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Zacks Small-Cap Research

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Union Jack Oil

(UJOGF-OTCQB; USO-LSE)

UJOGF: Initiating Coverage: Oil Company Expanding Operations

Union Jack Oil is an oil and gas company that operates in both the UK and US markets. We value UJOGF at $0.31 per share based on a discounted cash flow analysis and a discount rate of 12%.

OUTLOOK

Union Jack Oil is primarily an onshore oil and gas company with a focus on production, drilling, development and investment in the United Kingdom and the United States of America.

The company holds valuable assets that generate good cash flow and has no long-term debt. Union Jack expanded operations into the US a couple of years ago and, together with its US partner, has acquired assets we believe will be quite profitable for the company.

Current Price (10/07/25)	$0.04
Valuation	**$0.31**

SUMMARY DATA

52-Week High	**$0.23**
52-Week Low	**$0.04**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**83**
Shares Outstanding (mil)	**147**
Market Capitalization ($mil)	**$6**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2025 Estimate	**N/A**
P/E using 2026 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Medium-high,**
Type of Stock	**Small**
Industry	**Oil and Gas**

ZACKS ESTIMATES

Revenue
(in millions of US$)

	Q1 (Jan)	Q2 (June)	Q3 (Sept)	Q4 (Dec)	Year (Dec)
2023		$4.8A		$2.0A	$6.8A
2024		$3.2A		$2.1A	$5.3A
2025		$1.7A		$2.1E	$3.8E
2026		$3.4E		$3.5E	$6.9E

Earnings Per Share

	Q1 (Jan)	Q2 (June)	Q3 (Sept)	Q4 (Dec)	Year (Dec)
2023		$0.69A		$0.36A	$1.05A
2024		$0.98A		-$0.17A	$0.81A
2025		-$0.61A		-$0.34E	-$0.95E
2026		$0.32E		$0.50E	$0.82E

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KEY POINTS

- Union Jack has established operations in the UK that provide good cash flow and the opportunity to expand production further in the coming years.
- The company has also expanded operations into the US in recent years, entering a more business friendly environment.
- The company has a good US partner and already has multiple assets in the US that are promising revenue producers.
- Management has also acquired Mineral Royalties that provide predictable, long-term income.

OVERVIEW

Zacks is initiating coverage on Union Jack Oil (UJOGF) with a price target of $0.31 per share. Union Jack is an oil and gas company that has traditionally been rooted in the UK onshore market but has now made a substantial investment in the United States to add to its portfolio. For years, its flagship project has been the Wressle oil field in Lincolnshire, UK, which has provided steady production and good cash flow. A further production interest is at Keddington, which has recently been brought back online following extensive site upgrades.

The company has development interests in West Newton, Biscathorpe and North Kelsey, all of which offer longer-term growth opportunities. The operating environment for oil and gas companies has grown difficult in the UK, with a regulatory environment that makes approvals for projects drag on for years and a “windfall tax” on hydrocarbon projects makes developing profitable projects difficult. It must be noted that Union Jack has enough capital loss carryforwards to offset UK income that the company is going to make in the next several years so that it will not have to worry about the tax. To further expand the reach of Union Jack, and to diversify operations in areas other than the UK, company management made the decision several years ago to add the United States to their portfolio.

The US expansion began in earnest over the past couple of years, with partnerships in Oklahoma and the acquisition of Mineral Royalty packages in prolific shale plays such as the Eagle Ford, the Bakken, and the Permian Basin. The strategy is two-pronged. First, by joining forces with an experienced partner, Reach Oil & Gas, Union Jack gains access to producing and near-term drilling projects in Oklahoma. Recent wells such as Moccasin and Andrews have already demonstrated commercial success, which is encouraging for future drilling campaigns. Second, the company has taken positions in Mineral Royalties across several US basins. These royalty interests provide exposure to production and cash flow without the need to take on full operating costs or risks. Together, these steps mark a significant shift for Union Jack, turning it from a purely UK-focused producer into one with a genuine transatlantic presence.
The team leading Union Jack through these developments brings decades of experience across the industry. Executive Chairman David Bramhill has spent more than 40 years in oil and gas, working with both major companies like Shell and smaller independents. His colleague Joseph O’Farrell adds another 30 years of experience in hydrocarbons and mining, while other directors and advisors bring technical expertise in geology and financial markets. This depth of knowledge has allowed Union Jack to navigate the UK’s often difficult planning environment and to secure attractive US partnerships at a relatively low cost of entry ahead of other UK companies who are now following Union Jack’s lead.

