

27 May 2010

**JKX Oil and Gas plc****AGM STATEMENT**

Speaking at the Annual General Meeting today, JKX Oil & Gas plc's Chairman, the Rt. Hon. Lord Fraser of Carmyllie Q.C., said:

"I am pleased to report that your Company delivered a robust performance in 2009, despite the difficult trading conditions in the first half of the year. Average oil and gas production rose by 6% in 2009 to 11,665 boepd, with net profit rising by 10% to a record level of \$85.3m. Current daily production is comfortably in excess of 12,000 boepd.

The Company drilled and/or completed eight appraisal and development wells, stimulated and tested two exploration wells, and performed 23 workover operations on its Poltava production licences in 2009. The 2010 Ukrainian drilling programme is ongoing, with three wells drilled and two completed to date of the eight new development wells scheduled for the year. We are currently drilling the first of our three deep wells planned for our technically challenging Rudenkovskoye field; the 1,000m horizontal section is scheduled for completion and testing in July, prior to any fracking programme. A second rig has also been contracted to maintain the development momentum on the overall Ukrainian portfolio. Contracts for the supply of a LPG plant and associated storage and delivery system have been awarded.

Significant progress was made in 2009 on the work programme to bring the Koshekhablskoye field in southern Russia on-stream at the beginning of 2011. The 10-well workover programme was initiated in the period and excellent test results achieved from the first well. Contracts for the gas processing facility were placed in 2009 and equipment is currently being fabricated for delivery in the third quarter of this year. Well workovers are continuing this year with test results for the second well scheduled in June.

In Hungary, our exploration efforts in 2009 led to gas discoveries in all three of our licences. The Hajdunanas field was brought on-stream in the period and currently is producing in excess of 5.5 MMcfd and 125 bcfd, net to our 50% interest. Testing the high pressure gas condensate discovery on our Veszto licence is currently underway and due for completion by the end of June.

The Company extended its exploration efforts in central Europe in 2009 with seismic acquisition programmes in its Golitza licences in Bulgaria and its three licences in Slovakia. Drilling of two exploration wells in Bulgaria will begin in the third quarter of this year, and further seismic acquisition in Slovakia will be undertaken before year end.

In January 2010, following the financial year-end, we placed over 14 million new shares with institutional investors to raise approximately \$61 million before expenses. The funds have strengthened our balance sheet, allowing us to increase the pace of our development programmes in both Ukraine and Russia.

In 2009, the Remuneration Committee appointed independent consultants to undertake a thorough review of remuneration policies for executive directors and senior staff. The Company undertook extensive consultation with both institutional shareholders and the relevant advisory agencies in drafting the new plans which are to be put to shareholders for approval today.

Your Board is recommending a 4% increase in dividend for the period, in line with its continued commitment to increasing returns to shareholders.

Finally, I wish to thank all members of staff for their hard work and commitment to the Company during the year and their contribution to its continued success, and also extend my thanks to all shareholders for their interest and support of the Company's activities."

**ENDS**

**Enquiries**

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