UNION JACK OIL

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

UNION JACK OIL plc

Annual Report and Financial Statements 2018

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UNION JACK OIL

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

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

During 2018 a 16.665% interest was acquired in a major onshore gas discovery. READ MORE ON PAGE 11

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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 2018.

Union Jack's strategy remains consistent with the objective of the Board to build a successful and sustainable, UK-focused, onshore hydrocarbon production and development business. In this respect, we have delivered demonstrable growth and have expanded our portfolio with what we consider to be quality, high-value project interests with substantial upside potential in our focus areas of the East Midlands, Humber Basin and East Yorkshire. In addition, success in any one of our key assets would result in a significant market valuation of the Company.

Marked progress was made in the year under review and in the post balance sheet events period up to the signing of these financial statements, with the highlights being:

- enhanced our portfolio with selective, value-accretive transactions by increased interests in both Wressle and Biscathorpe
- acquired a 16.665% working interest in PEDL183 containing the material West Newton A-1 gas discovery with a Contingent Resource of 189 bcfe (billion cubic feet equivalent)
- increased our proven (1P), and proven plus probable (2P) reserves and materially increased our level of contingent and prospective resources
- increased production revenue by over 250%
- fully funded for all current drilling and testing requirements
- currently drilling the West Newton A-2 conventional appraisal well
- current cash balance in excess of £2.5 million as at 1 May 2019
- debt free

PEDL183 WEST NEWTON A-1 GAS DISCOVERY (16.665%)

During October 2018, Union Jack completed a farm-in to licence PEDL183, containing the West Newton A-1 gas discovery with Rathlin Energy (UK) Limited, a subsidiary of Canadian registered Connaught Oil & Gas Ltd where, according to a Competent Person's Report prepared by Deloitte LLP in June 2017, there is in excess of 189 bcfe of 2C Contingent Resources within the Kirkham Abbey Shoal formation and further considerable potential prospective resource upside for oil within the deeper Cadeby Reef formation.

PEDL183 is located onshore UK, North of the Humber River, and also contains the town of Beverley, East Yorkshire. The licence area is within the western sector of the Southern Zechstein Basin and the West Newton A-1 gas discovery is on-trend with the prolific offshore Hewett gas complex.

The West Newton A-2 fully funded conventional appraisal well is currently being drilled using the BDF28 rig and the first target, the Kirkham Abbey Shoal formation, may have been penetrated and possibly reported upon by the time of publication of this Annual Report and Financial Statements.

There are a number of positives for the Company as a result of the West Newton acquisition including:

- farm-in terms were very attractive with no associated up-front or back cost payments, with all funding going towards drilling, licence costs and administration
- compelling, immediate and future economic value from a development of a gas discovery alone with the Operator's recently upgraded NPV10% in excess of US$300 million
- proximity to existing gas pipelines and infrastructure
- significant Contingent Resources being added to the Company's resource inventory

Success at the West Newton A-2 appraisal well will result, in time, in the delivery of a major onshore gas development of which the value of our investment would be Company-changing and effectively transform Union Jack's future.

Operational Highlights

- Portfolio expanded with further selective asset value-accretive transactions in Wressle and Biscathorpe
- A 16.665% acquisition in PEDL183 containing the West Newton A-1 gas discovery with a Contingent Resource of 189 bcfe
- Increased proven reserves and level of resources
- The current drilling of the West Newton A-2 appraisal well

Financial Highlights

- Current cash balance in excess of £2.5 million as at 1 May 2019
- Fully funded for all current drilling and testing requirements
- Production revenue increased by over 250%
- Company remains debt free

The Company is fully prepared for success in this venture and funds are in place for an extended well production testing programme and a possible 3D seismic programme over other structures which have been highlighted within the licence area.

PEDL180/PEDL182 WRESSLE DISCOVERY (27.5%)

Located in Lincolnshire on the Western margin of the Humber Basin, PEDL180 and PEDL182 contain the substantial Wressle oil discovery, with proven reserves and significant upside, from which first commercial oil is expected to flow at a constrained rate of 500 barrels a day gross following successful planning approval.

During June 2018, the Company acquired a further 12.5% interest in PEDL180 and PEDL182 from Celtique Energie Petroleum Limited, increasing our holding in the project to a meaningful 27.5%. The acquisition platform involved no initial cash consideration and the deferred cost of £1.04 million is conditional on establishing first commercial production at Wressle.

This acquisition had an immediate positive impact on Union Jack by increasing its 2P reserves and 2C resource base by 83% to in excess of 855,000 barrels of oil equivalent.

The justification for the Company increasing its interest in Wressle is the transformative economic impact it will have, as we believe that when commercial production is established at Wressle, it would provide net cash flows to Union Jack of circa US$3.5 million per annum in the current oil price environment. After taking operating costs into consideration, estimated to be below US$15 per barrel, such revenues would propel Union Jack into a material cash generating oil production company. In further support of the acquisition, the economics are robust and net asset value accretive down to an oil price of US$35 per barrel.

During 2018, two new applications were made to North Lincolnshire Council ("NLC") to extend the planning term for PEDL180 and PEDL182 and to obtain permission for development of the Wressle-1 discovery.

The application to extend the planning term was denied by the NLC's Planning Committee despite being recommended for approval by NLC's Planning Officer.

A subsequent appeal was submitted to the Planning Inspectorate and we were informed in January 2019 that the appeal had been successful and an extension to the planning term had been granted for a further year by the Planning Inspector.

Not unsurprisingly, the second and revised application for development of the Wressle-1 discovery was again denied by NLC's Planning Committee, despite recommendation to allow development by its own Planning Officer and his positive conclusions within his report being confirmed by external independent technical consultants and experts (JBA Consulting) engaged by NLC to carry out a robust review of the revised application. To quote JBA Consulting within its independent report to the NLC, it stated, "*In comparison with the previous applications, in the new documentation the main weaknesses identified by the Inspector appear to have been addressed or can be addressed in planning conditions*".

An appeal submitted to the Planning Inspectorate by the Operator on behalf of the joint venture partners will be heard by the Planning Inspector on 5 November 2019.

A Queen's Counsel has been appointed to assist our appeal to obtain permission for development of this conventional oil producing project that would be beneficial, not only to the many companies which have invested in this venture, but also to the surrounding community as supported and vindicated by the "Economic Growth Plan for North Lincolnshire", launched by NLC at the House of Lords in November 2018.

CHAIRMAN'S STATEMENT

The Economic Growth Plan for North Lincolnshire champions the growth of, and diversification of, the Humber chemical and energy cluster, currently contributing some £6 billion to the economy. Industries include petrochemicals, commodity and speciality chemicals, composite materials, pigments and paints, wind turbines and pharmaceuticals, and a raft of other associated industries employing circa 15,000 people in at least 120 companies. Petroleum remains fundamental to these locally-important industries including in the manufacture of items such as wind turbines for the renewable energy sector which rely upon composite materials involving petroleum products, as do many industrial applications.

The oil that Wressle produced would contribute to these industries and benefit the region as a whole, and further afield in the UK. The oil produced at Wressle would also help offset international oil imports typically shipped over long distances and Wressle oil would be refined nearby in Immingham, keeping trucking and transportation to a minimum, reducing the carbon footprint and greenhouse gas emissions.

PEDL253 BISCATHORPE (22%)

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

Over a century ago, Henry Ward Beecher, the American social reformer and speaker quoted "*One's best success comes after their greatest disappointments*".

This statement reflects Union Jack's thoughts in respect of the result of the drilling of the Biscathorpe-2 well, the results of which were reported upon during February 2019, and more importantly the future and potential success and remaining upside within the PEDL253 licence area.

Biscathorpe, in the opinion of Union Jack's management remains one of the UK's largest onshore un-appraised conventional hydrocarbon prospects.

In 1987, British Petroleum drilled the Biscathorpe-1 conventional exploration well and encountered a thin, oil-saturated section of the sandstone reservoir. The targeted Basal Westphalian sandstone reservoir was expected to thicken at the Biscathorpe-2 well location North of the crest of the "structural high".

Following the completion of drilling and logging operations at Biscathorpe-2, preliminary analysis indicated that the primary objective, the Basal Westphalian Sandstone, was not encountered as the well was drilled high to prognosis and did not thicken as expected in the pre-drill model.

The Biscathorpe 'play' has not been properly tested by the Biscathorpe-2 well, with the results indicating the targeted sandstone has the potential to be more thickly developed to the North and North-East of the Biscathorpe-2 location away from what appears to be a more extensive than expected palaeo-high.

Union Jack's independent technical team is greatly encouraged by the significant elevated gas readings and shows from logging supported by calculated oil saturations in the Dinantian Carbonate over an interval in excess of 500 feet which included a suite of gas indications C1 to C5 and nC5 indicative of an effective petroleum system existing in close proximity to the Biscathorpe-2 well. Union Jack has commissioned an independent geochemical evaluation of the gas shows, the results of which will confirm whether the gas ratios are consistent with oil associated gases.

The open-hole section of the well has now been sealed and the well suspended to retain the option for a potential future side-track following the receipt of a new sub-surface model once the new well data is integrated following the re-processing and re-mapping of the existing 3D seismic data.

Union Jack retains its enthusiasm for the upside potential within PEDL253 and looks forward to reporting on events in respect of the licence during 2019.

PEDL143 WEALD BASIN (FORMERLY HOLMWOOD) (7.5%)

During Q3 of 2018, the previous Operator, Europa Oil and Gas Limited ("Europa"), announced that the relevant Government body had not renewed the lease containing the site of the proposed Holmwood-1 conventional exploration well. Following this decision, the Operator withdrew its planning application to drill Holmwood-1. The well site has been reinstated to its original condition and the value of the intangible asset has been fully impaired by £205,308.

In April 2019, Union Jack reached agreement with, the new Operator, UK Oil & Gas PLC ("UKOG") to sell its 7.5% interest in PEDL143 for a consideration of £112,500. Payment in UKOG shares allows Union Jack to not only benefit from UKOG's increased interest in PEDL143, but also exposure to UKOG's wider Weald Basin assets and other projects. Completion is subject to Oil and Gas Authority approval.

This disposal will allow Union Jack to concentrate on its focus areas of the East Midlands, Humber Basin and East Yorkshire, where we hold interests in material and potentially Company-changing assets.

CHAIRMAN'S STATEMENT

OTHER ASSETS

Union Jack holds interests in nine further projects in addition to those highlighted above.

Union Jack's wider portfolio includes licence interests in two production assets, namely PEDL005(R) Keddington (20%) and EXL294 Fiskerton Airfield (20%), where combined production is a steady 50 barrels of oil a day gross. Both projects hold upside, especially Keddington which is currently being re-mapped to review future potential and contains part of PEDL339 the Louth Prospect and the North Somercotes Prospect. In respect of Fiskerton Airfield the joint venture partners are investigating the benefits of further workovers and in-fill drilling to increase the production output.

PEDL241 North Kelsey (20%) contains the drill-ready North Kelsey Prospect where an extension for planning was granted by Lincolnshire County Council in June 2018. PEDL241 is located within the proven Humberside platform and the North Kelsey Prospect is situated some 10 kilometres to the South of the Wressle-1 discovery. North Kelsey will be drilled during late 2019 or 2020, subject to obtaining farminees.

An interest is held in both PEDL118 Dukes Wood (16.67%) and PEDL203 Kirklington (16.67%) oilfields where operations have commenced to re-establish long term production.

PEDL201 Widmerpool Gulf (26.25%), formerly Burton-on-the-Wolds, contains significant Bowland Hodder shale potential. Awards of licences adjacent to PEDL201 to other parties under the 14th Round offer encouragement regarding this play type. The directors are considering the options to generate value from this licence and the favoured outcome from this potentially significant play type would be through an industry sale.

PEDL209 Laughton (10%) has no immediate activity planned on the licence and was fully impaired during 2016 and 2017.

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

Union Jack remains debt free and our current cash balance stands in excess of £2.5 million as at 1 May 2019, with sufficient funds to pay our share of costs for an extended well test in the event of a discovery at West Newton A-2, the acquisition of 3D seismic over further prospects on PEDL183, operations at Wressle, should there be a successful outcome of the planning appeal, re-processing of the 3D seismic in respect of Biscathorpe, and general administration costs.

In March and October 2018, two oversubscribed placings and subscriptions for shares were effected, raising £1.25 million and £2.25 million respectively, before expenses.

In April 2019, a further oversubscribed placing and subscription took place, raising £1.75 million before expenses. Details of this exercise are reported in note 23, Events After the Balance Sheet Date.

Given the ongoing Brexit discussions it would be remiss not to comment on this topic. In respect of the ongoing discussions and the potential effect on the Company going forward, it is impossible to predict the effects as Brexit, or any variation upon that, has not happened at the time of writing. However, Union Jack is aware that one of our operators had an issue in respect of trying to hire the most up-to-date sophisticated equipment from Europe, however, the uncertainty surrounding the import /export and border processes led to some draconian clauses being inserted into documentation that made them impossible to accept. The result of this was that British-based equipment with acceptable specifications was hired instead.

I would like to thank our shareholders for their continued support, as well as my colleagues and co-directors, who provide invaluable advice and continue to champion the development of the UK onshore hydrocarbon industry for the benefit of both Union Jack and the wider economy.

I would also like to thank our wider suite of professional advisers, who have contributed to the efficient running of Union Jack and have enabled us to engage with investors to source essential funding which enable our projects to move forward.

SUMMARY

My confidence in respect of Union Jack's future, since the Company's incorporation, is at its optimum.

The Company eagerly awaits the results of the current drilling of West Newton A-2, the result of the Planning Appeal at Wressle and the re-processing of 3D seismic in respect of Biscathorpe. These ventures are expected to provide a steady stream of newsflow throughout 2019 and success at any one of these projects has the potential to dramatically transform your company.

Union Jack's asset portfolio is well balanced with the relevant components of production, development, appraisal and discovery and we are fully funded for our commitments going forward.

The future of Union Jack remains bright.

David Bramhill

Executive Chairman

13 May 2019

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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 resources 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 2018 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 £1,098,708 (2017: £746,822).

The directors do not recommend the payment of a dividend (2017: £nil).

In March 2018, 1,470,588,226 new ordinary shares were issued for cash at 0.085 pence per share raising £1,250,000 before expenses of £100,390.

In October 2018, 2,647,058,823 new ordinary shares were issued for cash at 0.085 pence per share raising £2,250,000 before expenses of £156,722.

The enlarged issued share capital following the issue of new shares described above is 8,450,710,254 ordinary shares of 0.025 pence each and 831,680,400 deferred shares of 0.225p 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 2018. Traditional KPIs are not appropriate to the Company. Performance is measured by monitoring exploration costs and ensuring sufficient funds are available to meet exploration commitments.

The directors were successful in raising funds to ensure the Company is adequately funded to meet all of its current commitments.

During March 2018, the Company acquired a further 10% interest pro-rata from Egdon Resources plc and Montrose Industries Limited in PEDL253 containing the Biscathorpe-2 Prospect. As a result of this transaction the Company now holds a 22% interest in the licence.

In March 2018, the Company raised £1.25 million before expenses in an oversubscribed placing.

During May 2018, the Company acquired a 16.25% interest in PEDL201 and a 12.5% interest in PEDL181 from Celtique Energie Petroleum Limited for a cash consideration of £15,000.