The company's financial position is also a positive point with over $3,000,000 cash balances, revenues in excess of $300,000 per month, and debt free, all attractive characteristics for a small cap energy company.

Union Jack Oil, in our view, is at an inflection point, making the leap from being a UK focused player to a more diversified operator with international reach. The next year or two will be crucial in showing whether that decision pays off and early indications are very promising. For investors willing to accept the risks of a smaller oil company, the combination of proven UK cash-generating assets, early success in the US, and an experienced management team offers a compelling story with real upside potential.

Operations

The UK operations are ongoing and have provided the company with good cash flow and solid margins to this point and that is likely to continue. The company has added the US to its portfolio while continuing to develop their UK operations.



Source: Union Jack Oil

United Kingdom Operations

- Wressle and Broughton North-40% interest
    - Wressle is a conventional oil discovery in North Lincolnshire where development has been underway since 2021 and has established itself as one of the most important Union Jack projects to date. Initial production rates far exceeded original expectations and Wressle has generated revenues more than $23,000,000 net to Union Jack before taxes. To date, over 735,000 barrels of high-quality oil have been produced and sold from Wressle. We are encouraged that the company noted at the end of 2024 that Wressle "continues to produce at the top end of the CPR production forecast."
    - It's also important to note that oil produced by Wressle is being transported by road tanker to the Phillips 66 Humber refinery and sold under existing sales contracts.
    - According to the CPR Reclassification done in 2023, the site has over 2.7 MBOE in recoverable reserves.
    - Union Jack notes that they are looking to develop the site further and the operator, Egdon Resources, has completed the required Scope 3 emissions report in order to obtain the regulatory permits.

- Keddington Oilfield– 55% interest.
    - During 2024 and the early part of 2025, a major upgrade of the site's production infrastructure was undertaken.
    - Production recommenced during June 2025 and to date, over 3,000 barrels of high-quality oil have been produced and sold from Keddington.
    - The Operator's modelling indicates that infill drilling is forecast to improve recovery from the Keddington field by between 113,000 to 183,000 barrels of oil, depending on the reservoir permeability model selected and the combination of infill targets.
    - The sub-surface target of a step-out well has been identified and it is planned to drill the well, where planning consent is already granted, when macro-economic conditions are favourable.

- West Newton – 16.7% interest.
    - A Gas Export feasibility study was undertaken and completed during Q2 2024 by independent energy consultants CNG Services Limited (CNG). CNG concluded that an initial single well development and gas export plan is economically and technically feasible, allowing for advanced production and cash flow with relatively modest capital expenditure.
    - GaffneyCline Associates, an international petroleum consultancy, has compiled a Carbon Intensity Study in respect of the gas resource at West Newton resulting in an AA Rating, the lowest possible carbon intensity grade on that company's rating scale, for its potential gas and upstream production.
    - First gas production is planned to be from a single horizontal well, processed through a modular plant, tied in from the West Newton A site to the National Transmission system via an overground pipeline.
    - Rathlin, which is the operator on behalf of the Joint Venture at West Newton has conducted a feasibility study and evaluated the potential for an early development and monetization strategy, using gas to be produced from the existing discovery wells to generate on-site electricity to power cryptocurrency mining activities. We are encouraged by this willingness to look outside the traditional revenue sources and believe it again illustrates the excellent management team in place at Union Jack.
    - According to the company, on behalf of the Joint Venture partnership, Rathlin has entered into a non-binding LOI with 360 Energy, a natural gas offtake and monetization provider. Under the terms of the LOI, both parties will work to scope, design and subject to regulatory and third-party approvals, deploy 360 Energy's proven In-Field Computing technology, designed to convert natural gas produced at West Newton to power on-site data centers, generating revenues from Bitcoin production. Management notes that this process is at an early conceptual stage, but

internal preliminary economic estimates indicate that cryptocurrency mining could deliver very attractive returns.

