

ANTI-BRIBERY and CORRUPTION POLICY.

1. SCOPE OF POLICY

This policy Applies to all businesses and employees overseen by the JKX Oil & Gas Plc (“JKX”) UK board including all JKX subsidiaries (together the “JKX Group”), as well as relevant business partners and other necessary individuals and entities. The policy applies to all individuals working at all levels and grades within the JKX Group of companies including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, homeworkers, casual workers, agency staff or any other person associated with us or any of our subsidiaries or their employees, wherever located. Those who work in areas within our business identified as being particularly high risk will receive additional training and support in identifying and preventing corrupt activities.

This policy explains the procedures through which JKX can maintain its ethical standards and protect its reputation against any allegations of bribery and corruption. Its successful implementation requires pro-active adoption by all to whom it applies. Each business unit’s overall compliance with the requirements of this policy is the responsibility of the Local General Director and local Finance Directors will ensure their business unit’s adherence to this policy.

3. INTRODUCTION

The JKX Group will conduct business in an honest way, and without the use of corrupt practices or acts of bribery.

The JKX Group is committed to ensuring adherence to the highest legal and ethical standards and in particular to complying with all applicable laws in each jurisdiction in which it operates. This must be reflected in every aspect of the way in which it operates. We must bring integrity to all our dealings. Bribery and corruption harms the societies in which these acts are committed and prevents economic growth and development.

Bribery is a criminal offence in the countries in which the JKX Group operates and exposes the Company and related individuals to the risk of prosecution, fines and imprisonment, as well as endangering the Company’s reputation.

This policy has been adopted by the JKX Board which attaches the utmost importance to this policy and applies a “zero tolerance” approach to acts of bribery and corruption. Any breach of this policy is regarded as a serious matter by the Company and is likely to result in disciplinary action.

4. WHAT IS BRIBERY AND CORRUPTION?

Acts of bribery or corruption are designed to influence the individual in the performance of their duty and incline them to act dishonestly potentially breaking existing law in order to obtain personal benefit. For the purposes of this policy, whether the payee or recipient of the act of bribery or corruption works in the public or private sector is irrelevant.

The person being bribed is generally someone who will be able to obtain, retain or direct business. This may involve sales initiatives, such as tendering and contracting; or, it may simply involve the handling of administrative tasks such as licences, customs, taxes or import/export matters. It does not matter whether the act of bribery is committed before or after the tendering of a contract or the completion of administrative tasks.

5. WHAT IS A BRIBE?

A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

Bribes can take on many different shapes and forms, but typically they involve corrupt intent. There will usually be a 'quid pro quo' – both parties will benefit. A bribe could be the:

- Direct or indirect promise, offering, or authorisation, of anything of value Offer or receipt of any kickback, loan, fee, reward, discount or other advantage
- Giving of aid, donations or voting designed to exert improper influence

6. WHO COULD BE AT RISK OF ENGAGING IN BRIBERY OR CORRUPTION?

In the eyes of the law, bribery and corrupt behaviour can be committed on behalf of JKX by:

- An employee, officer or director;
- Any person acting on behalf of the Company (e.g. our contractors or business partners); or
- Individuals and organisations involved with or acting on the Company's behalf such as Joint Venture partners, contractors, consultants, etc.

Acts of bribery and corruption will commonly, but not always, involve public or government officials (or their close families and business associates) who have the power to perform legitimate actions. For the purposes of this policy, a government official could be:

- A public official, whether foreign or domestic
- A political candidate or party official
- A representative of a government-owned/majority-controlled organisation
- An employee of a public international organisation

7. WHAT DOES THE LEGISLATION SAY ABOUT BRIBERY AND CORRUPTION?

Bribery is a criminal offence in the countries in which JKX operates, and penalties can be severe. In the UK the Bribery Act 2010 makes bribery and corruption illegal and UK companies can be further exposed for failing to implement adequate procedures to prevent such acts by those working for the company or on its behalf, no matter where in the world the act takes place. In addition, current US legislation (the Foreign Corrupt Practices Act or FCPA) offers similar prohibitions and potential penalties and is enforced with vigour by the US authorities. It is therefore in individuals' own individual interests, as well as those of the JKX Group, that they act with propriety at all times. Corrupt acts committed abroad, including those by business partners working on the company's behalf, may well result in a prosecution both of the Company and the business partner at home or in the UK.

8. STEPS WE CAN TAKE TO PREVENT BRIBERY AND CORRUPTION

We can take the following steps to assist in the prevention of bribery and corruption:

A. Risk Assessment

Effective risk assessment is key to the success of this policy. Risk identification pinpoints the specific areas in which we face the most significant bribery and corruption risks and allows us to better evaluate and mitigate these risks and thereby protect ourselves. Business practices around the world can be deeply rooted in the attitudes, cultures and economic prosperity of a particular region – any of which can vary. Local Management must assess the vulnerability of each business unit to these risks on an ongoing basis. Risk assessment is an ongoing process.

