (PEDL201) £340,877 (2014: £285,195) and other licences £100,497 (2014: £60,848).

9 INVESTMENTS

The Company is the beneficial owner of 169,959 (2014: 90,908) ordinary shares in Elephant Oil Limited, a company registered in England and Wales, for which it paid £40,000 (2014: £20,000). Elephant Oil Limited has 22,822,927 (2014: 21,387,341) ordinary shares in issue. Union Jack Oil plc has a 0.74% (2014: 0.425%) interest in that company. The principal activity of Elephant Oil Limited is the exploration and evaluation of hydrocarbon assets.

10 TRADE AND OTHER RECEIVABLES

	31.12.15 £	31.12.14 £
VAT	5,645	7,541
Other receivables	4,362	–
Prepayments	17,225	25,697
	27,232	33,238

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 2015

11 CASH AND CASH EQUIVALENTS

	31.12.15 £	31.12.14 £
Cash at bank	3,078,311	3,474,320

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.

12(a) SHARE CAPITAL

Allotted and issued: Number	Class	Nominal value	31.12.15 £	31.12.14 £
2,888,708,805 (31 December 2014: 2,418,120,570)	Ordinary	0.025p	722,177	604,530
831,680,400 (31 December 2014: 831,680,400)	Deferred	0.225p	1,871,281	1,871,281
Total			2,593,458	2,475,811

Ordinary shares hold voting rights and are entitled to any distributions made on winding up. Deferred shares do not hold voting rights and are not entitled to distributions made on winding up.

Allotments during the year

In October 2015, 470,588,235 new ordinary shares with a par value of 0.025 pence were issued at 0.17 pence per share and are fully paid.

Total consideration received was £800,000, of which £682,353 has arisen in share premium. All amounts were fully paid.

Issue costs of £104,412 have been recognised in the share premium account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

12(b) SHARE-BASED PAYMENTS – WARRANTS

Details of the number of warrants and the weighted average exercise price (WAEP) outstanding during the year are as follows:

Year ended December 2015	Number of warrants	WAEP £
Outstanding at the beginning of the year	335,652,548	0.003
Expired in the year	(280,600,000)	0.003
Outstanding and exercisable at the end of the year	55,052,548	0.003

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

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

Date of grant	04.12.12	20.12.12	17.03.14	26.09.14
Number in issue	6,074,510	3,644,706	17,333,333	39,999,999
Share price at date of grant	0.3p	0.3p	0.23p	0.38p
Exercise price	0.25p	0.25p	0.225p	0.225p
Expected volatility	69%	69%	77%	77%
Expected life (years)	5.0	2.5	2.5	2.5
Risk-free rate	0.8464%	0.8464%	0.26%	0.26%
Expected dividend yield	0%	0%	0%	0%
Fair value at date of grant	£11,099	£5,194	£22,000	£43,570
Earliest vesting date	20.12.12	20.12.12	17.03.14	26.09.14
Expiry date	20.12.22	20.12.17	17.03.19	26.09.19

In respect of the warrants granted on 17 March 2014 totalling 17,333,333, a number of 12,000,000 have been exercised in 2014 leaving 5,333,333 unexercised at 31 December 2015.

The Company recognised income of £181,909 (2014: expenses of £65,570) 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.

During the year 280,600,000 warrants expired. On expiry, the fair value of those warrants being £181,909 was transferred from the share-based payment reserve to share premium, where the expense was initially recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

13 RESERVES

	Retained earnings £	Share premium £	Share-based payment reserve £	Totals £
At 1 January 2015	(2,009,808)	3,282,848	349,833	1,622,873
Loss for the year	(587,301)	–	–	(587,301)
Issue of share capital	–	682,353	–	682,353
Share issue costs (note 12a)	–	(104,412)	–	(104,412)
Expiry of share-based payments	–	181,909	(181,909)	–
At 31 December 2015	(2,597,109)	4,042,698	167,924	1,613,513
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 12a)	–	(564,454)	–	(564,454)
Credit for the year (note 12b)	–	–	65,570	65,570
At 31 December 2014	(2,009,808)	3,282,848	349,833	1,622,873

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

14 RECONCILIATION OF LOSS TO CASH GENERATED FROM OPERATIONS

	31.12.15 £	31.12.14 (restated) £
Loss before taxation	(586,460)	(546,354)
Finance income	(6,569)	(4,702)
Income taxes paid	(841)	(902)
	(593,870)	(551,958)
Decrease in trade and other receivables	6,006	7,435
Increase / (decrease) in trade and other payables	44,018	(29,631)
Cash used in operations	(543,846)	(574,154)