During June 2018, the Company acquired a further 12.5% interest in PEDL180 and PEDL182 for a deferred consideration of £1.04 million from Celtique Energie Petroleum Limited. The deferred consideration will be paid on first oil from the Wressle discovery on the licence areas. As a result of this transaction the Company now holds a 27.5% interest in the licences.

In October 2018, the Company raised £2.5 million before expenses in an oversubscribed placing.

During December 2018, the Company acquired a 16.665% interest in PEDL183 containing the West Newton A-1 gas discovery from Rathlin Energy (UK) Limited.

Further events which took place after the Balance Sheet date are described in the Directors' Report and note 23.

Intangible Assets totalled £3,485,961 (2017: £2,806,278).

Tangible assets totalled £611,139 (2017: £496,859).

The Company's Income Statement reports revenues of £165,270 (2017: £46,203) in respect of production income from the Keddington oilfield and the Fiskerton Airfield oilfield.

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 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. 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.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Operational: Operational events can have an adverse effect

The main risk is the potential failure to obtain planning permission in respect of the Company's licence interests.

This risk is mitigated by the appointment of specialist professional entities who work together to compile planning applications designed to achieve a positive result.

A further potential risk is the reliance upon the Operators Egdon Resources plc, Europa Oil & Gas Limited and Rathlin Energy (UK) Limited and their ability to determine timetables and priorities which are beyond the control of Union Jack.

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 Operators of choice, Egdon Resources plc, Europa Oil & Gas Limited and Rathlin Energy (UK) Limited have 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 is 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 liquidity risk, oil price risk, credit risk, and cash flow 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.

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.

OIL PRICE RISK

The Company is exposed to oil price risk associated with sales of oil from production. The Company does not currently consider it necessary to use hedging instruments to manage its exposure to this risk.

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.

CASH FLOW RISK

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

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 (being at least 12 months from the date the financial statements were approved) from the cash held on deposit on 31 December 2018 and funds raised subsequent to 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 at the date of approval of these financial statements. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

13 May 2019

REVIEW OF OPERATIONS

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

1	PEDL180 PEDL182	Wressle Discovery Broughton North	27.5%
2	PEDL183	West Newton	16.665%
3	PEDL253	Biscathorpe	22%
4	PEDL005(R)	Keddington Oilfield Louth North Somercotes	20%
	PEDL339	Louth Extension	
5	EXL294	Fiskerton Airfield Oilfield	20%
6	PEDL241	North Kelsey	20%
7	PEDL118 PEDL203	Dukes Wood Kirklington	16.67%
8	PEDL201	Widmerpool Gulf	26.25%
9	PEDL181	Humber Basin	12.5%
10	PEDL209	Laughton	10%
11	PEDL143	Weald Basin	7.5%

PEDL180
PEDL182

Wressle Discovery

PEDL182

Broughton North

INTEREST HELD BY UNION JACK OIL PLC | 27.5%

Further acquisitions have increased Union Jack's interest in PEDL180 and PEDL182 containing the Wressle hydrocarbon discovery to 27.5%.

In January 2019, the Planning Inspector consented to the extension of planning for a further year.

Following a further acquisition of interest in PEDL180 and PEDL182 during 2018, Union Jack now holds a 27.5% interest in these licences.

These licences contain the Wressle-1 conventional discovery well from which first commercial oil is expected to flow at an initial constrained rate of approximately 500 barrels a day following receipt of planning approval.

Located in Lincolnshire, on the western margin of the Humber Basin, the above licences contain the Wressle-1 oil discovery and are on trend with the nearby discoveries at Crosby Warren, Brigg and Broughton.

In June 2018, the Company acquired a further 12.5% interest in PEDL180 and PEDL182 from Celtique Energie Petroleum Limited for deferred consideration of £1.04 million.

The results of a Competent Person's Report prepared by ERC Equipoise Limited ("ERCE") were published in September 2016. ERCE made independent estimates of the Reserves, Contingent and Prospective Resources associated with the Wressle-1 discovery and the Broughton North Prospect.

There were several highlights considered within this report which included:

- Oil and gas reserves and Contingent Resources identified by the Competent Person in aggregate exceed the Operator's original pre-drill estimates
- Gross P Mean Original Oil in Place ("OOIP") is 14.8 million stock tank barrels in aggregate across three reservoir sands, the Ashover Grit, Wingfield Flags and Penistone Flags, of which 2.15 million stock tank barrels are potentially recoverable
- Gross 2P oil Reserves of 0.62 million stock tank barrels identified across two reservoir sands, the Ashover Grit and Wingfield Flags that form the basis of the initial development plan which currently excludes development of the material Penistone Flags reservoir sands.

In respect of the Broughton North Prospect ERCE commented;

- The Broughton North Prospect has OOIP of 3.43 million stock tank barrels, gross unrisked Mean Prospective Resources of 0.51 million stock tank barrels and 0.51 bcf of gas in aggregate across two reservoir sands, the Ashover Grit and Penistone Flags
- Broughton North is a drill-ready prospect, subject to obtaining planning permission

REVIEW OF OPERATIONS

- The Broughton North Prospect benefits from the results of the Wressle-1 oil and gas discovery and the Broughton-B1 exploration well that significantly reduces the geological risk over PEDL180 and PEDL182. Consequently ERCE attributes a high geological chance of success ("COS") with a range of 40% to 49% for the prospect
- Mapping of the Broughton North Prospect also benefits from the same high quality 3D seismic data as was used to identify the Wressle-1 oil and gas discovery. 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.

During 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.

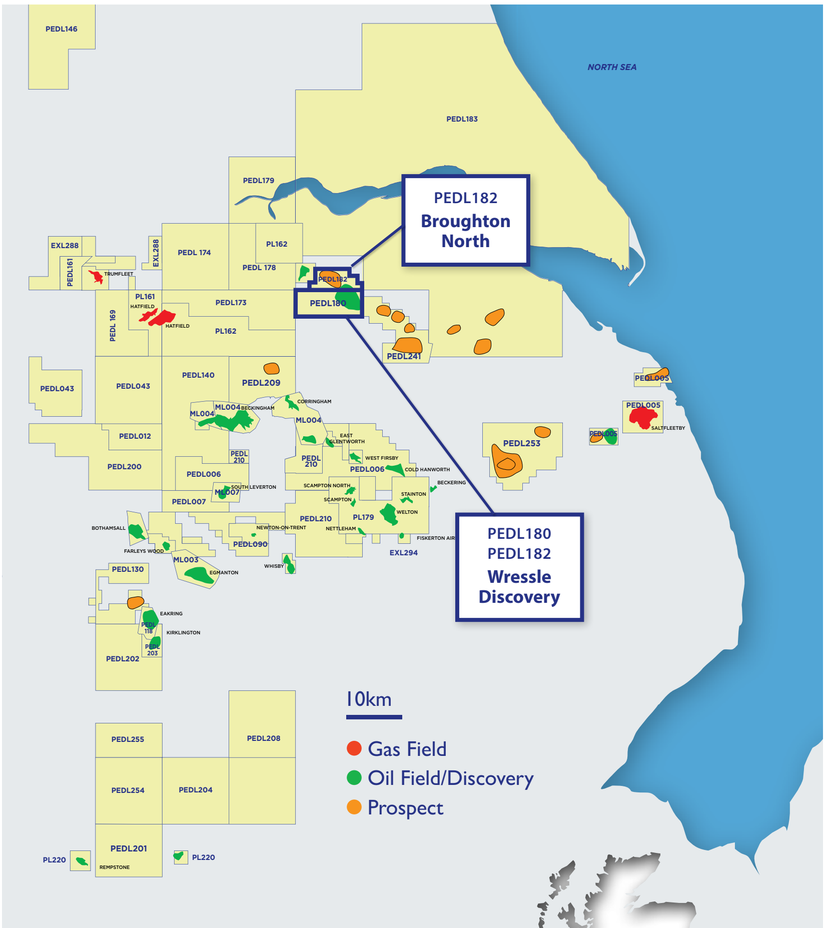
The well was logged using measurement whilst drilling (MWD) logging tools run on the drill string. Petrophysical evaluation of the log data indicated the presence of hydrocarbon pay in three intervals.

- 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 table below shows the net volumes of hydrocarbons attributable to Union Jack

	Gross Volumes			Net Volumes attributable to Union Jack		
	OIL MMSTB	GAS BCF	OIL EQUIV MMBOE	OIL MMSTB	GAS BCF	OIL EQUIV MMBOE
2P Ashover Grit and Wingfield Flags	0.62	0.20	0.65	0.17	0.05	0.18
2C Penistone Flags	1.53	2.00	1.86	0.42	0.55	0.51
Broughton North Mean Unrisked Prospective Resources	0.51	0.51	0.60	0.14	0.14	0.16

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.

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.

In January 2018, an appeal against the refusal of planning permission for the development of Wressle was declined. Having fully considered information previously provided by the Planning Inspector, the Operator submitted a new planning application for the extension of planning for a further year.

A second application was later submitted for the development of the Wressle oil discovery to the North Lincolnshire Council. Both applications were denied by the North Lincolnshire Council.

Subsequently, appeals were lodged by the Operator against these decisions.

In January 2019, the joint venture was informed that the appeal in respect of the extension of planning was approved by the Planning Inspector and the planning period now runs for a further year from the date of consent to 24 January 2020.

The appeal documentation in respect of the development of Wressle was submitted in February 2019.

The appeal will be heard by the Planning Inspector on 5 November 2019.

Confidence remains that the Wressle development will be brought to production status and all credible avenues to achieve this objective will be pursued. An Environment Agency permit for production is in place.

On this basis the licence costs are not impaired in these financial statements.

THE INTERESTS IN PEDL180 AND PEDL182 ARE HELD BY:	
Egdon Resources U.K. Limited (Operator)	30.0%
Europa Oil & Gas Limited	30.0%
Union Jack Oil plc	27.5%
Humber Oil & Gas Limited	12.5%

REVIEW OF OPERATIONS

PEDL183

West Newton

INTEREST HELD BY UNION JACK OIL PLC | 16.665%

Best Estimate 189 billion cubic feet equivalent of recoverable gas Contingent Resource with NPV10% of in excess of US$300 million.

West Newton A-2 appraisal well underway.

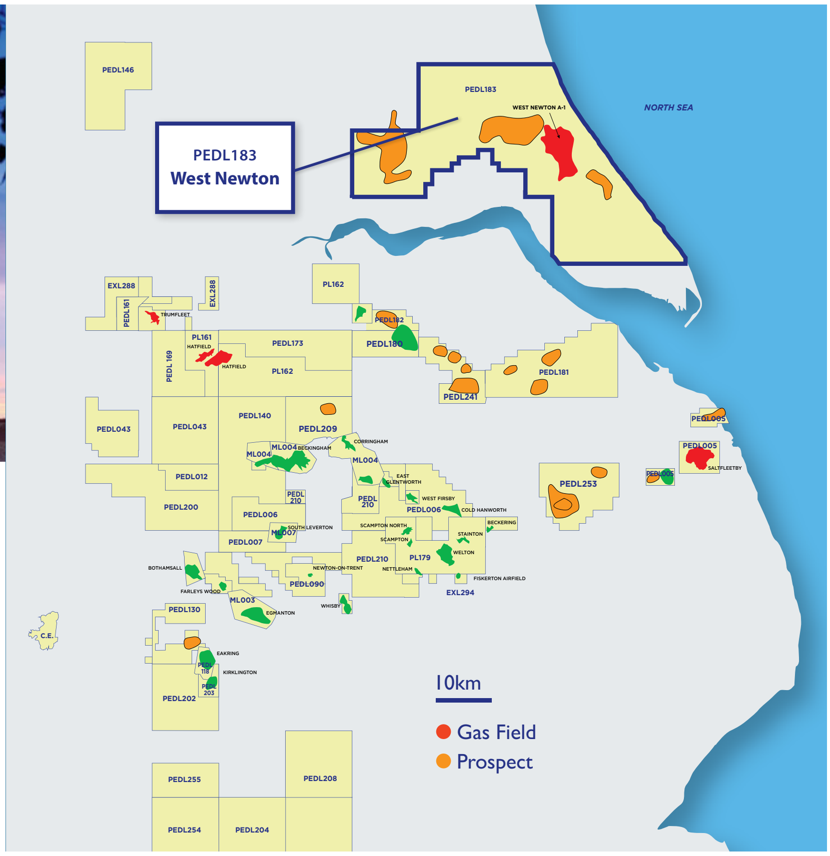
Proximity to gas markets and infrastructure.

In November 2018, Union Jack completed a farm-in agreement with Rathlin Energy (UK) Limited ("Rathlin"), a subsidiary of Canadian registered Connaught Oil & Gas Ltd, for a 16.665% licence interest in PEDL183. Union Jack has acquired the interest in PEDL183 by paying 25% of the West Newton A-2 drilling appraisal costs.

PEDL183 is located onshore East Yorkshire and within the Western sector of the Southern Zechstein Basin and contains the significant conventional West Newton A-1 gas discovery with a Best Estimate Contingent Resource of 189 bcfe or 31.5 million barrels of oil equivalent ("MMboe") gross and numerous other prospects and leads.

There are numerous positive highlights to take from this farm-in;

- The acquisition of a 16.665% interest in the large 176,000 acre PEDL183 licence containing the significant West Newton A-1 onshore gas discovery
- Best Estimate Contingent Resources of 189 bcfe of gas equivalent or 31.5 million barrels of oil equivalent gross, assigned to West Newton in a Competent Person's Report
- West Newton A-1 gas discovery is on-trend with the prolific offshore Hewett gas complex
- Proximity to existing gas pipelines and infrastructure
- Fully funded
- West Newton A-2 conventional appraisal well currently being drilled
- Compelling, immediate and future value from a development of the gas discovery alone
- Operator's NPV10% of in excess of US$300 million
- Considerable upside potential from the lower Cadeby Reef oil exploration target
- Further significant upside potential from numerous other prospects and leads within the licence area.



> The Operator's estimated unrisked Cadeby Reef evaluation indicates NPV10% before tax of US$899 million and yields a 111.3% rate of return.

The drilling of the West Newton A-2 appraisal well is currently underway and will be targeting the Kirkham Abbey Shoal and Cadeby reef formations for gas and oil respectively.

The West Newton A-1 discovery is on-trend with the prolific offshore Hewett gasfield complex. Regionally, West Newton and Hewett are located in the Southern Permian Basin which contains approximately 24 trillion cubic feet ("Tcf") of gas and 250 million barrels of oil ("MMbbls") of oil combined in production areas in Poland, Germany and the Netherlands.

The West Newton A-1 gas discovery well was drilled and logged in 2014. Reflecting its status as an existing gas discovery, the current West Newton appraisal well has a combined geological and commercial Probability of Success of over 60% in respect of the Kirkham Abbey Shoal formation.

The Operator's estimated unrisked project economic evaluation indicates NPV10% before tax of in excess of US$300 million and offers an excellent rate of return of circa 52.5%, Based on Union Jack's share of the drilling costs and the Operator's NPV10%, the Company is acquiring an interest in a gas discovery with Contingent Resources for less than US$0.03 per barrel of oil equivalent.