- Biscathorpe– 45% interest.
  - The company is doing preparatory work for a sidetrack well and is targeting significant upside.
  - Upside estimates reaching up to 6.5 million barrels in place.
  - Union Jack's technical team believe that Biscathorpe remains one of the largest unappraised conventional onshore discoveries within the UK.

- North Kelsey—50% interest.
  - North Kelsey is a conventional oil prospect along trend from and analogous to the Wressle oil development, which lies approximately 15 kilometers to the northwest.
  - The Operator estimates that the Prospective Resources range from 4.66 million barrels up to 8.47 million barrels of oil, with a Mean Resource volume of 6.47 million barrels.

UK Summary

As mentioned, the company is maintaining assets in the UK and believes the onerous regulatory and taxation environment will change in the not-too-distant future, and we agree with that assessment. A country needs affordable power to continue to progress and the UK government, in its current form or one to be elected in the future, will recognize that fact and look to enhance the investment prospects for conventional energy projects. In the meantime, we believe Union Jack is doing the sensible thing and investing in the US where the environment is currently more conducive to energy investment and has a tax regime that is far more friendly to energy companies, like that found in America at the current time.

American Operations

Union Jack Oil made the move to invest in the United States by establishing a drilling partnership with Reach Oil and Gas Company. Partnering with Reach, in our view, greatly increases the opportunities for success in the US for Union Jack. Reach was established in 2018 and is currently operating multiple oil and gas facilities in Oklahoma. Union Jack also gets the "insider" knowledge of the US market. That doesn't mean Union Jack is "outsourcing" the US operations. The company has established operations in the US and has a portfolio of advisors on such things as legal and tax issues that indicate management didn't rush into the US and took the time to do things the correct way. The following are the current projects in the US:



Source: Union Jack Oil

- Andrews Field, Seminole County, Oklahoma - 45% Interest
    - Two initial wells, Andrews 1-17 and Andrews 2-17 have been declared commercial discoveries in the Hunton Limestone formation – a main hydrocarbon reservoir in Oklahoma.
    - Since the commencement of production, the Andrews Field has produced and sold over 50,000,000 cubic feet of clean natural gas and 10,000 barrels of high-quality oil with an average API of 45.5 degrees. (API is a measure of the relative density of oil compared to oil. A reading of 45.5 indicates the product is lighter than water).
    - In-house assessment of gas reserves by Reach is that over 1.2 billion cubic feet of recoverable gas remains in place with an estimated field life of approximately 20 years.
    - According to company financials, operating costs associated with Andrews are low, currently at approximately $3,500 per month, translating into production costs of less than $5 per barrel of oil equivalent (boe), leading to high margins from the operation.
    - Infrastructure: Both wells are connected to local pipelines, enabling real-time sales.

- Moccasin 1-13, Pottawatomie County, Oklahoma-45% interest
    - Currently producing at constrained rates of approximately 60+ bopd.

    - Upside Potential: Additional targets in the Red Fork and Bartlesville Sandstones formations will be tested in the future and hold great promise.
    - According to the company, based on current flow rates, Moccasin is expected to provide material revenues to the company going forward.

- Rogers Enhanced Oil Recovery (EOR) Project-45% Interest
    - This is a secondary recovery project which includes plans to significantly increase oil delivery from Rogers and S&M wells, two legacy production wells, via the Coker injection well.
    - Potential Recovery: Modeled to yield approximately 124,000 barrels of incremental oil with gross revenues of $5–7.5 million, IRR up to 60%, and payback within 18 months.

- Taylor Seminole County, Oklahoma-45% interest.
    - Drilling Results:
        - Reached total depth of 4,577 ft.
        - Encountered hydrocarbon-bearing Hunton Limestone at 4,168 ft, noted for its high porosity and permeability.
        - Production casing installed.
    - Cromwell formation undergoing testing.

- Sark Drilling Project—Union Jack-60% interest.
    - Has been drilled, with the target depth reached.
    - Currently undergoing a 30-day production test program.

