

7 February 2017

**JKX Oil & Gas plc**  
(“JKX”, the “Company” or the “Group”)  
**Tribunal Award - Update**

Yesterday, the international arbitration tribunal issued its Award on the Company’s claims against Ukraine. Beginning in 2015, the Company had lodged several claims under the Agreement between the United Kingdom and Ukraine for the Promotion and Reciprocal Protection of Investments (the “UK-Ukraine BIT”) for approximately USD 168 million for excessive royalties and production taxes (“Rental Fees”) paid by the Company's subsidiary Poltava Petroleum Company plus damages.

The tribunal dismissed the main element of the Company's claim for payment of excessive Rental Fees. The tribunal ruled that Ukraine was found not to have violated its treaty obligations in respect of excessive levying of such taxes, but awarded the Company damages of approximately USD 11.8 million plus interest and costs of USD 0.3 million in relation to subsidiary claims.

As previously reported, in parallel to the claims made against Ukraine under the UK-Ukraine BIT, the Company has persistently defended its position in the Ukrainian courts regarding the Rental Fee charges levied for 2010 and 2015 (totalling approximately USD 32 million at current Hryvnia-USD exchange rates). Whilst this ruling poses additional challenges for the Company in particular regarding the 2015 claims (totalling USD 22.3 million at current Hryvnia-USD exchange rates), the Company will continue to defend its position in the Ukrainian courts in all outstanding cases. At the same time, the Company intends to begin a dialogue with the Government of Ukraine in order to satisfy the terms of the Award and reach a mutually beneficial outcome.

Tom Reed, CEO of JKX, commented “JKX has, over many years, been one of the largest foreign investors and major tax payers in the Ukrainian gas industry. We are disappointed with the decision on the overall award, but pleased that this result helps to draw a line under historical legal issues. As set out in our strategy a year ago, we now look forward to resolving all outstanding litigation and returning to our core business of drilling for oil and gas. We will call on the Ukrainian Government to secure support in creating an environment in which JKX can execute its recently finalised Field Development Plans, invest in gas production and assist Ukraine to achieve energy independence.”

This announcement contains inside information as defined in EU Regulation No. 596/2014 and is in accordance with the Company's obligations under Article 17 of that Regulation.

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**JKX Oil & Gas plc** +44 (0) 20 7323 4464  
Russell Hoare, Chief Financial Officer

**Stockdale Securities** +44 (0) 20 7601 6100  
Robert Finlay, Daniel Harris

**EM Communications** +44 (0) 20 3709 5711  
Stuart Leasor, Jeroen van de Crommenacker