The Kirkham Abbey Shoal Contingent Resources (gross)

	LOW	BEST	HIGH	MEAN
Total Prospective Resource (MMboe)	15.9	31.5	62.6	36.4

The Operator has also identified a significant oil exploration target in the Cadeby Reef formation located below the existing discovered gas Contingent Resources. This secondary target will also be penetrated, if present during the current drilling. The Cadeby Reef has Best Estimate Prospective Resources of 79.1 million boe gross.

The Cadeby Reef prospect has an estimated geological chance of success of some 26%.

The Operator's estimated unrisked project evaluation indicates NPV10% before tax of US$899 million and yields a 111.3% rate of return.

Rathlin has also mapped a number of additional attractive prospects and leads on the licence that would add to the already significant resources in situ.

REVIEW OF OPERATIONS

Cadeby Reef Prospective Resources (gross)

	LOW	BEST	HIGH	MEAN
Total Prospective Resource (MMboe)	42.8	79.1	146.0	88.6

A Competent Person's Report ("CPR") was prepared for Connaught in July 2017 by Deloitte LLP, an independent company, that conforms to SPE-PRMS guidelines. The Deloitte CPR incorporates data from a proprietary three component 3D seismic survey acquired in 2014, following the drilling of the West Newton A-1 discovery well, and Deloitte has assigned Contingent Resources to the discovery.

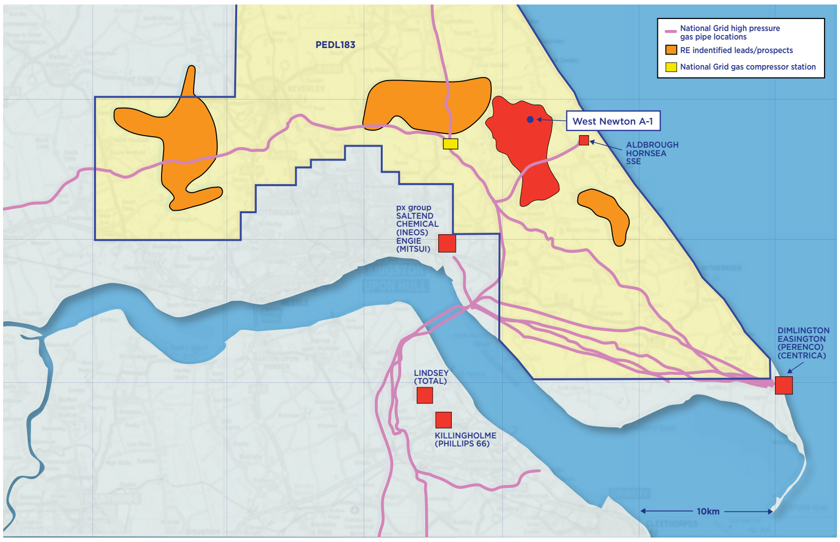
The licence is ideally situated with already major infrastructure in place or relatively nearby which enhances marketing and sales options.

There are two key UK gas terminals located on licence, the Perenco operated Dimlington, and Easington, operated by Centrica. Both terminals are important to the UK National Grid and are connected via pipeline to offshore gasfields. There is also a well-developed gas pipeline infrastructure within and surrounding the licence area as shown in the diagram below.

The Total operated Lindsey and Phillips 66 operated Humber oil refineries are located to the South of PEDL183.

Also, in close proximity are gas fired electric generation facilities with a combined capacity of over 4,700MW of power. Nearby power stations include Killingholme A and B, Immingham and Saltend.

Other infrastructure includes the Saltend Chemical Park, host to nine different companies including Engie and Ineos.



Existing Pipeline Infrastructure

THE INTERESTS IN PEDL183 ARE HELD BY:	
Rathlin Energy (UK) Limited	66.67%
Union Jack Oil plc	16.665%
Humber Oil & Gas Limited	16.665%

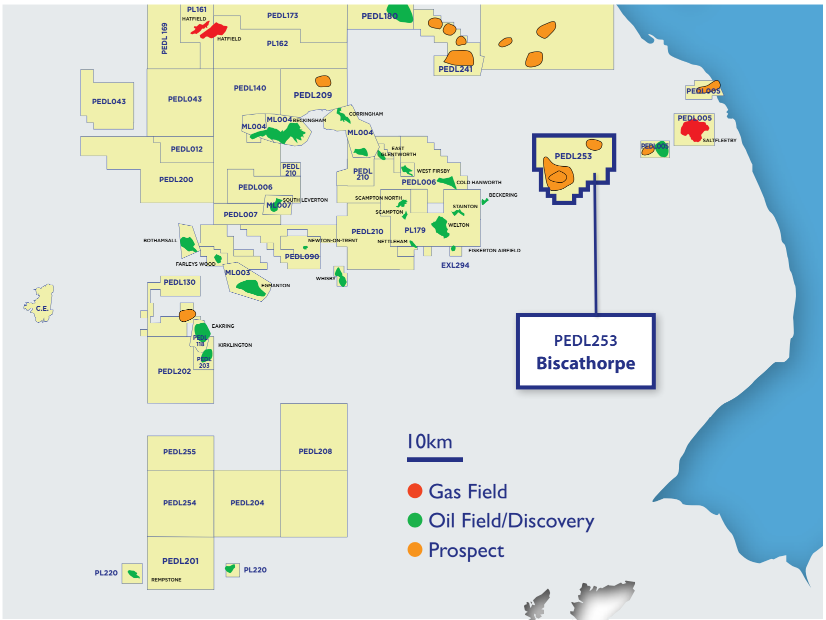
PEDL253

Biscathorpe

INTEREST HELD BY UNION JACK OIL PLC | 22%

Biscathorpe-2 well suspended for potential side-track operation.

Significant oil and gas shows over 500 feet in the Dinantian Carbonate including a suite of gas indications C1 to C5 and nC5, indicative of an effective petroleum system existing in close proximity.



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

In March 2018, the Company acquired a further 10% economic interest pro-rata from Egdon and Montrose bringing the interest held to 22%.

The Biscathorpe structure was initially drilled by BP in 1987 which encountered a thin oil bearing sand of lower Westphalian age.

In January 2019, the Biscathorpe-2 well was spudded and drilled to a total depth of 2,133 metres within the Dinantian. The sand unit was predicted to thicken away from the crest of the structure and the Operator's Best Estimate was a gross Prospective Resource of 14 million barrels of oil, with a chance of success of 40%.

During February 2019, following logging and other technical work, preliminary analysis indicated that the primary objective, the Basal Westphalian Sandstone was not encountered at the Biscathorpe-2 well location and did not thicken with respect to Biscathorpe-1 as expected in the pre-drill model.

The Biscathorpe 'play' has thus not been properly tested by the well. The Basal Westphalian Sandstone has potential to be thickly developed to the North and North-East of the Biscathorpe-2 location, away from what appears to be a more extensive than expected palaeo high.

The Union Jack technical team were also highly encouraged by the presence of a suite of gas indications, C1 to C5 and nC5 which are indicative of an effective petroleum system existing in the proximity of the Biscathorpe-2 well.

The Biscathorpe-2 well has been suspended in order to retain the option for a potential side-track which will be considered once the new well data is integrated into an updated subsurface model and more information has been acquired over what remains a high potential project in the view of Union Jack.

THE INTERESTS IN PEDL253 ARE HELD BY:	
Egdon Resources U.K. Limited (Operator)	35.8%
Montrose Industries Limited	22.2%
Union Jack Oil plc	22.0%
Humber Oil & Gas Limited	20.0%

REVIEW OF OPERATIONS

PEDL005(R)

Keddington
Louth Prospect
North Somercotes

PEDL339

Louth Extension

INTEREST HELD BY UNION JACK OIL PLC | 20%

Producing oilfield with increased production potential from two additional prospects.

Louth Prospect extends into PEDL339.

KEDDINGTON OILFIELD

Union Jack owns a 20% interest in Keddington and the associated infrastructure and production facilities. Union Jack receives 20% 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 20% 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 bopd from the Keddington-3Z well. Testing of the Keddington-5 sidetrack well, drilled in 2016, saw production dominated by formation water and plans are being considered to target undrained reservoir sequences.

The Operator is reviewing the possibilities of further sidetrack drilling at Keddington.

LOUTH PROSPECT

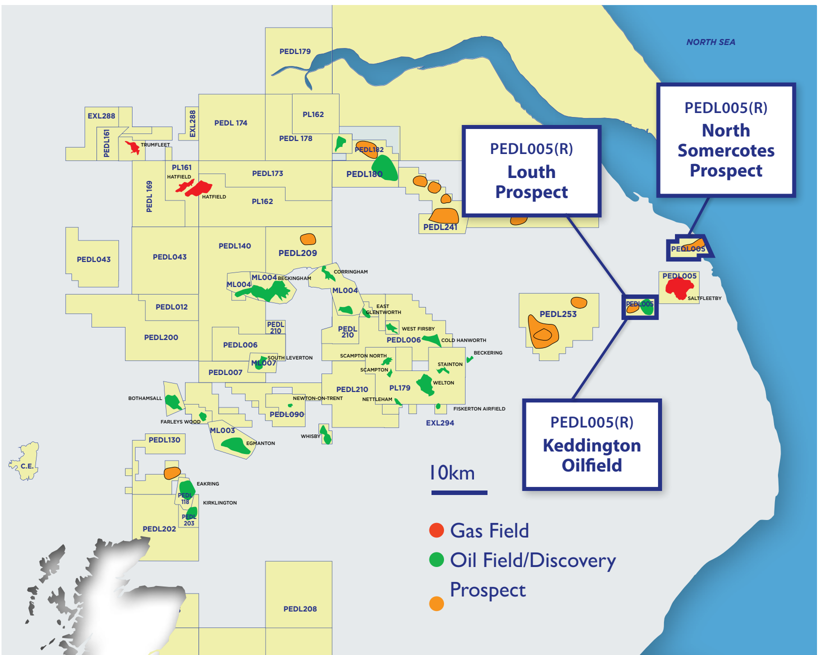
The Louth oil prospect is located mostly within PEDL005(R) and extends into PEDL339. Located on the margins of the Humber Basin, the prospect is defined on reprocessed 3D seismic data and is estimated by the Operator to contain stock tank oil initially in place ("STOIIP") of 5.5 million barrels and gross mean Prospective Resources of 1.2 million barrels with an attractive COS of 37%.

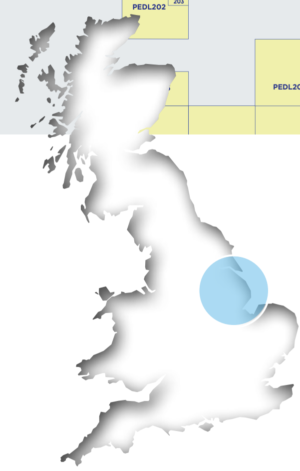
NORTH SOMERCOTES

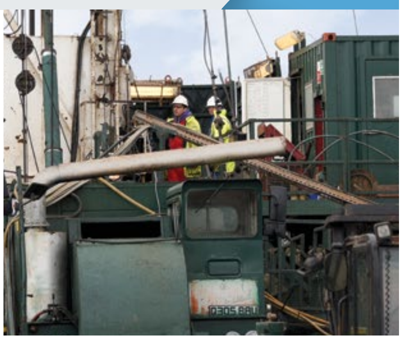
Located on the margins of the Humber Basin, the North Somercotes gas prospect is within PEDL005(R) to the North of the Saltfleetby gasfield and is estimated by the Operator to contain gross mean Prospective Resources of 11.0 billion cubic feet of gas and to have a COS of 25%.

THE INTERESTS IN PEDL005(R) ARE HELD BY:

	Keddington Oilfield	PEDL005(R) Excluding Keddington
Egdon Resources U.K. Limited (Operator)	45.0%	65.0%
Terrain Energy Limited	35.0%	15.0%
Union Jack Oil plc	20.0%	20.0%







EXL294

Fiskerton Airfield Oilfield

INTEREST HELD BY UNION JACK OIL PLC | 20%

Successful workovers on production wells.

In excess of 7,000 barrels of oil produced during 2018.

In November 2017, Union Jack acquired a 20% economic interest in EXL294 containing the producing Fiskerton Airfield oilfield.

EXL294 is located approximately seven miles East of the City of Lincoln. Fiskerton was discovered in 1997 and cumulative production has totalled approximately 440,000 barrels of oil from the mapped Oil in Place of 2.2 million barrels.

Fiskerton was producing approximately 16 barrels of oil per day from one of two production wells (FA-3). The second production well (FA-1) had been shut in for several months. Workovers of FA-1 and FA-3 were successfully completed in the period January to March 2018.

Production operations were resumed at Fiskerton and initial field production, prior to further optimisation and further operations during the coming period, including the increasing of the pumping rate, is approximately 25 bopd of good quality (35.2° API gravity) oil, a significant increase on the pre-workover rate of 16 bopd.

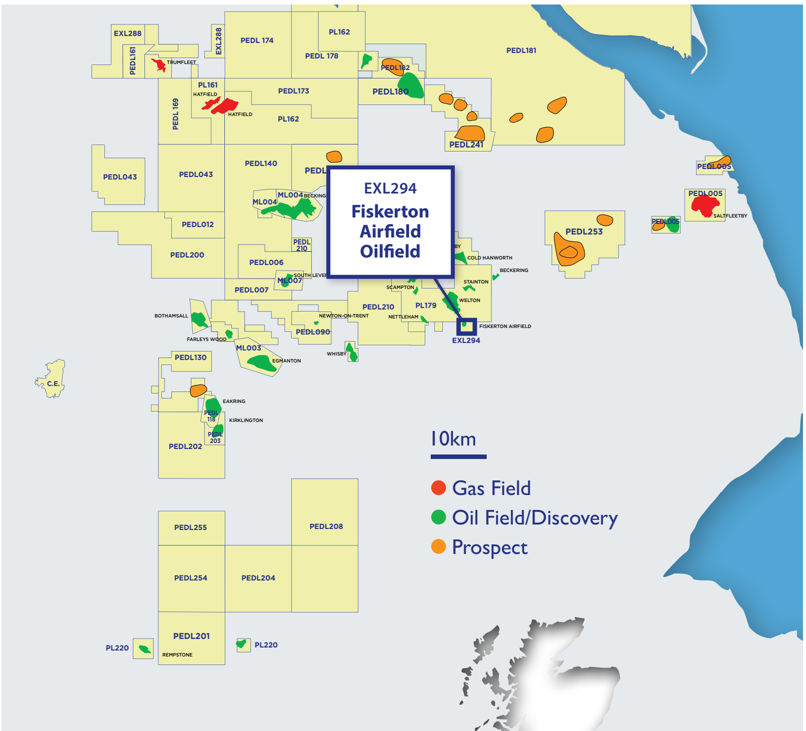
Oil production since resumption of operations to date exceeds 7,000 barrels gross and product is being sold and transported by road tanker to a refinery at Immingham, North East Lincolnshire.

There is also a dedicated water disposal well (FA-2) to re-inject any produced water into the reservoir for pressure support.

Fiskerton has suffered from a marked lack of investment by its previous owners over the past few years.

The Joint Venture partners are investigating the potential to increase further production through infill drilling and a further workover on FA-1.