- Wizetta Fault Play—75% interest
    - Diana-1 Well will be drilled to a depth of 6,000 feet.
    - According to the company, typical wells drilled in the Wilzetta Fault can produce approximately 250 barrels of oil per day providing payback within three months.

- US Mineral Royalties (Texas & North Dakota)
    - Union Jack holds royalty interests across parts of Texas and North Dakota, adding a diversified income stream beyond drilling successes.
    - Delivering an IRR of over 30% and comprises a proxy interest in 165 wells.
    - This gives the company exposure to active and productive basins and some of the largest operators in the US.
    - These mineral royalties also provide monthly income with no development or operating costs
    - Ownership in perpetuity, with no forward liabilities or obligations
    - Royalties estimated to have a long economic life, in some cases more than 26 years, with a very good IRR of over 18% in first six months of 2025.

American Operations Summary

Union Jack Oil has moved quickly to establish a meaningful presence in the United States, with a portfolio of projects centered in Oklahoma as detailed above. Since entering the market in early 2024, and establishing a solid relationship with a US operator, the company has already achieved success through its Andrews and Moccasin wells, which are producing and generating cash flow—providing early returns on investments. The company has also acquired an interest in the Rogers enhanced oil recovery project, where incremental production is expected to deliver attractive returns with low additional capital requirements, a combination that should prove very attractive to investors.

Additionally, Union Jack Oil holds a portfolio of Mineral Royalty interests in Texas and North Dakota that provide steady income. Drilling of new wells, including the Crossroads and Wolverine prospects, is scheduled and offers further growth potential, with modest capital exposure relative to the possible production upside. Financially, company management has continued to operate in a fairly conservative and intelligent way by emphasizing short payback periods, high internal rates of return, and manageable funding requirements, utilizing cash reserves to cover its share of development costs. For investors, the

US operations represent a balanced mix of producing wells, development projects, and royalty income, offering both near-term cash flow and longer-term upside. While risks remain around stabilizing production rates, geological uncertainty in new drilling, and exposure to commodity prices, the company's early results demonstrate its ability to execute and position the US business as a strong growth platform alongside its UK interests.

VALUATION

A discounted cash flow (DCF) analysis of Union Jack Oil (UJOGF) highlights the value of its diversified portfolio from producing wells, development projects, and royalty interests. The company's UK operations are at the base of the revenue projections with the Wressle project continuing to produce at the high end of projections and several other projects on the verge of starting or expanding production. We are modeling those revenues in a modest way, with increasing production in the out years. We believe near-term investment in the UK will be limited and increased production may be slower in coming along due to the regulatory and tax environment that makes it difficult to commit capital to UK projects at the current time. We believe the assets that Union Oil has are valuable and will prove beneficial to shareholders in a major way when the operating environment improves. It's difficult to say when the current power structure will change, but we believe 2030 is a fair estimate for when the environment will improve and investment in the UK will ramp up.

In the near term, Union Jack Oil is likely to continue to invest in the US and we believe revenues from those operations will ramp up very quickly. The Andrews field is already producing, and the Moccasin and Rogers projects appear to adding to the revenue stream in the near term in a significant way. These projects continue the trend that the management of Union Oil has proven the ability to find and exploit—low cost, high margin projects with solid partners both in the UK and the US markets. We are going to use an operating margin rate of 65%, which is a conservative estimate based on history. Additionally, with no long-term debt, good cash management, and conservative business policies witnessed over the past several years, future cash flows will be discounted back at 12%. The crude oil price we use for analysis will be $65 per barrel, which we believe is a relatively conservative price for an energy-hungry world, while the average natural gas price we will use is $3 per million BTU, also a conservative estimate in our view. Using the DCF model, we have a target price of $0.31/share for UJOGF, which we believe is a fair and conservative price based on modest assumptions for project success as mentioned above.