B. Accurate Books and Record-Keeping

Many serious global bribery and corruption offences have been found to involve some degree of inaccurate record-keeping. We must maintain accurate books, records and financial reporting within all JKX business units and for significant business partners working on the Company's behalf. Our books, records and overall financial reporting must also be transparent, accurately reflecting each of the underlying transactions. False, misleading or inaccurate records of any kind could potentially damage JKX in a number of ways.

C. Effective Monitoring and Internal Control

JKX businesses must all maintain an effective system of internal control and monitoring of our transactions. Once bribery and corruption risks have been identified and highlighted via the risk assessment process, procedures can be developed within a comprehensive control and monitoring programme in order to help mitigate these risks on an ongoing basis.

Each local Finance Director must ensure that local management engages in effective risk assessment and implements the necessary steps to prevent bribery and corruption.

9. WHERE DO THE BRIBERY AND CORRUPTION RISKS TYPICALLY ARISE?

Bribery and corruption risks typically fall within the following categories:

A. Use of Business Partners

The definition of a business partner is broad, and includes agents, joint venture partners, contractors, consultants or partners in JKX's service providers who act on behalf of the Company. Whilst the use of business partners can help us to reach our goals, JKX employees need to be aware that these arrangements can potentially present JKX with significant risks.

Risk can be identified where a business partner conducts activities on JKX's behalf, so that the result of their actions can be seen as benefiting JKX.

Business partners who act on JKX's behalf must be advised of the existence of and operate at all times in accordance with this policy. Local management is responsible for the evaluation of each relationship and related risks and mitigations.

Where risk regarding a business partner arrangement has been identified, Local management must:

- Evaluate the background, experience, and reputation of the business partner
- Understand the services to be provided, and methods of compensation and payment
- Evaluate the business rationale for engaging the business partner
- Take reasonable steps to monitor the transactions of business partners appropriately
- Ensure there is a written agreement in place which acknowledges the business partner's understanding and compliance with this policy

JKX is ultimately responsible for ensuring that business partners who act on the Group's behalf are compliant with this policy as well as any local laws. Ignorance or "turning a blind eye" is not an excuse.

B. Gifts, Entertainment and Hospitality

Gifts, entertainment and hospitality include the receipt or offer of discounts, gifts, meals or tokens of appreciation and gratitude, or invitations to events, functions, or other social gatherings, in connection with matters related to JKX business. These activities may be acceptable provided they fall within reasonable bounds of value and occurrence. Further details are set out in the Business Conduct Policy.

How to evaluate what is 'acceptable' or not:

First, you must take a step back and ask themselves the following:

- What is the intent – is it to build a relationship or is it something else?
- How would this look if these details were on the front of a newspaper?
- What if the situation were to be reversed – would there be a double standard?

If you find it difficult to answer one of the above questions, there may be a risk involved which could potentially damage JKX's reputation and business. The action could well be unlawful.

Although no two situations are the same, the following guidance should be considered globally:

Never acceptable

Circumstances which are never permissible include examples that involve:

- A quid pro quo (offered for something in return)
- Gifts in the form of cash/or cash equivalent vouchers
- Entertainment of a sexual or similarly inappropriate nature
- Engaging in any activity that would lead to a breach of this policy

As a general rule, JKX employees and business partners should not provide gifts to, or receive them from, those meeting our definition of a government official (or their close families and business associates). However, we do understand that in certain countries gift giving and receiving with these individuals is a cultural norm. If you are faced with such a situation, please consult with the Group CFO or Company Secretary before proceeding.

Usually acceptable

Possible circumstances that are usually acceptable include:

- Modest/occasional meals with someone with whom we do business
- Occasional attendance at ordinary sports, theatre and other cultural events
- Gifts of nominal value, such as pens, or small promotional items

A variety of cultural factors such as customs, currency and expectations may influence the level of acceptability. If you feel uncertain at any time regarding the acceptability of gifts, entertainment or hospitality, please consult with your local Finance Director.

Transparency is key

Each operating company will be required to maintain and monitor a Register for Gifts and Hospitality. Any form of gift, entertainment or hospitality given, received or offered – which meets or exceeds the equivalent of £50 in value – must be approved before being offered or accepted and appropriately recorded in the register. In the event that an impermissible form of gift, entertainment or hospitality has been accepted, you must appropriately record the transaction within the register and contact the Group CFO or Company Secretary.

C. Facilitation Payments and Kickbacks

In many countries, it is customary business practice to make payments or gifts of small value to junior government officials in order to speed up or facilitate a routine action or process (a “facilitation payment”).

Despite this, facilitation payments are prohibited and are illegal under the UK Bribery Act.

If you are unsure whether certain a payment is permitted contact your local Finance Director, the Group CFO or Company Secretary.