THE INTERESTS IN EXL294 ARE HELD BY:	
Egdon Resources U.K. Limited (Operator)	80%
Union Jack Oil plc	20%



REVIEW OF OPERATIONS

PEDL241

North Kelsey

INTEREST HELD BY UNION JACK OIL PLC | 20%

Drill-ready multi-target prospect.

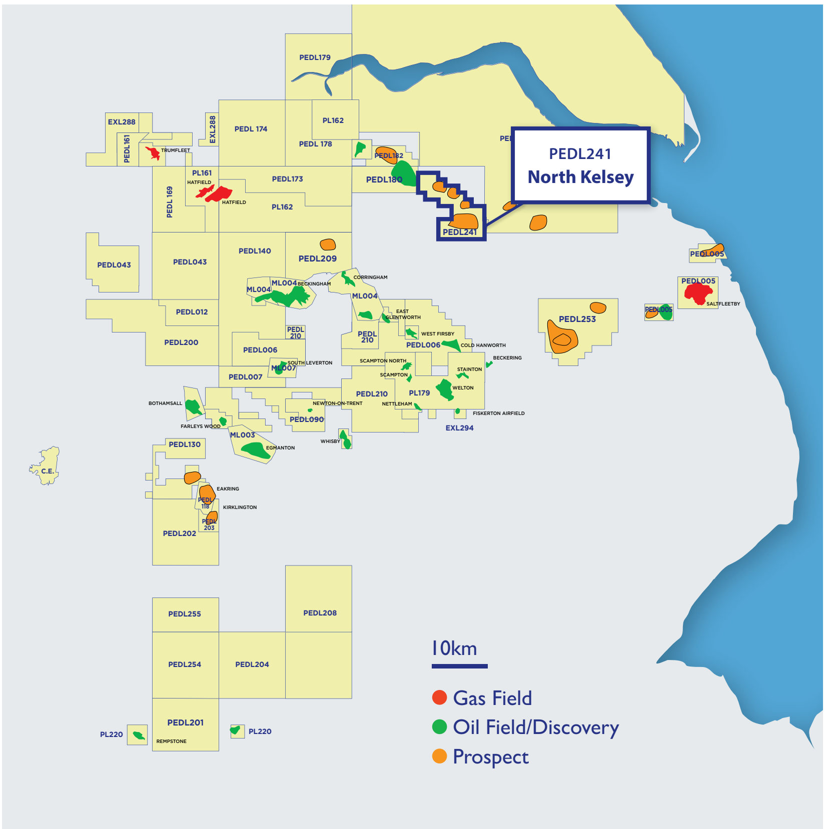
Union Jack holds a 20% interest in PEDL241 containing the North Kelsey Prospect.

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 May 2018, Lincolnshire County Council Planning Committee granted an extension to the existing planning consent to drill a conventional exploration well at North Kelsey.

North Kelsey-1 will be drilled during late 2019 or 2020, subject to obtaining farminees.

THE INTERESTS IN PEDL241 ARE HELD BY:	
Egdon Resources U.K. Limited (Operator)	80.0%
Union Jack Oil plc	20.0%

PEDL118
Dukes Wood

PEDL203
Kirklington

INTEREST HELD BY UNION JACK OIL PLC | 16.67%

Options have been identified to re-complete both wells to re-establish long-term production.

These licence interests contain previously producing oilfields that are currently shut-in. Union Jack acquired these interests in October 2017, when it purchased Cairn Energy plc's entire onshore UK portfolio for a consideration of £25,000.

PEDL118 DUKES WOOD OILFIELD (16.67%)

PEDL118 contains the Dukes Wood oilfield originally discovered by a predecessor company to BP in 1939. The oilfield was decommissioned in 1966 having produced approximately 6.5 million barrels of oil from a mapped 25.6 million barrels of oil in place representing a recovery factor of 24.5%.

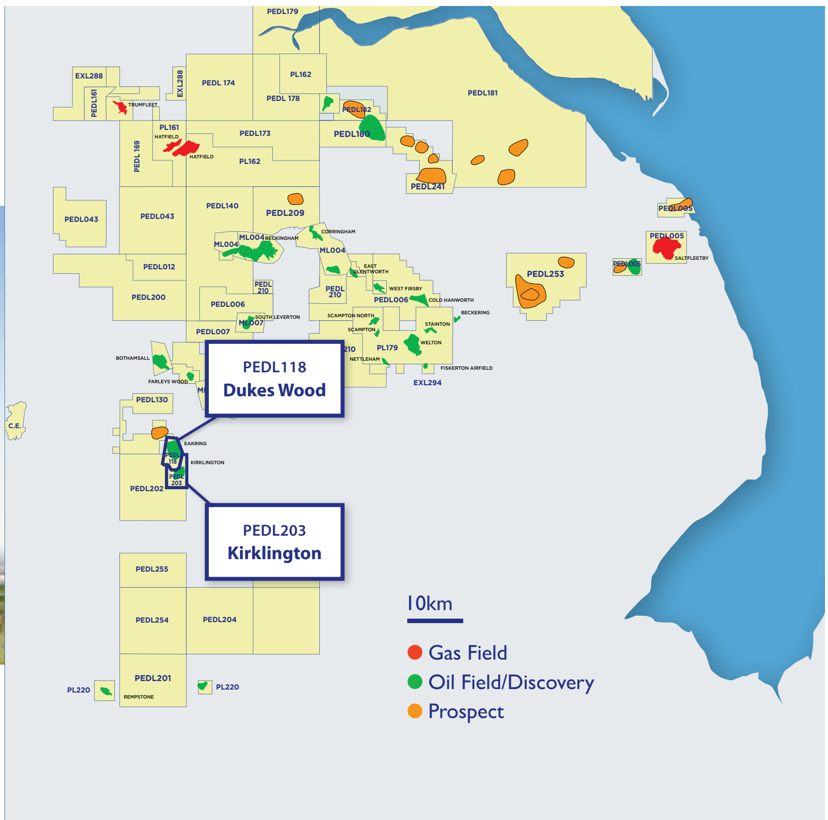
The Dukes Wood-1 well was drilled in 2010 and encountered three reservoir zones, the Ashover Grit, Crawshaw sandstone and Loxley Edge Rock, all of which were flow tested.

PEDL203 KIRKLINGTON OILFIELD (16.67%)

PEDL203 contains the Kirklington oilfield that was originally discovered by BP in 1985 and produced oil from two Carboniferous reservoirs.

Work is ongoing to configure facilities and wells for long-term production at both Dukes Wood and Kirklington.

THE INTERESTS IN PEDL118 AND PEDL203 ARE HELD BY:	
Egdon Resources U.K. Limited (Operator)	55.55%
Terrain Energy Limited	27.78%
Union Jack Oil plc	16.67%



REVIEW OF OPERATIONS

PEDL201

Widmerpool Gulf

INTEREST HELD BY UNION JACK OIL PLC | 26.25%

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 11 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.

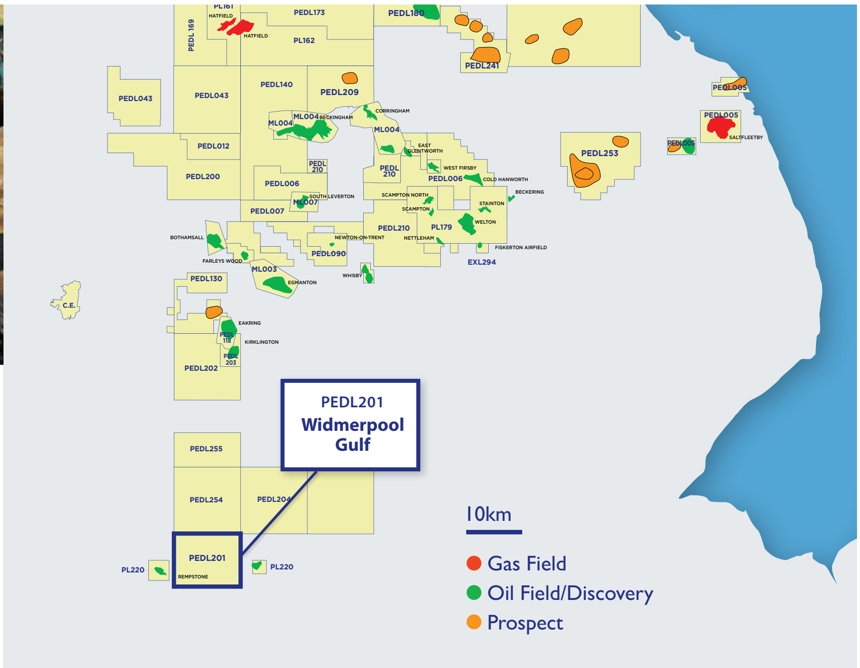
The results of the Weatherford analysis and the BGS studies suggest an unconventional shale play is present under the retained part of PEDL201.

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

The directors are considering their options to generate cash inflows from this licence and the preferred outcome from this potentially significant play type would be through an industry sale.

No impairment is considered appropriate at this time whilst further evaluation is planned and budgeted.

THE INTERESTS IN PEDL201 ARE HELD BY:	
Egdon Resources U.K. Limited (Operator)	45.00%
Union Jack Oil plc	26.25%
Humber Oil & Gas Limited	16.25%
Terrain Energy Limited	12.50%



PEDL181

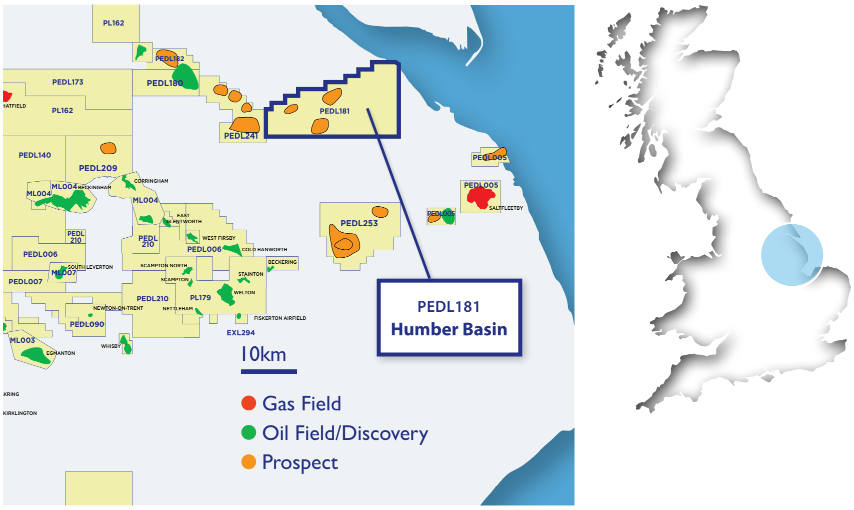
Humber Basin

INTEREST HELD BY UNION JACK OIL PLC | 12.5%

Significant Bowland-Hodder Shale potential.

PEDL181 is located within the Humber Basin and holds unconventional upside.

A budget for licence spend has been prepared for 2019 and agreed by the joint venture partners.



THE INTERESTS IN PEDL181 ARE HELD BY:	
Europe Oil & Gas Limited	50.0%
Egdon Resources U.K. Limited	25.0%
Union Jack Oil plc	12.5%
Humber Oil & Gas Limited	12.5%

PEDL209

Laughton

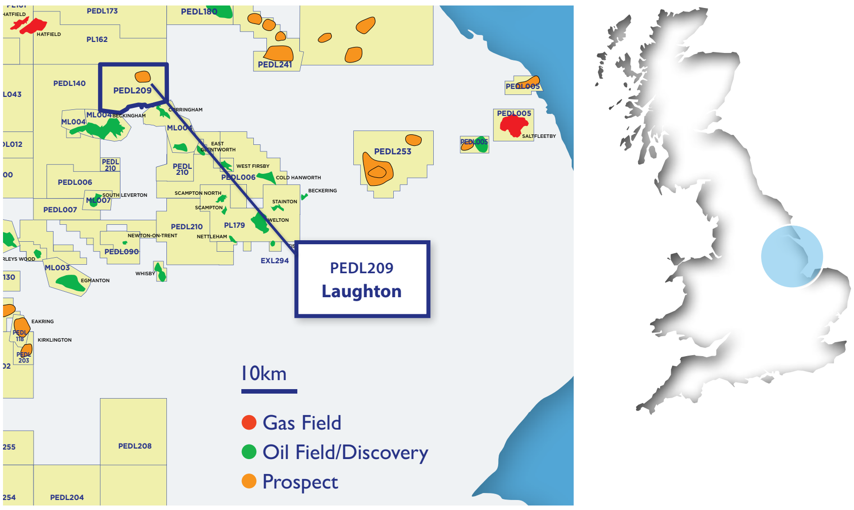
INTEREST HELD BY UNION JACK OIL PLC | 10%

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

In January 2016, Union Jack acquired from Egdon a 10% interest in PEDL209 in respect of the conventional prospects only within the licence area.

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

In February 2016, the Laughton-1 well was spudded and reached a total depth of 1,700 metres. The well was plugged and abandoned and the wellsite was restored to its original condition.



THE CONVENTIONAL INTERESTS IN PEDL209 ARE HELD BY:	
Egdon Resources U.K. Limited (Operator)	38.0%
Blackland Park Exploration Limited	28.0%
Stelinmatvic Industries Limited	24.0%
Union Jack Oil plc	10.0%

REVIEW OF OPERATIONS

PEDL143

Weald Basin

INTEREST HELD BY UNION JACK OIL PLC | 7.5%

Post year end the licence interest has subsequently been conditionally agreed to be sold to UK Oil & Gas PLC ("UKOG") for consideration of £112,500 payable in ordinary shares of UKOG.

In May 2016, Union Jack entered into an agreement with the then Operator, Europa to acquire a 7.5% economic interest in PEDL143 located within the Weald Basin in southern England and containing the drill-ready Holmwood Prospect.

The Holmwood Prospect was a conventional oil prospect first identified by BP in 1988, and is estimated by the Operator to hold gross mean unrisked prospective resources of 5.6 million barrels of oil in the Portlandian and Corallian sandstones with a geological COS of 50%. The P90 – P10 range of prospective resources is 1 to 11 million barrels of oil which is the typical range for the Weald Basin, based on the 14 oil and gas fields that have been discovered and produced in the Weald Basin to date.

In September 2018, the Operator Europa was notified by the Head of Estates at the Forestry Commission that the Minister for Environment, Food and Rural Affairs had declined to renew the lease at Bury Hill Wood, Coldharbour Lane, Surrey. This was the proposed site for the Holmwood-1 exploration well to test the conventional Holmwood Prospect.

The Operator withdrew its application to extend the planning permission to drill the Holmwood-1 well from the Bury Hill site.

The wellsite has been reinstated to its original condition and the value of the intangible asset has been fully impaired by £205,308.