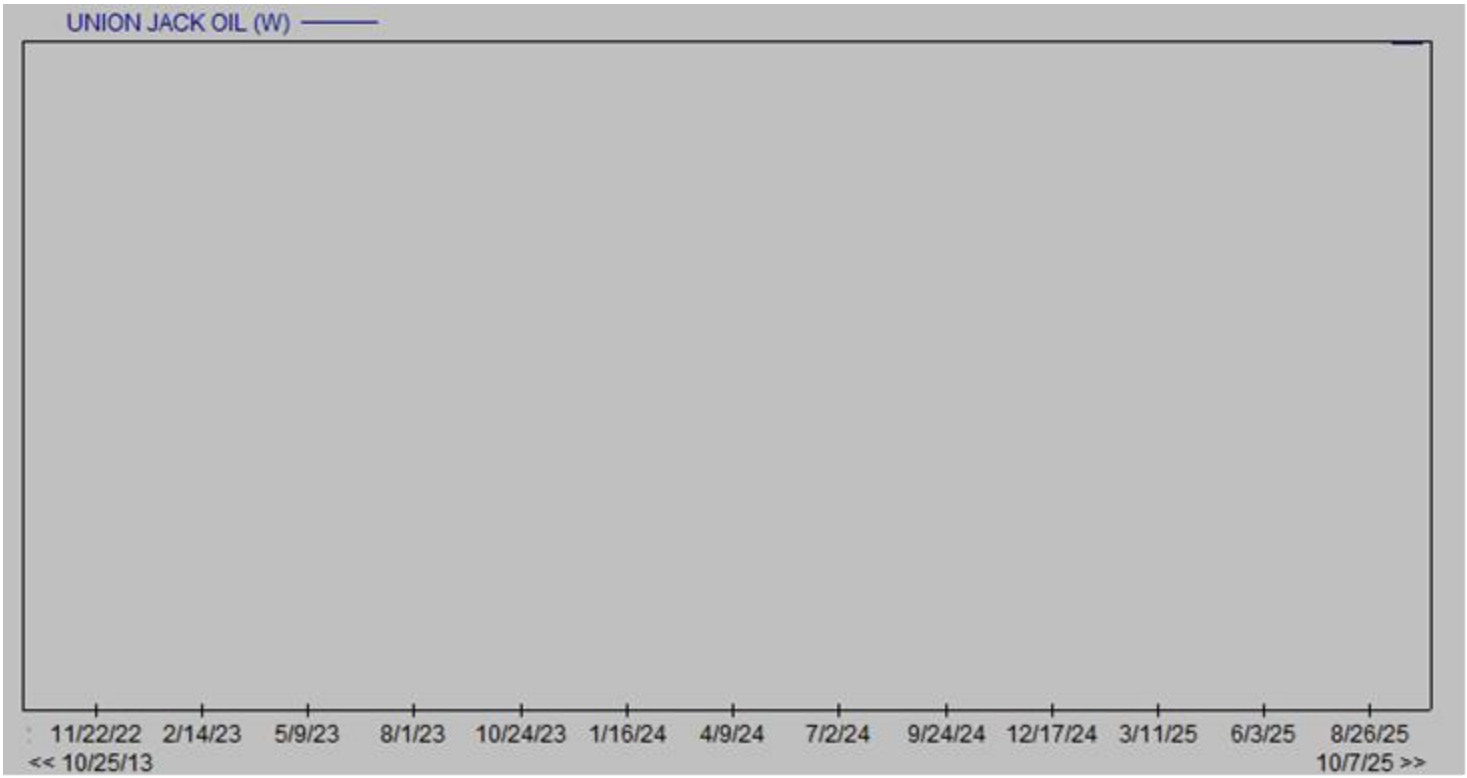
RISKS

- Smaller companies can run into funding issues when capital is needed to expand operations.
- Commodity prices are volatile, and a sustained downturn could impact profitability and the ability of the business to continue.
- Although Union Jack has an American partner, moving into a new market can be difficult and result in more cost or fewer benefits than expected.
- The UK government has shown it will raise taxes on hydrocarbon companies with little warning and that could happen again.
- The onerous regulatory environment in the UK could last longer than expected—decimating the hydrocarbon industry in the country.
- Current management is integral to the success of Union Jack, in our view, and losing current management could delay planned operations.
- The hydrocarbon industry has been targeted by environmental groups in both the US and UK and overly strict environmental regulations would harm Union Jack.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Union Jack Oil Income Statement and Balance Sheet									
(In thousands of US Dollars except per share data-Conversion rate: 1 pound=1.35 US dollars)									
	1H2023A	2H2023A	1H2024A	2H2024A	1H2025A	2H2025E	1H2026E	2H2026E	2027E
Revenue	4,840	1,999	3,158	2,148	1,736	2,099	3,379	3,548	7,805
Operating costs	711	798	977	972	871	840	1,351	1,419	3,122
Deperciation and amoritization	1,751	(1,126)	289	250	217	206	196	186	354
Net profit interest payment	204	45	84	77	34	37	41	45	99
Gross profit	2,174	2,283	1,808	849	614	1,016	1,790	1,897	4,230
General and administration expenses	1,249	1,528	1,154	1,381	1,428	1,500	1,575	1,496	2,842
Impairment	41	36	3	11	0	0	0	0	0
Total Administrative Expenses	1,289	1,565	1,157	1,392	1,428	1,500	1,575	1,496	2,842
Income/(Loss) from operations	884	718	651	(543)	(814)	(484)	216	401	1,388
Other Income/(Expenses):									
Finance Income	57	134	111	65	16	17	17	17	35
Royalty Income	0	47	162	103	93	102	113	124	273
Other	95	(95)	0	0	0	0	0	0	0