10. DONATIONS

JKX does not make contributions to political parties. JKX makes charitable donations from time to time and where these are legal and ethical under local laws and practice following appropriate due diligence. You should refer to the Donations, Promotions and Sponsorship Policy for additional information.

11. LOCAL ADAPTION

In order for this policy to be effective, it is necessary for it to be applied across the Group worldwide, taking into consideration the diverse cultural environments in which we operate. This may require each business units to adapt certain sections of this policy by making them more rigorous – such as gifts, entertainment and hospitality – to ensure they are fair, appropriate and applicable.

Local Finance Directors are responsible for reporting and obtaining approval for any local adaptations to this JKX Group Policy from the Group CEO or CFO.

12. POTENTIAL RISK SCENARIOS

Here are some “red flags” to be on the lookout for in proposed third party relationships because they can often be used to make an indirect bribe:

- Payments to shell companies or to companies whose ownership is not transparent;
- Payments to offshore bank accounts;
- Payments to entities owned or controlled by government officials, their close relatives, or business associates;
- Requests for false or misleading documentation.
- “Donations” to individuals;
- Cash transactions;
- Services provided free of charge or at a non-market price;
- Obtaining unreasonable discounts;
- Doing business with people or entities that are known to engage in bribery or who are suspected of engaging in bribery.

If you become aware of any of these situations or others that suggest the possibility of improper payments, it does not necessarily mean that improper conduct is underway; however, they cannot be ignored. The existence of a red flag and the entering into or continuing of a relationship with a third party where a red flag has been identified must be carefully considered. If you have any doubts contact your local Finance Director, the Group CFO or Company Secretary.

13. HOW TO RAISE A CONCERN

All individuals who work on behalf of JKX have a responsibility to help detect, prevent and report instances not only of bribery, but also of any other suspicious activity or wrongdoing. JKX is absolutely committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. We want each and every one to know how they can “speak up”.

If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance can only help. The sooner you act the better for you and for the Company. To help, we have created multiple channels to allow you to do this.

If anyone is concerned that a corrupt act of some kind is being considered or carried out – either within JKX Group, by any of our business partners or by any of our competitors – you must report the issue/concern to your Line Manager, If please report it to another Senior Manager the Group CFO or the Company Secretary.

If you are not comfortable with speaking directly to a colleague or anyone mentioned above, JKX has introduced an online reporting facility (www.expolink.co.uk/jkx) for all employees and relevant business partners to use, as set out in the JKX Whistleblowing Policy. The online facility has the capacity to handle anonymous complaints. Alternatively, you may call 0800 374199 in the UK, 0800 609 172 in the Ukraine, 810 800 260 81044 in Russia quoting the access code “JKX”. For toll free numbers in other countries please visit <http://www.expolink.co.uk/whistleblowing-hotline/PDF/International-Freephone-listing.pdf>.

In the event that an incident of bribery, corruption, or wrongdoing is reported, JKX will act as soon as possible to evaluate the situation. JKX has clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind. We reserve our right to terminate our contractual relationship with other workers or associated people if they breach this policy.

14. PROTECTION

Workers who refuse to accept or offer a bribe, or those who raise concerns or report another’s wrongdoing, are sometimes worried about possible repercussions. We encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place or may take place in the future.

If you believe that you have suffered any such treatment, you should inform the Divisional Finance Director, the Group CFO or the Company Secretary immediately.

15. RESPONSE

Where an initial report of potential bribery or fraud has been made under the procedure described above, the delegated business unit representative will liaise with the Group Chief Financial Officer to determine whether the report warrants a detailed investigation. Where a detailed investigation is appropriate, an investigating officer or team possessing the necessary forensic expertise may conduct the detailed investigation under the direction of the Board of JKX.

Legal guidance may be appropriate on the conduct of the investigation to ensure that due process is followed in conducting the case and, on the conclusion of the investigation, including any actions to be taken as a consequence of the findings.

Security of Evidence

The person delegated with the responsibility for the investigation, is responsible for ensuring that evidence, physical assets and records, which may be used in subsequent investigations, are secured at an early stage of the investigation.

Personnel being investigated for suspected bribery or fraud may be denied access to JKX's premises and information systems.

Personal Security

Consideration is given to the need to provide security, or access to security, for the person reporting the suspicion or incident of bribery or fraud, their family members, members of the investigating team and employees closely associated with the gathering of evidence.

Retaliation against anyone for raising a legitimate concern or assisting to address bribery, fraud or other ethical matter is not tolerated. Retaliation is grounds for serious action to be taken against the guilty party which could include dismissal.

The principles of natural justice will be applied in all cases against any person being investigated following an allegation of bribery or fraud.

16. CONCLUSION AND APPROVAL

Local management, under the overview of local Finance Directors, are responsible for the establishment and ongoing monitoring of compliance with this policy in their operations.