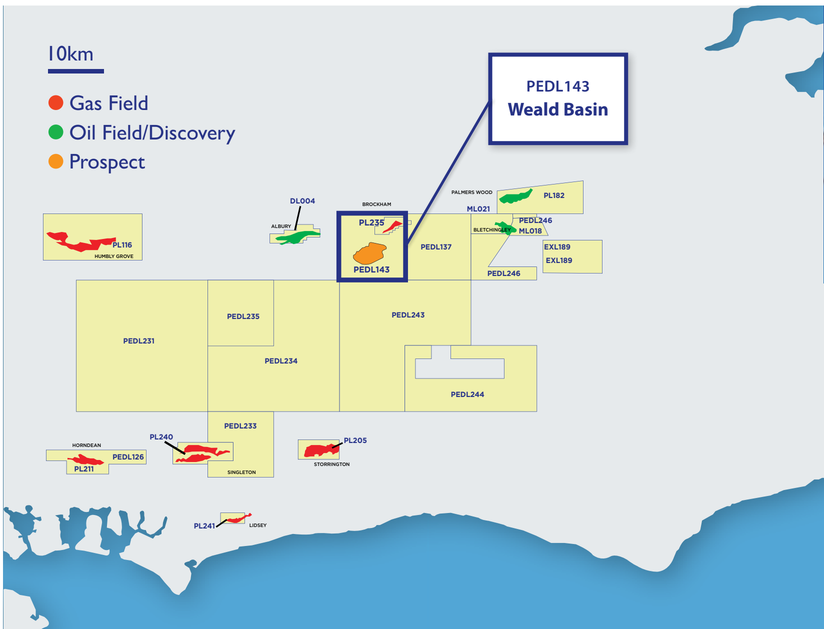
In April 2019, Union Jack conditionally agreed to sell its 7.5% interest in PEDL143 to the new Operator, UKOG. The sale is subject to the execution of a sale and purchase agreement, the principal terms of which have been agreed, and the subsequent approval by the Oil and Gas Authority.

The aggregate purchase price by UKOG for the licence interest is £112,500 and will be settled in cash that shall then be immediately, simultaneously and irrevocably applied by Union Jack for such number of ordinary shares in UKOG which is equal to £112,500 divided by 1.156 pence, being the five day volume weighted average price on 12 April 2019.

This agreement allows Union Jack to now concentrate totally on our focused areas of the East Midlands, Humber Basin and East Yorkshire where we hold material interests in potentially Company-changing projects. Payment in UKOG shares allows Union Jack to not only benefit from UKOG's increased interest in PEDL143, but also exposure to UKOG's wider Weald Basin assets and other projects.

THE INTERESTS IN PEDL143 FOLLOWING SALE WILL BE	
UK Oil & Gas investments PLC (Operator)*	67.5%
Egdon Resources U.K. Limited	18.4%
Angus Energy plc	12.5%
Altwood Petroleum Limited	1.6%

* Subject to Oil and Gas Authority approval of sale by Union Jack and Europa of their interest in PEDL143



DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report together with the financial statements for the year ended 31 December 2018.

The directors have chosen, in accordance with section 414C(11) of the Companies Act 2006, to set out in the Company's Strategic Report information required by Schedule 7 to the Accounting Regulations to be contained in the Directors' Report. This information includes future developments of the Company and the risks associated with the use of financial instruments.

DIRECTORS

The directors in office at the end of the year, and their interests in the shares of the Company as at 1 January 2018 and 31 December 2018, were as shown in the table below.

	ORDINARY SHARES	
	31 December 2018	1 January 2018
D Bramhill	63,929,285	52,164,580
J O'Farrell	212,987,709	118,870,063
R Godson	42,529,411	30,764,706
G Bull	4,000,000	4,000,000
F Lang	1,267,606,538	N/A

Frazer Lang is beneficially interested in 1,267,606,538 ordinary shares held by G.P. (Jersey) Limited representing 11.76% of the share capital of the Company.

In March 2018, Joe O'Farrell purchased 58,823,529 new ordinary shares. In October 2018 Joe O'Farrell purchased a further 35,294,177 following which he now holds a beneficial interest in 212,987,709 ordinary shares representing approximately 2.52% of the share capital of the Company.

In March 2018, David Bramhill purchased 11,764,705 new ordinary shares, following which he now holds a beneficial interest in 63,929,285 ordinary shares representing approximately 0.75% of the share capital of the Company.

In October 2018, Raymond Godson purchased 11,764,705 ordinary shares following which he now holds a beneficial interest in 42,529,411 ordinary shares representing approximately 0.05% in the share capital of the Company.

Directors who served during the year are as follows:

David Bramhill (Executive Director);

Joseph O'Farrell (Executive Director);

Raymond Godson (Non-executive Director);

Graham Bull (Non-executive Director).

Frazer Lang (Non-executive Director)*

* Frazer Lang was appointed on 4 December 2018.

DIRECTORS' REMUNERATION

The remuneration of the directors for the year ended 31 December 2018 and the year ended 31 December 2017 was as follows:

	SALARIES AND FEES	
	2018 £	2017 £
D Bramhill	110,000	86,667
J O'Farrell	55,833	50,000
R Godson	25,000	25,000
G Bull	25,000	25,000
F Lang	2,083	–

	OPTIONS	
	2018	2017
D Bramhill	120,000,000	–
J O'Farrell	60,000,000	–
R Godson	30,000,000	–
G Bull	30,000,000	–
F Lang	30,000,000	–

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

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

In July 2018, David Bramhill and Joe O'Farrell were granted 120,000,000 and 60,000,000 options respectively. The options are exercisable at 0.9 pence per share and the earliest vesting date is 18.07.21.

In November 2018, Raymond Godson, Graham Bull and Matt Small (Company Secretary) were each granted 30,000,000 options respectively. The options are exercisable at 0.11 pence per share and the earliest vesting date is 07.11.21.

In December 2018, Frazer Lang was granted 30,000,000 options. These options are exercisable at 0.11 pence per share and the earliest vesting date is 04.12.21.

Further information in respect of these options can be found in note 13(c) within the Notes to the Financial Statements section.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 13 June 2019, in accordance with the Notice of Annual General Meeting on page 63. 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:

During January 2019, the Planning Inspectorate informed the Operator that the appeal in respect of a planning extension on PEDLs 180/182 was successful and the planning permit now expires in January 2020.

During February 2019, documentation in respect of the appeal for development of the Wressle discovery was submitted to the Planning Inspectorate. Confirmation of the acceptance of the documentation has been received and the appeal will be heard on 5 November 2019.

During February 2019, the Biscathorpe-2 conventional well reached target depth and logging revealed that the well was drilled high to prognosis. The well has been suspended for a potential side-track in the future.

In March 2019, the Company raised £1,750,000 before expenses in an oversubscribed fundraising. This fundraising was subject to approval by shareholders via a General Meeting, held on 8 April 2019, whereby the resolutions were all passed by a majority. Following this fundraising there are now 10,784,043,588 ordinary shares in issue.

In April 2019, Union Jack reached agreement with UK Oil & Gas PLC ("UKOG") to sell its 7.5% interest in PEDL143. The aggregate purchase price by UKOG for the licence interest is £112,500 and will be settled in cash that shall then be immediately, simultaneously and irrevocably applied by Union Jack for such number of ordinary shares in UKOG which is equal to £112,500 divided by 1.156 pence, being the 5 day volume weighted average price on 12 April 2019.

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 13(a).

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves 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 BDO 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

13 May 2019

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

CORPORATE GOVERNANCE REPORT

The Company's securities are traded on the Alternative Investment Market ("AIM") of the London Stock Exchange.

The London Stock Exchange has recently introduced changes to the AIM rules requiring all AIM listed companies to adopt and comply with a recognised corporate governance code.

This corporate governance statement has been prepared by David Bramhill,the Executive Chairman of the Company and has been approved by the Company's Board of directors (the "Board") in accordance with the recommendations of the QCA Corporate Governance Code 2018 (the "Code"), which the Company has adopted as its code of governance.

This statement explains how the 10 principles of the Code are applied by the Company, and where the Company departs from the Code, an explanation of the reasons for doing so is provided.

	QCA Code Recommendation	Application by the Company
1.	**Principle 1** **Establish a strategy and business model which promotes long-term value for shareholders.** • The Board must be able to express a shared view of the Company's purpose, business model and strategy. • It should go beyond the simple description of products and corporate structures and set out how the Company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the Company from unnecessary risk and securing its long-term future	• The primary objective of the Company is to build a sustainable and successful conventional onshore hydrocarbon exploration, development and production business, which the Board seeks to deliver through the acquisition of, and subsequent investment in, carefully selected licence interests in the UK onshore. The Company undertakes this in conjunction with a number of joint venture operating partners (including, but not limited to, Europa Oil & Gas (Holdings) plc, Egdon Resources plc and Rathlin Energy (UK) Limited). • The Company's strategy is the appraisal and exploitation of the assets currently owned. Simultaneous with this process, the Board expects to continue to use its expertise and cash resources to acquire further licence interests and production in the UK in the future. • The Board is optimistic about the prospect of delivering shareholder value in the medium to long term via the acquisition and increased interest in various high impact licence areas with proven reserves, contingent resources and drill-ready prospects. • The Company's strategy is underpinned by a well-balanced and diverse onshore UK asset portfolio, ensuring the relevant components of production, development, appraisal and discovery are all in place, as is adequate and prudently sourced funding for the Company's commitments going forward.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

	QCA Code Recommendation	Application by the Company
2.	**Principle 2** **Seek to understand and meet shareholder needs and expectations.** • Directors must develop a good understanding of the needs and expectations of all elements of the Company's shareholder base. • The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.	• Since the Company's incorporation in January 2011, members of the Board have been very active in encouraging and participating in direct dialogue with shareholders in order to ensure the Company's shareholders are kept regularly updated and are able to discuss strategy and performance directly with the Board (subject always to compliance with legal and regulatory requirements, including the Market Abuse Regulations ("MAR")). This also allows the Board to obtain a clear understanding of shareholders' motivations and concerns. • All shareholders are encouraged to attend the Company's Annual General Meeting and investors have access to current information on the Company through its website and via the info@unionjackoil.com email address. • In addition, due to the volatility of the industry in which the Company operates, the Board recognises the particular importance of frequent and regular communications with shareholders, so they can keep abreast of major potential risks and uncertainties in the industry.
3.	**Principle 3** **Take into account wider stakeholder and social responsibilities and their implications for long-term success.** • Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The Board needs to identify the Company's stakeholders and understand their needs, interests and expectations. • Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.	• As set out above, due to the specific nature of the Company's business, the Company currently relies on three key joint venture partners: Egdon Resources U.K. Limited, Europa Oil & Gas Holdings Limited and Rathlin Energy (UK) Limited, who manage and operate the Company's licence interests on its behalf. • The Company takes its relationship with its joint venture partners and its third party professional advisors (both of whom it sees as its key stakeholders) very seriously. The manner in which the Company seeks to ensure the long term success of these relationships includes: o ensuring the Executive Chairman and other members of the Board continue to openly discuss any issues and queries their joint venture partners may have in an open, direct and constructive manner. o adhering to the Company's policy of settling all invoices on return, as the Company regards its third party professional advisors as critical to the Company's continued success. • The Board is also keenly aware of the local environment and its inhabitants in which the Company's licence interests are situated. While the Company does not manage these relationships directly on a day to day basis, the Board works with the Company's joint venture operating partners to ensure any queries or concerns any community members may have are swiftly addressed and, at the same time, all community members are treated with the respect and attention they deserve.

	QCA Code Recommendation	Application by the Company
4.	**Principle 4** **Embed effective risk management, considering both opportunities and threats, throughout the organisation.** • The Board needs to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the Company's supply chain, from key suppliers to end-customer. • Setting strategy includes determining the extent of exposure to the identified risks that the Company is able to bear and willing to take (risk tolerance and risk appetite).	• The management of the business and the execution of the Company's strategy are subject to a number of risks. The Board ensures risks are mitigated as far as reasonably practicable by performing a detailed review of the issues pertaining to each significant decision. Significant decisions are reviewed by the Board having consulted the Company's professional third party advisers (be they legal, financial or technical). • 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 include operating reliance on third parties, the ability to monetise discoveries, the price of products and the costs of exploration and/or production. • The principal risks to the Company as well as the mitigation actions by the Board are set out below: o **Strategic risk:** a weak or poorly executed acquisition and development process fails to create shareholder value. This risk is mitigated through performing a detailed technical review, both internally by management and externally by advisers, for each investment which includes valuation exercises on the potential return on capital invested. o **Operational risk:** operational events can have an adverse effect. The main risk is the potential failure to obtain planning permission in respect of the Company's licence interests. This risk is mitigated by the appointment of specialist professional entities who work together to compile planning applications designed to achieve a positive result. On site operational risks and its mitigation are managed by the site Operators, Egdon Resources U.K. Limited, Europa Oil & Gas Holdings Limited and Rathlin Energy (UK) Limited, whom have to date safety records of the highest standard. o **External Risk:** Lack of growth caused by political, industry or market factors. The Company operates exclusively within the UK and the Board considers that the UK onshore hydrocarbon arena offers political security and excellent value under a regime with a very clearly spelt out protocol giving the opportunity to develop assets unhindered. In respect of the ongoing Brexit discussions and the potential effect on the Company going forward, it is impossible to predict the effects as Brexit, or any variation upon that, has not happened as yet. o **Financial Risk:** the lack of ability to meet financial obligations. 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. o **Product Price Risk:** due to the nature of the periodic fluctuation of oil, any such adverse fluctuation could potentially have an impact on the Company's resulting return to its shareholders. • The Company also holds Directors' Insurance cover and the Company is covered by the Operator's insurance during drilling and other operational situations for specific projects.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

	QCA Code Recommendation	Application by the Company
5.	**Principle 5** **Maintain the Board as a well-functioning, balanced team led by the Chairman.** • The Board have a collective responsibility and legal obligation to promote the interests of the Company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chairman. • The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. • The Board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a Board judgement. • The Board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. • Directors must commit the time necessary to fulfil their roles.	• The Board consists of two executive directors and three non-executive directors, who are responsible for the management of the Company. • No members of the Board have other commitments that would prevent them from spending as much time as required to ensure the aims and best interests of the Company are met. None of the directors of the Company are independent and the Board will review this on an ongoing basis. Any changes to directors' commitments and interests will be reported to and, where appropriate, agreed with the rest of the Board. • The Board meets formally in person and by telephone multiple times during the year, attendance of which has always been 100%, since the Company's incorporation. The Board also holds numerous informal project appraisal and strategy discussions (sometimes on a daily basis), and meet at least four times in each year to review trading performance and budgets, ensure adequate funding, set and monitor strategy, examine acquisition opportunities and report to the shareholders. • The Board's culture is one of collaboration regarding decisions, to ensure each decision reached is always in the Company's (and by extension, its shareholders') best interest and that one individual opinion never dominates decision making. The Board seeks, so far as possible, to achieve decisions by consensus and all directors are encouraged to use their independent judgement and to challenge all matters whether strategic or operational. To date all decisions have been unanimous. • The Company's three non-executive directors hold shares and options in the Company. The Board are satisfied that these shareholdings and options are not "significant" with the exception of Frazer Lang who is the beneficial owner of a 11.76% interest in shares held by G.P. (Jersey) Limited. Frazer Lang is bound by the Company's dealing code in relation to the ordinary shares held. Therefore such shareholdings do not contravene the provisions of the Code. • During 2018, the Board held eight meetings, either by telephone or in person. • There are no mandatory hours for directors to be available for Company business. The Executive directors and Non-executive directors are available for any Company business when it may arise. • The Board delegates certain decisions to an Audit Committee and a Remuneration Committee. The Audit Committee has joint responsibility for reviewing the year end accounts with the Auditor. The Remuneration Committee annually review the remuneration of the executive directors. establishing and maintaining robust internal financial control systems for the Company.

