

Stock Data

Share Price:	0.26p
Market Cap.:	£31.5m
Shares in issue:	12,107.6m

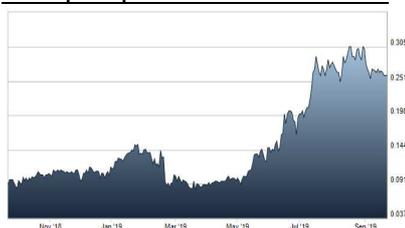
Company Profile

Sector:	Oil & Gas
Ticker:	UJO.L
Exchange:	AIM

Activities

Oil and gas drilling, development and investment company focused on the UK onshore sector in the East Midlands and Southern England.

Share price performance



Source: LSE

Past performance is not an indication of future performance.

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Union Jack Oil plc

We believe that Union Jack's (UJO) interim results focus justifiably on the exciting drilling result at the West Newton A-2 appraisal well where an Extended Well Test (EWT) has been paused in order to optimise operations and revise the well test design to focus on the oil column when the test resumes. UJO and its partners in West Newton also intend to commission a revised CPR which could imply a significant upgrade to pre-drill resource estimates suggesting that the discovery has the potential to be the biggest UK onshore find since Wytch Farm in 1973.

The West Newton A-2 appraisal well on PEDL183 (UJO: 16.665%) was spudded in June 2019 targeting the conventional Kirkham Abbey and Cadeby formations. The well reached a total depth of 2,061 metres and a 65 metre hydrocarbon interval was encountered in the Kirkham Abbey formation indicating a sizable hydrocarbon accumulation with a significant liquids component. Initial evaluation of the well identified a gross oil column of 45 metres underlying a 20 metre gas column and the joint venture partners now believe that West Newton represents a potentially significant oil and gas project rather than solely gas as was initially expected.

An EWT on West Newton A-2 commenced on 20 August 2019. However, this has been subsequently temporarily suspended in order to review and revise the well test design to deliver the necessary test information to validate the potential resource.

The West Newton A-2 well data ties in well with 3D seismic data over the wider licence area and the company notes that this will allow for a revised interpretation of the seismic volume incorporating the well and the newly identified oil and gas volumes. The pre-drill estimate for the West Newton discovery was Best Estimate Contingent Resources of 189 BCF of gas according to a CPR compiled by Deloitte. However, this is likely to be subject to positive revision following the full analysis of data from West Newton A-2.

In February 2019, UJO participated in the Biscathorpe-2 appraisal well on PEDL 253 (UJO: 22%). Although preliminary analysis indicated that the primary objective, the Basal Westphalian Sandstone, was not encountered, the analysis of the well confirmed the likely presence of a 35 metre column of good quality oil in the Dinantian Limestone interval. This was coupled with elevated gas readings and oil shows within the well indicating a working hydrocarbon system within the licence area. Further technical work will now be conducted on Biscathorpe-2 with a view to a possible side-track of the existing wellbore to assess the full potential of this highly promising prospect.

With regards to UJO's 27.5% interest in PEDLs 180 and 182 which contain the Wressle oil discovery, planning applications to complete the development have to date been rejected. However, the operator Egdon Resources has appealed the most recent planning refusal and an inquiry to hear Egdon's appeal is scheduled to commence on 5 November 2019.

UJO holds 20% non-operated interests in both the Keddington oil field on PEDL005(R) and the Fiskerton Airfield oil field on EXL294 which both generate modest income for the company. UJO notes that a workover is planned on Fiskerton which could increase production and there is significant upside to Keddington in the event that additional drill targets can be accessed from the existing production site.

UJO is debt free and the cash balance as of 20 September 2019 was over £2.8m with which to fund its share of ongoing operations at its core assets. In this regard, we believe that West Newton has the potential to transform the company and this momentum could be augmented by additional clarity on Biscathorpe if further analysis and a potential side-track well demonstrate upside. In the event of a positive result from the planning appeal for Wressle, UJO is well positioned to generate a stream of highly attractive news flow over the next six months.

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