Amounts in 2014 have been restated to classify £219,343 of accrued evaluation and exploration expenditure previously classified as a cash flow from operating activities into cash flow from investing activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

15 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 cost	£
At 31 December 2015	
Investments: available-for-sale	40,000
At 31 December 2014	
Investments: available-for-sale	20,000

Financial assets measured at amortised cost	£
At 31 December 2015	
Other receivables	4,362
Cash and cash equivalents	3,078,311
Total carrying value	3,082,673
At 31 December 2014	
Other receivables	–
Cash and cash equivalents	3,474,320
Total carrying value	3,474,320

All of the above financial assets' carrying values approximate to their fair values at 31 December 2015 and 31 December 2014 given their nature and short times to maturity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

15 FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities measured at amortised cost	£
At 31 December 2015	
Trade payables	57,649
Accruals	28,000
Other creditors	–
Total carrying value	85,649
At 31 December 2014	
Trade payables	15,831
Accruals	25,800
Other creditors	219,343
Total carrying value	260,974

All of the above financial liabilities' carrying values approximate to their fair values at 31 December 2015 and 31 December 2014 given their nature and short times to maturity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

16 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 £3,088,318 (2014: £3,481,861).

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 2015 and 31 December 2014 on the basis of their earliest possible contractual maturity.

At 31 December 2015

	Total £	Within 2 months £	Within 2-6 months £	Greater than 6 months £
Trade payables	57,649	57,649	–	–
Accruals	28,000	–	28,000	–
	85,649	57,649	28,000	–
At 31 December 2014				
Trade payables	15,831	15,831	–	–
Accruals	25,800	–	25,800	–
Other creditors	219,343	219,343	–	–
	260,974	235,174	25,800	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

16 FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT (CONTINUED)

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.

17 FINANCIAL COMMITMENTS

The Company had no financial commitments as at 31 December 2015.

18 TRADE AND OTHER PAYABLES

	31.12.15 £	31.12.14 £
Trade payables	57,649	15,831
Accruals	28,000	25,800
Other creditors	–	219,343
	85,649	260,974

19 PROVISIONS

	£
Provisions for future site restoration costs for Wressle (PEDL180)	18,000
Outstanding at 31 December 2015	18,000

No provision has been made in respect of other licences held as there are, at 31 December 2015, no site works requiring restoration.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

20 RELATED PARTY TRANSACTIONS

Details of key management personnel remuneration are disclosed in the note 4.

Charnia Resources (UK), an entity owned by Graham Bull, non-executive director, was paid £27,840 (2014: £5,356) in respect of consulting fees. As at 31 December 2015 £3,892 (2014: £nil) of the above was owed.

Jayne Bramhill, spouse of David Bramhill, received the sum of £4,500 (2014: £nil) from the Company in respect of IT maintenance and administration costs.

On 27 October 2015 Joseph O'Farrell purchased 8,705,883 ordinary placing shares in the Company at a price of 0.17 pence settled in cash on the same terms as other investors.

On 27 October 2015 Raymond Godson purchased 11,764,706 ordinary placing shares in the Company at a price of 0.17 pence settled in cash on the same terms as other investors.

21 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities at 31 December 2015 nor 31 December 2014.

22 EVENTS AFTER THE BALANCE SHEET DATE

The following events have taken place after the year end:

In January 2016, a 10% interest in PEDL209 containing the Laughton Prospect was acquired from Egdon Resources plc.

In January 2016, the Keddington-5 sidetrack well was drilled. The well has initially seen production dominated by formation water and plans are being considered to isolate the zone of water production in the well.

In March 2016 the Laughton-1 conventional well was drilled. This well was subsequently plugged and abandoned as the amount of hydrocarbons discovered was deemed to be uncommercial. No costs have been capitalised with regards to this well to date.

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 22nd June 2016 at 11.00 a.m. to consider and, if thought fit, pass the following resolutions, of which resolutions numbered 1 to 5 will be proposed as ordinary resolutions and resolution number 6 will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1 Report and accounts

To receive the audited annual accounts of the Company for the year ended 31 December 2015, together with the Directors' Report and the Auditor's Report on those annual accounts.

2 Re-election of director retiring by rotation

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

3 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.

4 Auditor's remuneration

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

5 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 £361,088.60 (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 RESOLUTION

6 Directors' power to issue shares for cash

That, conditional upon the passing of resolution number 5, 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 5 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 £361,088.60 (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.

By order of the Board

Brian Marshall FCA
Company Secretary

Dated: 16 May 2016

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 20 June 2016 (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 20 June 2016.

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.

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