	QCA Code Recommendation	Application by the Company
6.	**Principle 6** **Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.** • The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The Board should understand and challenge its own diversity, including gender balance, as part of its composition. • The Board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board. • As companies evolve, the mix of skills and experience required on the Board will change, and Board composition will need to evolve to reflect this change.	• The current Board composition of the Company and each director's experience is set out in this report. The Board's view is that the directors have a variety of complimentary experiences and skillsets, including experience in: industry specific technical, financial and public capital markets sectors. • The directors are mindful of the need to ensure the Company has in place a diverse Board that encompasses the right skills required to ensure the Company's continued success, including creating an atmosphere of constructive challenge and consensus for any decision reached. As such, and given the current size of the Company, the Board is of the opinion its current composition and skillset is currently sufficient to maintain and drive the long term success for the Company's shareholders. • Each director takes their continued professional and technical development seriously, so in order to ensure the Board keeps abreast of the current challenges faced by the industry the Company operates in, the directors attend both trade shows and technical sessions during the course of any given year. • The Board ensures it is well advised and supported by utilising a range of external experts in various fields, and employs external: accountants, legal counsel, a company secretary and a nominated adviser in accordance with the AIM rules. On the industry specific front, it also employs two technical consultancies: Sotwell Exploration Ltd and Calderdale Geoscience Limited.
7.	**Principle 7** **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.** • The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. • The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team. • It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for the board. No member of the Board should become indispensable.	• While the Board is very much aware of the needs of the Company in ensuring effectiveness of Board performance and the periodic refreshment of the composition of the Board, the Board believes that due to the Company's current size and its current corporate culture of constructive challenge and consensus on each decision reached, the procedures already in place are sufficient for monitoring Board performance and no external performance reviews are required at this time. This will be kept under review. • The Board is also of the opinion that the Company has appropriate measures in place to ensure any refreshment of the Board occurs in a timely manner, and always with the best interests of the shareholders in mind.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

<table>
<tr><th></th><th>QCA Code Recommendation</th><th>Application by the Company</th></tr>
<tr><td>8.</td><td>Principle 8

Promote a corporate culture that is based on ethical values and behaviours.

• The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.

• The policy set by the Board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the Company.

• The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the Company.

• The corporate culture should be recognisable throughout the disclosures in the Annual Report, website and any other statements issued by the Company.</td><td>• The directors recognise that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board seeks to embody and promote a corporate culture that is based on sound ethical values as it believes the tone and culture set by the Board impacts all aspects of the Company, including the way that employees and other stakeholders behave.

• The Company has adopted a share dealing code which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of MAR which came into effect in 2016.

• The Board believes that evidenced through the disclosures made throughout this statement, its corporate governance regime and culture are at the core of its operations and are appropriate given the current size of the Company.

• Furthermore, through its interaction with its stakeholders and in the communities in which it operates in (described above), it maintains a collaborative and constructive dialogue that embodies a dynamic, accessible, open door and vibrant corporate culture.

• The Company's corporate culture is monitored/assessed regularly taking on board immediately any changes made by AIM Rule 26 and where advisors may advise. All financial transactions are reviewed independently by Berkeley Hall Marshall Limited. An anti-bribery policy is in place.

• As such, and taking into account the Board interaction with each of its professional advisors described above, the Board is satisfied that its governance regime is more than adequate given the size of the Company, its shareholder base and business pipeline.</td></tr>
</table>

<table>
<tr><th></th><th>QCA Code Recommendation</th><th>Application by the Company</th></tr>
<tr><td>9.</td><td>Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

• The Company should maintain governance structures and processes in line with its corporate culture and appropriate to its:
o size and complexity; and
o capacity, appetite and tolerance for risk.

• The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Company.</td><td>• As disclosed throughout this statement, the Company maintains and employs robust corporate governance practices to support an effective and collaborative Board, always working in the best interests of its shareholders.

• Details of Board committees, under Principle 5 above, are covered within the Company's latest Annual Report (available at: http://unionjackoil.com/).

• The Board intends that the Company's governance structures evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Company.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

<table>
<tr><th></th><th>QCA Code Recommendation</th><th>Application by the Company</th></tr>
<tr><td>10.</td><td>Principle 10

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

• A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Company.
• In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base.
• This will assist:
o the communication of shareholders' views to the Board; and
o the shareholders' understanding of the unique circumstances and constraints faced by the Company.
• It should be clear where these communication practices are described (Annual Report or website).</td><td>• As set out above, the Company ensures:
o a printed annual and half year report is delivered to each shareholder, and also made available on the Company's website.
o all RNS announcements are released in a timely manner, while also ensuring all announcements are drafted in a clear and concise fashion.
• In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. The outcomes of all shareholder votes are disclosed in a clear and transparent manner via a RNS.
• The Company includes historical Annual Reports, notices of General Meetings and RNS announcements over the last five years on its website. The Company also lists contact details on its website, should shareholders wish to communicate with the Board.
The Company intends to include, where relevant, in its annual report, any matters of note arising from the Audit or Remuneration committees.
• Each shareholder is actively encouraged to both attend the Company's Annual General Meeting and throughout the year to contact the Chairman to discuss any queries or concerns they may have.
• Given the size of the Company, the Board is of the opinion that no formal communication structures are required at this time. The Company does however:
o ensure continued disclosure of all items in conjunction with AIM Rule 26 on its website;
o disclose the results of all shareholder votes once held, in conjunction with the Company's Annual General Meeting; and
o keeps in constant communication and dialogue with its key stakeholders and joint-venture partners through an accessible and open door policy, with the Chairman acting as the key conduit. For avoidance of doubt, it is important to note that any conversations shareholders and the Chairman may have are always in accordance of what is permissible under MAR.
• The Company's communication practices are set out on its website at: http://unionjackoil.com/company-information/aim-rule-26/</td></tr>
<tr><td>Other</td><td>Consider relationship agreement where there is a dominant shareholder.</td><td>The Company has no dominant shareholder, however the Company does have one "Significant Shareholder" (as defined under the AIM Rules).
One of these Significant Shareholders is G.P. (Jersey) Limited, which holds 11.76% of the issued share capital of the Company. A Related Party (again, as defined under the AIM Rules) to G.P. (Jersey) Limited is a director of Humber Oil & Gas Limited, a commercial joint venture partner of the Company.
It is important to note that the above disclosures do not represent any conflict of interest from the Company's perspective, and as such no relationship agreement is in place between the Company and Humber Oil & Gas Limited regarding this matter.
Further details of Humber Oil & Gas Limited can be found on its website: https://humberoilandgas.co.uk</td></tr>
</table>

THE BOARD

During the year the Board of Directors of Union Jack Oil plc consisted of two executive directors and three 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 and share options. Directors' remuneration for the year is noted in the Directors' Report and shown in note 3 on page 50.

Those disclosures form part of this report and are disclosed within the Directors' Report, and note 3 within the Notes to the Financial Statements section of this Annual 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 Audit Committee is responsible for considering a wide range of financial matters which include the reviewing of Half Yearly and Year End Reports, discussions with the Auditor and share placing agreements.

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 2018

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 have elected 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. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

TO THE MEMBERS OF UNION JACK OIL PLC

OPINION

We have audited the financial statements of Union Jack Oil plc (the 'Company') for the year ended 31 December 2018 which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

TO THE MEMBERS OF UNION JACK OIL PLC

CARRYING VALUE OF THE OIL & GAS ASSETS

Matter identified	How we addressed the matter
The Company's oil and gas assets are classified as intangible assets where the Company has exploration and evaluation interests ('E&E') and as property, plant and equipment where the Company has development and producing interests ('D&P'). See note 7 and 8. In respect of both the Company's E&E assets and D&P assets, management and the directors are required to assess for any indicators of impairment of the assets. Given the significance of the assets on the Company's Balance Sheet and the significant management judgement involved in the assessment of the carrying values of the assets there is an increased risk of material misstatement.	In respect of both the E&E assets and the D&P assets we evaluated management's and the Board's impairment review for each of the assets held. We critically challenged the considerations made of whether or not there were any indicators of impairment identified in accordance with the requirements of the relevant accounting standards. Our specific audit testing for the E&E Assets included: • the verification of licence status in order to confirm legal title and validity of each of the licences • reviewing activity to assess whether there was evidence from technical work undertaken to date by management and third parties which would indicate a potential impairment trigger • reviewing approved budget forecasts and minutes of management and Board meetings to confirm the Company's intention to continue exploration work on the licences, and • in order to obtain an understanding of management's expectation of commercial viability, we reviewed available technical documentation and discussed results and operations with management. Our specific audit testing for the D&P assets included: • the verification of licence status in order to confirm legal title and validity of each of the licences; • reviewing the external and internal sources of information, such as third party reports and reports provided by operators in order to assess whether any impairment triggers were identified • reviewing third party reports and management estimates relating to the assessment of the potential recoverable value of the assets
Key Observations: Based on our work we found no evidence that the carrying value of the Company's Oil and Gas assets is impaired	

OUR APPLICATION OF MATERIALITY

Company materiality as at 31 December 2018	Basis for materiality
£74,000 (2017: £75,000)	1.0% of total assets (2017: 1% of total assets)

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

In performing the audit we applied a lower level of performance materiality in order to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds financial statement materiality. Performance materiality for the financial statements was set at £55,500, being 75% of financial statement materiality.

We agreed with the Audit Committee that we would report to them all individual audit differences identified during the course of our audit in excess of £1,500 (2017: £3,500). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

OVERVIEW OF THE SCOPE OF OUR AUDIT

We performed a full scope audit on the financial statements of the Company. All audit work was undertaken by BDO LLP.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

TO THE MEMBERS OF UNION JACK OIL PLC

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements 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.

RESPONSIBILITIES OF DIRECTORS

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

TO THE MEMBERS OF UNION JACK OIL PLC

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

USE OF OUR REPORT

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

Anne Sayers, Senior Statutory Auditor

For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

13 May 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31.12.18 £	31.12.17 £
Revenue		165,270	46,203
Cost of sales - operating costs		(159,046)	(48,627)
Cost of sales - depreciation		(32,186)	(17,322)
Gross loss		(25,962)	(19,746)
Administrative expenses (excluding impairment charge)		(871,489)	(722,502)
Impairment	2	(205,308)	(5,078)
Total administrative expenses		(1,076,797)	(727,580)
Operating loss	2	(1,102,759)	(747,326)
Finance income	4	4,051	504
Loss before taxation		(1,098,708)	(746,822)
Taxation	5	–	–
Loss for the financial year		(1,098,708)	(746,822)
Attributable to:			
Equity shareholders of the Company		(1,098,708)	(746,822)
Loss per share			
Basic and diluted loss per share (pence)	6	(0.01)	(0.02)

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	31.12.18 £	31.12.17 £
Loss for the financial year	(1,098,708)	(746,822)
Other comprehensive income	–	–
Total comprehensive loss for the financial year	(1,098,708)	(746,822)

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

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Notes	31.12.18 £	31.12.17 £
Assets			
Non-current assets			
Exploration and evaluation assets	7	3,485,961	2,806,278
Property, plant and equipment	8	611,139	496,859
Investments	10	40,000	40,000
		4,137,100	3,343,137
Current assets			
Trade and other receivables	11	198,054	65,872
Cash and cash equivalents	12	3,123,287	1,578,514
		3,321,341	1,644,386
Total assets		7,458,441	4,987,523
Liabilities			
Current liabilities			
Trade and other payables	19	396,688	310,079
Non-current liabilities			
Provisions	20	453,165	229,918
Total liabilities		849,853	539,997
Net assets		6,608,588	4,447,526
Capital and reserves attributable to the Company's equity shareholders			
Share capital	13(a)	3,983,958	2,954,547
Share premium	14	7,593,146	5,379,670
Share-based payments reserve	14	78,319	61,438
Accumulated deficit	14	(5,046,835)	(3,948,129)
Total equity		6,608,588	4,447,526

The financial statements of Union Jack Oil plc, registered number 07497220, were approved and authorised for issue by the Board of Directors on 13 May 2019 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 2018

	Share capital £	Accumulated deficit £	Share premium £	Share-based payment reserve £	Total £
Balance at 1 January 2018	2,954,547	(3,948,129)	5,379,670	61,438	4,447,526
Total comprehensive loss	**–**	**(1,098,708)**	**–**	**–**	**(1,098,708)**
Contributions by and distributions to owners					
Issue of share capital	1,029,411	–	2,470,589	–	3,500,000
Share issue costs	–	–	(257,113)	–	(257,113)
Share-based payments	–	–	–	16,881	16,881
Total contributions by and distributions to owners	**1,029,411**	**(1,098,708)**	**2,213,476**	**16,881**	**2,161,162**
Balance at 31 December 2018	**3,983,958**	**(5,046,835)**	**7,593,146**	**78,319**	**6,608,588**
Balance at 1 January 2017	2,696,399	(3,489,703)	4,566,072	167,924	3,940,692
Total comprehensive loss	**–**	**(746,822)**	**–**	**–**	**(746,822)**
Contributions by and distributions to owners					
Issue of share capital	258,148	–	1,135,849	–	1,393,997
Share issue costs	–	–	(140,342)	–	(140,342)
Prior period exercised and expired warrants	–	215,366	(114,074)	(101,292)	–
Current year expired share warrants	–	–	5,194	(5,194)	–
Total contributions by and distributions to owners	**258,148**	**288,395**	**813,598**	**(106,486)**	**1,253,675**
Balance at 31 December 2017	**2,954,547**	**(3,948,129)**	**5,379,670**	**61,438**	**4,447,526**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31.12.18 £	31.12.17 £
Cash flow from operating activities	15	(893,956)	(503,331)
Cash flow from investing activities			
Purchase of intangible assets	7	(755,919)	(872,482)
Purchase of property, plant and equipment	8	(52,291)	(161,797)
Interest received		4,051	504
Net cash used in investing activities		(804,159)	(1,033,775)
Cash flow from financing activities			
Proceeds on issue of new shares	13(a)	3,500,000	1,393,997
Cost of issuing new shares	13(a)	(257,113)	(140,342)
Net cash generated from financing activities		3,242,887	1,253,655
Net increase / (decrease) in cash and cash equivalents		1,544,773	(283,450)
Cash and cash equivalents at beginning of financial year		1,578,514	1,861,964
Cash and cash equivalents at end of financial year	12	3,123,287	1,578,514

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 2018.

The financial statements have been prepared under the historical cost convention except for the valuation of certain warrants for shares. The principal accounting policies set out below have been consistently applied to all periods presented.

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 (being at least 12 months from the date the financial statements were approved) from the cash held on deposit on 31 December 2018 and funds raised subsequent to 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.

REVENUES

Revenues represent amounts receivable for the sale of crude oil, net of taxes, and are recognised on delivery to a third party storage facility on behalf of a customer.

Under IFRS 15 these revenues have been assessed on page 47 (under the new accounting standards adopted).

CASH AND CASH EQUIVALENTS

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

FINANCIAL INSTRUMENTS

Recognition and Derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Initial Measurement of Financial Assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

Subsequent Measurement of Financial Assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (FVOCI)

PRINCIPAL ACCOUNTING POLICIES

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's investment in unlisted shares are classified as financial assets at FVOCI. Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Classification and Measurement of Financial Liabilities

The Company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs or finance income.