Total other inc./(exp.)	151	86	273	167	109	119	130	141	308
Net Inc./(Loss) from Operations Before Tax	1,035	805	923	(375)	(705)	(365)	345	543	1,695
Income Tax Benefit/(Expense)	(262)	(417)	142	186	43	0	0	0	0
Net Income/(Loss)	774	387	1,065	(189)	(662)	(365)	345	543	1,695
Net Income/(Loss) per share	$ 0.69	$ 0.36	$ 0.98	$ (0.17)	$ (0.61)	$ (0.34)	$ 0.32	$ 0.50	$ 1.57
Diluted Common Shares Outstanding	111,351	108,531	108,566	109,266	107,916	107,916	107,916	107,916	107,916
Current Assets									
Cash and cash equivalents	8,479	7,017	4,251	3,413	1,909	2,100	2,310	2,541	2,795
Trade and other receivables	3,610	2,060	2,792	1,156	535	551	567	584	602
Inventory	38	28	16	15	31	31	31	31	31
Other	0	0	0	0	0	0	0	0	0
Total Current Assets	12,127	9,106	7,059	4,583	2,475	2,681	2,908	3,156	3,428
Property, Plant and Equip.	18,901	22,672	25,458	27,147	28,677	29,537	30,423	31,336	32,276
Investments	1,266	716	170	163	163	163	163	163	163
Deferred tax asset	2,498	144	286	298	468	298	298	298	298
Other long-term assets	0	0	0	0	0	0	0	0	0
Total other assets	22,665	23,532	25,915	27,609	29,309	29,999	30,885	31,798	32,738
Total Assets	34,791	32,638	32,974	32,192	31,783	32,680	33,793	34,953	36,165
Current Liabilities									
Current portion on long-term debt	0	0	0	0	0	0	0	0	0
Trade and other payables	1,492	527	660	301	425	301	301	301	301
Other current liabilities	0	0	0	0	0	0	0	0	0
Total current liabilities	1,492	527	660	301	425	301	301	301	301
Long-term debt	0	0	0	0	0	0	0	0	0
Other long-term liabilities	3,179	2,552	2,233	2,367	2,493	2,367	2,367	2,367	2,367
Total long-term liabilities	3,179	2,552	2,233	2,367	2,493	2,367	2,367	2,367	2,367
Total Liabilities	4,671	3,078	2,893	2,668	2,919	2,668	2,668	2,668	2,668
Stockholders' equity/(deficit)	30,120	29,682	30,741	29,826	29,289	30,314	31,427	32,587	33,799
Total Liabilities and Stockholders' Equity	34,791	32,638	32,974	32,192	31,783	32,680	33,793	34,953	36,165

HISTORICAL STOCK PRICE (NOT ENOUGH DATA YET)



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