Impairment of Financial Assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model to be applied. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on trade receivables.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL.

INTANGIBLE ASSETS – EXPLORATION AND EVALUATION ASSETS

Costs (including research costs) incurred prior to obtaining the legal rights to explore an area will be expensed immediately to the Income Statement, as these are classified as pre-licence costs.

Expenditure incurred on the acquisition of a licence interest will initially be capitalised on a licence-by-licence basis. Costs will be held 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.

All such costs will be subject to regular technical, commercial and management review for indicators of impairment 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 cash generating units 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.

PROPERTY, PLANT AND EQUIPMENT – DEVELOPMENT AND PRODUCTION ASSETS

Development and production ("D&P") assets are accumulated into cash generating units ("CGU") and represent the cost of developing the commercial reserves and bringing them into production together with the E&E expenditures previously transferred from E&E assets as outlined in the policy above.

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.

On acquisition of a D&P asset from a third party, the asset will be recognised in the financial statements on signature of the sale and purchase agreement, subject to satisfaction of any substantive conditions within the agreement.

Costs relating to each CGU are depleted on a unit of production method based on the commercial Proven and Probable Reserves for that CGU. Development assets are not depreciated until production commences. The depreciation calculation takes account of the residual value of site equipment and the estimated future costs of development of recognised Proven and Probable Reserves, based on current price levels. Changes in reserve quantities and cost estimates are recognised prospectively.

PRINCIPAL ACCOUNTING POLICIES

DECOMMISSIONING AND SITE RESTORATION PROVISIONS

Licensees have an obligation to restore fields to a condition acceptable to the relevant authorities at the end of their commercial lives.

Provision for decommissioning and reinstatement is recognised in full as a liability and an asset when the obligation arises.

The asset is included within exploration and evaluation assets or property, plant and equipment as is appropriate. The liability is included within provisions.

The amount recognised is the estimated cost of decommissioning and reinstatement, discounted where appropriate to its net present value, and is reassessed each year in accordance with local conditions and requirements.

Revisions to the estimated costs of decommissioning and reinstatement which alter the level of the provisions required are also reflected in adjustments to the decommissioning and reinstatement asset.

The increase in the net present value of the future cost arising from the unwinding of the discount is included within finance costs.

CONTINGENT LIABILITIES

Contingent consideration payable in respect of the Company's interest in certain licences is considered to be a contingent liability, which is not recognised due to the lack of estimation certainty of both the timing and amount payable. These will be recognised as a provision when it is possible to accurately estimate costs and the timing is known.

IMPAIRMENT

The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, such as a well not encountering commercial quantities of oil or a site being shut-in, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level on a field-by-field basis. For intangible exploration and evaluation assets potential impairment triggers may include the short term expiry of a licence, lack of budgeted spend, or the lack of potential for commercial development of the asset. The potential recoverable value of such assets is assessed by the directors based on their knowledge of the assets and available information. The Company's cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the profit and loss account and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the prior years.

The recoverable amount of assets is the higher of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairments are recognised in the Income Statement to the extent that the carrying amount exceeds the assets' recoverable amount. The revised recoverable amounts are amortised in line with the Company's accounting policies.

JOINT ARRANGEMENTS, FARM-IN AND PROFIT SHARING AGREEMENTS

The Company is party to a joint arrangement when there is a contractual agreement that sets out the terms of the relationship over the relevant activities of the Company and at least one other party.

The management have a legal degree of control over these joint operating arrangements through Joint Operating Agreements.

The Company classifies its interests in joint arrangements as joint operations: where the Company has both the rights to assets and obligations for the liabilities of the joint arrangement.

The Company accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

The Company accounts for its own assets, liabilities and cash flows measured in accordance with the terms of the production sharing agreement and the accounting treatment reflects the agreement's commercial effect. The Company's revenue and cost of sales include revenues and operating costs associated with the Company's interest.

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

PRINCIPAL ACCOUNTING POLICIES

business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

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.

The equity instrument in respect of the Company is in relation to the issue of ordinary shares.

SHARE-BASED PAYMENTS

Equity-settled share-based payments in respect of warrants and options issued by the Company 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.

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 13(b) and 13 (c). The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of the number 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.

When a share-based payment expires, the cumulative expense recognised in the share based payment reserve is reclassified to the relevant component of equity in line with the original recognition of the expense.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has adopted the following standards, amendments to standards and interpretations which are effective for the first time this year. The impact is shown below:

New and revised International Financial Reporting Standards		Effective Date: Annual periods beginning on or after:	EU adopted
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018	Yes
IFRS 15	Revenue from Contracts with Customers and Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018	Yes

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations.

The new Standard has been applied retrospectively without restatement.

The Company's accounting policy for revenue is disclosed above. Apart from providing more disclosures for the Company's revenue transactions, the application of IFRS 15 has not had an impact on the Balance Sheet and/or financial performance of the Company.

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the Company has applied transitional relief and opted not to restate prior periods.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

All of the Company's financial assets and financial liabilities continue to be held at amortised cost, with the exception of its equity investments. The Company has elected to classify these as held at fair value through other comprehensive income under IFRS 9 - they were previously measured at cost in the Balance Sheet. This means that any changes in the fair value of such assets up to the point of disposal will be recorded in other comprehensive income. Therefore, in contrast to the previous accounting treatment, significant or prolonged declines in value below cost will not be recognised in the Income Statement, and the Income Statement will not reflect gains or losses on disposal because gains and losses recognised in other comprehensive income will not be recycled to profit or loss on any such disposal.

There were no material changes in fair value of the Company's equity investments and therefore the values are unchanged. Under IFRS 9 the equity investment is held at fair value, however, there is no material change to the cost model.

At the date of authorisation of the consolidated financial statements, the IASB and IFRS Interpretations Committee have 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 consolidated financial statements, the following could potentially have a material impact on the Company's financial statements going forward:

New and revised International Financial Reporting Standards		Effective Date: Annual periods beginning on or after:	EU adopted
IAS 1	Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020	No
IFRS 3	Amendment to IFRS 3 Business Combinations	1 January 2020	No
IFRS 16	Leases	1 January 2019	Yes

New and revised International Financial Reporting Standards which are not considered to potentially have a material impact on the Company's financial statements going forwards have been excluded from the above.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

IFRS 16 'Leases' provides a new model for lessee accounting in which all leases, other than short-term and small-ticket-item leases, will be accounted for by the recognition on the balance sheet of a right-to-use asset and a lease liability, and the subsequent amortisation of the right-to-use asset over the lease term. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019.

The Company adopted IFRS 16 on 1 January 2019. The Company's evaluation of the effect of adoption of the standard is ongoing but it is not currently expected that it will have a material effect on the Company's financial statements as the Company does not hold any leases at the date of sign off of these financial statements.

There are no other standards and interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the Company.

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 regarding the choice and application of accounting policies, as well as 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:

PRINCIPAL ACCOUNTING POLICIES

CRITICAL ESTIMATES

Share-based Payments

In determining the fair value of warrants and options 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 share-based payments. This is determined by using historic data from similar companies and historic trends on exercising share-based payments by holders. See note 13(b) and 13(c).

Exploration and Evaluation Costs

The Company's accounting policy leads to the development of tangible and intangible fixed assets, where it is considered likely that the amount will be recoverable by future exploitation or sale, or alternatively where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This requires management to make assumptions as to the future events and circumstances, especially in relation to whether an economically viable extraction operation can be established. Such estimates are subject to change and following initial capitalisation, should it become apparent that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the Income Statement.

Decommissioning Provision

Management use estimates for future decommissioning expenditure, discount rates and inflation rates provided by the operator to determine appropriate decommissioning provisions. These may change as a result of revisions to the estimated timing and future cost of decommissioning.

Carrying Value of Property, Plant and Equipment

The Company assesses at each reporting period whether there is any indication that these assets may be impaired as indicated in note 8.

If such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less cost to sell'. The Company considers the quantities of the proven and probable reserves, future production levels and future oil prices as well as other IAS 36 criteria in their assessment of indicators of impairment. The directors do not believe there are any indicators of impairment in respect of the assets.

Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty – Impairment

Management is required to assess the exploration and evaluation assets for indicators of impairment. Note 7 discloses the carrying value of the exploration and evaluation assets. Note 8 discloses the carrying value of the development and production 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 any available 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 the Widmerpool Gulf licence 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 as at 31 December 2018.

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.

In respect of the Weald Basin (formerly known as Holmwood) PEDL143, due to the loss of the designated wellsite the directors have decided to impair total costs spent to date on this licence. This has incurred an impairment charge of £205,308.

In respect of Wressle, PEDL180 and PEDL182, a planning appeal has been submitted for the development of the Wressle discovery, therefore the directors do not consider these licences as requiring impairment given the remaining line of recourse still available to the licence partners to develop the asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1 BUSINESS AND OPERATING SEGMENTS

The Company is considered to have two operating segments, being the exploration and development of, and the production of hydrocarbon discoveries onshore United Kingdom.

For the year ending 31 December 2018

	Exploration and development	Production	Corporate	Total
Revenue	–	165,270	–	165,270
Operating expenses	–	(159,046)	–	(159,046)
Depreciation	–	(32,186)	–	(32,186)
Impairment	(205,308)	–	–	(205,308)
Other administrative expenses	–	–	(871,489)	(871,489)
Loss from continuing operations before tax	(205,308)	(25,962)	(871,489)	(1,102,759)
Finance income	–	–	4,051	4,051
Loss for the year	(205,308)	(25,962)	(867,438)	(1,098,708)

For the year ending 31 December 2017

Revenue	–	46,203	–	46,203
Operating expenses	–	(48,627)	–	(48,627)
Depreciation	–	(17,322)	–	(17,322)
Impairment	(5,078)	–	–	(5,078)
Other administrative expenses	–	–	(722,502)	(722,502)
Loss from continuing operations before tax	(5,078)	(19,746)	(722,502)	(747,326)
Finance income	–	–	504	504
Loss for the year	(5,078)	(19,746)	(721,998)	(746,822)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 BUSINESS AND OPERATING SEGMENTS (CONTINUED)

For the year ending 31 December 2018

	Exploration and development	Production	Corporate	Total
Non-current assets	3,485,961	611,139	40,000	4,137,100
Current assets	–	173,906	3,147,435	3,321,341
Non-current liabilities	(286,937)	(166,228)	–	(453,165)
Current liabilities	(275,179)	(50,497)	(71,012)	(396,688)
Net assets/(liabilities)	2,923,845	568,320	3,116,423	6,608,588

For the year ending 31 December 2017

	Exploration and development	Production	Corporate	Total
Non-current assets	2,806,278	496,859	40,000	3,343,137
Current assets	–	48,725	1,595,661	1,644,386
Non-current liabilities	(51,489)	(178,429)	–	(229,918)
Current liabilities	(15,315)	(163,325)	(131,439)	(310,079)
Net assets/(liabilities)	2,739,474	203,830	1,504,222	4,447,526

2 OPERATING LOSS

	31.12.18 £	31.12.17 £
Operating loss is stated after charging:		
Impairment charge	205,308	5,078
Depletion of producing assets	32,186	17,322
Staff costs (see note 3)	240,051	204,920
Fees payable to the Company's auditor for:		
– The audit of these financial statements	28,000	25,500
– Tax compliance services	6,500	16,400

The impairment charge of £205,308 (2017: £nil) is in respect of PEDL143 Weald Basin.

The impairment shown for 2017 in last year's Annual Report and Financial Statements was in respect of PEDL249 Laughton.

3 EMPLOYEE INFORMATION AND REMUNERATION OF DIRECTORS

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

	31.12.18 £	31.12.17 £
Salaries	217,916	186,667
Social security costs	22,135	18,253
	240,051	204,920

The number of persons employed by the Company was 5 (2017: 4).
Details of each director's emoluments are included in the Director's Report and within this note.

The salaries and fees of individual directors were as follows

	2018 £	2017 £
D Bramhill	110,000	86,667
J O'Farrell	55,833	50,000
R Godson	25,000	25,000
G Bull	25,000	25,000
F Lang	2,083	-
	217,916	186,667

The emoluments of the highest paid director were £110,000 (2017: £86,667).

Director's share options.

	Number	Grant date	Exercise price	Vesting date
D Bramhill	120,000,000	18.07.18	0.9p	18.07.21
J O'Farrell	60,000,000	18.07.18	0.9p	18.07.21
R Godson	30,000,000	07.11.18	0.11p	07.11.21
G Bull	30,000,000	07.11.18	0.11p	07.11.21
F Lang	30,000,000	04.12.18	0.11p	04.12.21

Nil options were in issue at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

4 FINANCE INCOME

	31.12.18 £	31.12.17 £
Bank interest	4,051	504

5 TAXATION

	31.12.18 £	31.12.17 £
Current tax		
UK Corporation Tax	–	–
Adjustment in respect of prior periods	–	–
Total UK Corporation Tax charge	–	–

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 40% (2017: 40%) to the loss before tax is as follows:

	£	£
Loss on ordinary activities before tax	(1,098,708)	(746,822)
Tax on Company loss on ordinary activities at standard UK corporation tax rate of 40% (2017: 40%)	439,483	298,729
Effects of:		
Impairment of intangible assets not deductible for tax purposes	(82,123)	(2,031)
Finance income	–	–
Losses carried forward	(357,360)	(296,698)
Adjustment in respect of prior periods	–	–
Current tax charge for year	–	–

A deferred tax asset of £2,169,026 (2017: £1,811,666) 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.

The Company has total carried forward losses of £5,046,835 (2017: £3,948,129).

6 LOSS PER SHARE

The Company has issued warrants and options over ordinary shares which could potentially dilute the basic loss per share in the future. Further details are given in note 13(b) and 13(c).

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 and options in issue as detailed in note 13(b) and 13(c). At 31 December 2018 the Company had 51,407,842 (2017: 51,407,842) warrants in issue and 300,000,000 (2017: nil) options in issue.

These warrants and options 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	**2018 Pence**	**2017 Pence**
Loss per share from continuing operations	(0.01)	(0.02)

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

	2018 £	**2017 £**
Loss used in the calculation of total basic and diluted earnings per share	(1,098,708)	(746,822)

Number of shares	**2018**	**2017**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	7,532,096,235	4,149,180,372

As detailed in note 13, the Company has 831,680,400 (2017: 831,680,400) deferred shares. These have not been included within the calculations of basic shares above on the basis that IAS 33 defines an ordinary share as an equity instrument that is subordinate to all other classes of equity instruments. Any residual interest in the assets of the Company would not currently, on liquidation, go to the deferred shareholders, hence they are not currently considered subordinate. These deferred shares have not been taken into account when calculating the diluted loss per share as their impact was anti-dilutive.

The Company issued 4,117,647,049 new ordinary shares during the year (2017: 1,032,589,694).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

7 INTANGIBLE ASSETS

	31.12.18 £	31.12.17 £
At 1 January	2,806,278	2,079,340
Costs incurred during the year	911,172	977,340
Transfer to development and production assets	(106,181)	(245,324)
Costs impaired	(205,308)	(5,078)
At 31 December	3,485,961	2,806,278

Additions to exploration and evaluation costs represent exploration and appraisal costs incurred in the year in respect of unproven properties and provisions recognised for decommissioning and restoration liabilities.

Total costs of £205,308 have been impaired with regard to PEDL143.

The directors have reviewed whether there were any potential triggers for impairment evidence for each of the assets. If a trigger was identified the directors considered the potential value of the projects and licences. The directors have also considered the likely opportunities for realising the value of licences and have concluded that the likely value of each exploration area is individually in excess of its carrying amount with the exception of PEDL143 as noted above.

In respect of PEDL180 and PEDL182, confidence remains that the Wressle development will be brought to production status and all credible avenues to achieve this objective will be pursued. An Environment Agency permit for production is already place, and with the remaining avenues of recourse for development of the asset still available to the licence, no impairment of the asset has been recorded.

On this basis the licence costs are not impaired in these financial statements.

In respect of PEDL201, 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.

Included in the above intangible asset additions during the year are amounts arising in relation to increases in decommissioning and restoration provisions (note 20).

Intangible assets (less any impairment) comprise amounts capitalised as follows:

		31.12.18 £	31.12.17 £
Wressle	PEDL180	2,280,866	2,097,870
Widmerpool Gulf	PEDL201	367,730	355,087
West Newton	PEDL183	329,784	–
Biscathorpe	PEDL253	387,137	86,737
North Kelsey	PEDL241	83,851	51,232
Weald Basin	PEDL143	–	121,895
Louth Extension	PEDL339	16,003	8,304
Broughton North	PEDL182	6,236	881
Dukes Wood	PEDL118	–	49,279
Kirklington	PEDL203	–	34,993
Humber Basin	PEDL181	12,881	–
Laughton	PEDL209	1,473	–

8 PROPERTY, PLANT AND EQUIPMENT

	31.12.18 £	31.12.17 £
Cost		
At 1 January	514,181	–
Transfer from exploration and evaluation assets	106,181	245,324
Additions	40,285	268,857
At 31 December	660,647	514,181
Depreciation		
At 1 January	17,322	–
Charge for the year	32,186	17,322
At 31 December	49,508	17,322
Net book value		
At 31 December	611,139	496,859
At 1 January	496,859	–

Development and Production assets comprise amounts capitalised as follows:

		31.12.18 £	31.12.17 £
Fiskerton Airfield	EXL294	222,048	193,206
Keddington	PEDL005(R)	282,910	303,653
Dukes Wood	PEDL118	59,566	–
Kirklington	PEDL203	46,615	–
		611,139	496,859

The Board has assessed the development and production assets as at 31 December 2018 and have not identified any indicators of impairment as set out in IAS 36 *Impairment of assets*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

9 JOINT OPERATIONS

The Company is party to eleven joint arrangements which carry out exploration and development of hydrocarbons in the United Kingdom. The parties to the arrangements and the Company's percentage interest for the respective operations are described in the Review of Operations. The joint operations in which the Company held an interest as at 31 December 2018 are as below:

Licence	Name	Proportion of ownership interest	Principal place of business
PEDL180	Wressle	27.5%	England
PEDL183	West Newton	16.665%	England
PEDL201	Widmerpool Gulf	26.25%	England
PEDL005(R)	Keddington	20%	England
PEDL253	Biscathorpe	22%	England
PEDL241	North Kelsey	20%	England
PEDL143	Weald Basin	7.5%	England
PEDL339	Louth Extension	20%	England
PEDL182	Broughton North	27.5%	England
PEDL118	Dukes Wood	16.67%	England
PEDL203	Kirklington	16.67%	England
EXL294	Fiskerton Airfield	20%	England
PEDL181	Humber Basin	12.5%	England
PEDL209	Laughton	10%	England

10 INVESTMENTS

	2018	2017
Investments in equity instruments designated as at FVTOCI		
Shares	40,000	40,000

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes and realising their performance potential in the future.

	31 December 2018 £	31 December 2017 £
At 1 January	40,000	40,000
Changes in fair value of investments	–	–
At 31 December	40,000	40,000

The Company is the beneficial owner of 169,959 (2017: 169,959) ordinary shares in Elephant Oil Limited, a company registered in England and Wales, which represents a 0.73% (2017: 0.73%) interest in that company. The principal activity of Elephant Oil Limited is the exploration and evaluation of hydrocarbon assets.

11 TRADE AND OTHER RECEIVABLES

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables. The Company measures the loss allowance for trade receivables at an amount equal to 12 months ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company has recognised no loss allowance as the receivables are not past due nor has there been historical experience to indicate that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

	31.12.18 £	31.12.17 £
Trade receivables	77,678	19,048
VAT	75,538	29,677
Prepayments	44,838	17,147
	198,054	65,872

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

12 CASH AND CASH EQUIVALENTS

	31.12.18 £	31.12.17 £
Cash at bank	3,123,287	1 ,578,514

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.

13(a) SHARE CAPITAL

Allotted and issued: Number	Class	Nominal value	31.12.18 £	31.12.17 £
8,450,710,254 (31 December 2017: 4,333,063,205)	Ordinary	0.025p	2,112,677	1,083,266
831,680,400 (31 December 2017: 831,680,400)	Deferred	0.225p	1,871,281	1,871,281
Total			3,983,958	2,954,547

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 March 2018, 1,470,588,226 new ordinary shares were issued for cash at 0.085 pence per share raising £1,250,000 before expenses of £100,390.

In October 2018, 2,647,058,823 new ordinary shares were issued for cash at 0.085 pence per share raising £2,250,000 before expenses of £156,722.

13(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 2018	Number of warrants	WAEP £
Outstanding and exercisable at the beginning of the year	51,407,842	0.003
Outstanding and exercisable at the end of the year	51,407,842	0.003

Year ended December 2017	Number of warrants	WAEP £
Outstanding and exercisable at the beginning of the year	55,052,548	0.003
Expired in the year	(3,644,706)	0.003
Outstanding and exercisable at the end of the year	51,407,842	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	17.03.14	26.09.14
Number in issue at 31 December 2018	6,074,510	5,333,333	39,999,999
Share price at date of grant	0.3p	0.23p	0.38p
Exercise price	0.25p	0.225p	0.225p
Expected volatility	69%	77%	77%
Expected life (years)	5.0	2.5	2.5
Risk-free rate	0.8464%	0.26%	0.26%
Expected dividend yield	0%	0%	0%
Fair value at date of grant	£11,099	£22,000	£43,570
Earliest vesting date	20.12.12	17.03.14	26.09.14
Expiry date	20.12.22	17.03.19	26.09.19

During the year no warrants expired (2017: 3,644,706).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

13(c) SHARE-BASED PAYMENTS – OPTIONS

During the year, options were granted to directors of the Company. Options are Issued with an exercise price equating to the mid-market closing price on the date of Issue.

Options have a vesting period of 3 years but subject to a further condition that the options can only be exercised if the share price is at a 30% premium to the exercise price.

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

Year ended December 2018	Number of options	WAEP £
Outstanding and exercisable at the beginning of the year	–	–
Granted	300,000,000	0.00098
Outstanding at the end of the year	300,000,000	0.00098
Exercisable at the end of the year	–	–

Year ended December 2017	Number of options	WAEP £
Outstanding and exercisable at the beginning of the year	–	–
Outstanding and exercisable at the end of the year	–	–

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

Date of grant	18.07.18	07.11.18	04.12.18
Number in issue at 31 December 2018	180,000,000	90,000,000	30,000,000
Share price at date of grant	0.09p	0.11p	0.11p
Exercise price	0.09p	0.11p	0.11p
Expected volatility	55%	62%	63%
Expected life (years)	6.5	6.5	6.5
Risk-free rate	0.9427%	1.1035%	0.8840%
Expected dividend yield	0%	0%	0%
Fair value at date of grant	£85,822	£58,106	£19,491
Earliest vesting date	18.07.21	07.11.21	04.12.21
Expiry date	18.07.28	07.11.28	04.12.28

The Company recognised total expenses in the Income Statement of £16,881 in relation to share options accounted for as equity-settled share-based payment transactions during the year (2017: £nil).

14 RESERVES

The nature and purpose of each reserve within equity is as follows:

Share capital – represents the nominal value of shares issued.

Share premium – represents the amount subscribed for share capital in excess of nominal value, less related share issue costs.

Share-based payment reserve – represents the cumulative cost of warrants and options issued in return for professional services.

Accumulated deficit – represents cumulative profits or losses, and all other net gains and losses and transactions with owners not recognised elsewhere.

15 RECONCILIATION OF LOSS TO CASH GENERATED FROM OPERATIONS

	31.12.18 £	31.12.17 £
Loss before taxation	(1,098,708)	(746,822)
Depletion of producing assets	32,186	17,322
Impairment of intangibles	205,308	5,078
Share-based payments	16,881	–
Finance income	(4,051)	(504)
	(848,384)	(724,926)
(Increase) in trade and other receivables	(132,182)	(3,172)
Increase in trade and other payables	86,609	224,767
Cash used in operations	(893,956)	(503,331)

16 FINANCIAL INSTRUMENTS

Classification of measurement of financial instruments

The fair value hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The Group holds investments at fair value through other comprehensive income. Investments in unlisted shares are a level 3 valuation as the quoted price is not available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

16 FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets measured at fair value	£
At 31 December 2018	
Investments: FVOCI	40,000
At 31 December 2017	
Investments: FVOCI	40,000

Financial assets measured at amortised cost	£
At 31 December 2018	
Trade receivables	77,678
Cash and cash equivalents	3,123,287
Total carrying value	3,200,965
At 31 December 2017	
Trade receivables	19,048
Cash and cash equivalents	1,578,514
Total carrying value	1,597,562

All of the above financial assets' carrying values approximate to their fair values at 31 December 2018 and 31 December 2017 given their nature and short times to maturity.

Financial liabilities measured at amortised cost	£
At 31 December 2018	
Trade payables	351,454
Accruals	45,234
Total carrying value	396,688
At 31 December 2017	
Trade payables	250,225
Accruals	59,854
Total carrying value	310,079

All of the above financial liabilities' carrying values approximate to their fair values at 31 December 2018 and 31 December 2017 given their nature and short times to maturity.

17 FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT

The principal financial risks to which the Company is exposed are: liquidity risk, oil price 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.

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 £3,200,965 (2017: £1,597,562).

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 2018 and 31 December 2017 on the basis of their earliest possible contractual maturity.

Oil price risk

The Company is exposed to oil price risk associated with sales of oil from production. The Company does not currently consider it necessary to use hedging instruments to manage its exposure to this risk.

At 31 December 2018

	Total £	Within 2 months £	Within 2-6 months £	Greater than 6 months £
Trade payables	351,454	351,454	–	–
Accruals	45,234	10,734	34,500	–
	396,688	362,188	34,500	–
At 31 December 2017				
Trade payables	250,225	250,225	–	–
Accruals	59,854	28,354	31,500	–
	310,079	278,579	31,500	–

Capital management

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

18 FINANCIAL COMMITMENTS

The Company had no financial commitments as at 31 December 2018 or 31 December 2017, other than those recognised in the Balance Sheet.

19 TRADE AND OTHER PAYABLES

	31.12.18 £	31.12.17 £
Trade payables	351,454	250,225
Accruals	45,234	59,854
	396,688	310,079

20 PROVISIONS

	Decommissioning and restatement provision £
As at 1 January 2017	18,000
Adjustment to provision estimates	33,489
New provisions arising on licences	178,429
At 31 December 2017	229,918
Adjustment to provision estimates	6,604
New provisions arising on licences	213,071
Accretion of provision	3,571
At 31 December 2018	453,165

Provision has been made for decommissioning costs on productive fields. Provision has also been made for reinstatement costs relating to exploration and evaluation assets where work performed to date gives rise to an obligation, principally for site restoration. Assumptions, based on the current economic environment, have been made which the directors believe are a reasonable basis upon which to estimate the future liability. This estimate will be reviewed regularly to take into account any material changes to assumptions. Actual costs will depend on a number of factors, including future market prices and any variation in the extent of decommissioning and reinstatement to be performed.

Decommissioning and reinstatement costs are currently expected to be utilised between 2019 and 2039.

Provisions created during the year, based on information provided by the Operators, relate to obligations in respect of Keddington, Fiskerton Airfield Oilfield, Dukes Wood, Kirklington and West Newton assets. An additional provision has been made in relation to Wressle, based on information provided by the Operator. No provisions have been utilised during the year.

21 RELATED PARTY TRANSACTIONS

Details of key management personnel remuneration are disclosed in note 3. Key management comprises only the directors.

Charnia Resources (UK), an entity owned by Graham Bull, non-executive director, was paid £55,200 (2017: £59,446) in respect of consulting fees. No amounts were outstanding at the year end (2017:nil).

Jayne Bramhill, spouse of David Bramhill, received the sum of £6,000 (2017: £6,000) from the Company in respect of IT maintenance and administration costs. No amounts were outstanding at the year end.

22 CONTINGENT LIABILITIES

In respect of PEDL143 a balance would have become payable to one of the other parties to the licence. This is no longer a contingent liability as the Holmwood-1 well will not be drilled in the forseeable future.

In respect of PEDL180 and PEDL182 a sum of £1,040,000 is to be paid to the entity Calmar LP on first oil production from the Wressle discovery.

23 EVENTS AFTER THE BALANCE SHEET DATE

The following events have taken place after the year end:

During January 2019, the Planning Inspectorate informed the Operator that the appeal in respect of a planning extension on PEDLs 180/182 was successful and the planning permit now expires in January 2020.

During February 2019, documentation in respect of the appeal for development of the Wressle discovery was submitted to the Planning Inspectorate. Confirmation of the acceptance of the documentation has been received and the appeal will be heard on 5 November 2019.

During February 2019, the Biscathorpe-2 conventional well reached target depth and logging revealed that the well was drilled high to prognosis. The well has been suspended for a potential side-track in the future.

In March 2019, the Company raised £1,750,000 before expenses in an oversubscribed fundraising. This fundraising was subject to approval by shareholders via a General Meeting, held on 8 April 2019, whereby the resolutions were all passed by a majority. Following this fundraising there are now 10,784,043,588 ordinary shares in issue.

In April 2019, Union Jack reached agreement with UK Oil & Gas PLC ("UKOG") to sell its 7.5% interest in PEDL143. The aggregate purchase price by UKOG for the licence interest is £112,500 and will be settled in cash that shall then be immediately, simultaneously and irrevocably applied by Union Jack for such number of ordinary shares in UKOG which is equal to £112,500 divided by 1.156 pence, being the 5 day volume weighted average price on 12 April 2019.

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 13 June 2019 at 11.00 a.m. to consider and, if thought fit, pass the following resolutions, of which resolutions numbered 1 to 7 will be proposed as ordinary resolutions and resolution number 8 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 2018, 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 Frazer Lang as a director, who retires by rotation in accordance with the Company's Articles of Association.

3 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.

4 Re-election of director retiring by rotation

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

5 Re-appointment of auditor

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

6 Auditor's remuneration

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

7 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 £1,348,006 (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 AGM 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

8 Directors' power to issue shares for cash

That, conditional upon the passing of resolution number 7, 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 7 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 £1,348,006 (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 AGM 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

Matthew Small
Company Secretary

Dated: 13 May 2019

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 11 June 2019 (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 11 June 2019.

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.

UNION JACK OIL

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