

18 January 2021

**JKX Oil & Gas plc**  
 ("JKX", the "Company" or the "Group")  
**Quarterly Operations Update**

**Highlights**

- Group average production of 10,238 boepd for 2020, similar to 2019 despite significantly reduced drilling and workover activity in 2020 compared to 2019.
- Two wells drilled in Ukraine in Q4 2020, IG146 and a sidetrack of NN75.
- Net \$24.5m of cash and cash equivalents, and oil and gas inventory of approximately \$2.2m in value, held at 31 December 2020.

**Production**

	Q4	Q3	Q on Q	12	12	Y on Y
	2020	2020	%	months	months	%
			Change	2020	2019	Change
<b>Total production, boepd</b>	<b>9,825</b>	<b>10,245</b>	(4)%	<b>10,238</b>	<b>10,748</b>	(5)%
<u>Ukraine, boepd</u>	<u>4,351</u>	<u>4,727</u>	(8)%	<u>4,849</u>	<u>5,584</u>	(13)%
- Average gas production, Mcmd	592	639	(7)%	653	769	(15)%
- Average oil and condensate production, boepd	868	965	(10)%	1,007	1,058	(5)%
<u>Russia, boepd</u>	<u>5,474</u>	<u>5,519</u>	(1)%	<u>5,389</u>	<u>5,158</u>	4%
- Average gas production, Mcmd	919	926	(1)%	905	867	4%
- Average condensate production, boepd	64	67	(4)%	61	59	4%
<u>Hungary, boepd</u>	<u>0</u>	<u>0</u>	0%	<u>0</u>	<u>6</u>	(100)%
<b>Prices realised</b>						
<u>Ukraine</u>						
- Average gas price, \$/Mcm	168	105	60%	132	206	(36)%
- Average oil and condensate price (\$/bbl)	49	49	0%	44	61	(28)%
<u>Russia</u>						
- Average gas price, \$/Mcm	50	52	(4)%	52	57	(9)%

**In Ukraine:**

- The drilling of NN75 sidetrack, in the Novo-Nikolaevske field, commenced on the 15th December and reached a TD of 1,943m on the 28th December. Logs have been run and indicate 3 separate sands in the V16 with a total net hydrocarbon bearing thickness of 7.8m with an additional 1m of net hydrocarbon bearing thickness in the shallower V15 reservoir. The deepest V16 sand containing 4m of net hydrocarbon bearing thickness was perforated on the 14th November with a current rate of 80 boepd. Additional perforations will be added in due course.
- IG146 was completed to the Devonian in Ignativske and encountered 2.6m of logged net hydrocarbon bearing thickness. After initially testing at an oil rate of 497 bopd and a gas rate of 35 Mcmd in November the rate declined and the well is currently producing 6 Mcmd of gas (35 boepd).

**In Russia:**

- Following the successful acid jobs on Well's 5, 18 and 27 in Q3 2020 production from these wells has not declined significantly resulting in the production from the Koshekhablskoye field in Russia only reducing by 1%

quarter-on-quarter.

## Liquidity

In \$m	31 Dec 2020	30 Jun 2020	31 Dec 2019	30 Jun 2019	31 Dec 2018
Total cash and cash equivalents	24.5	14.5	20.6	10.7	19.2
Bond liability (principal and interest accrued)	-	-	(5.7)	(5.7)	(11.3)
<b>Net cash</b>	24.5	14.5	14.9	4.9	7.9
Approximate sales value of gas and oil inventory	2.2	1.7	4.1	8.0	9.9

Our Ukrainian subsidiary held 2.7 million cubic metres of gas and 32.6 thousand barrels of oil inventory available for immediate sale at 31 December 2020. Approximate sales value of gas and oil inventory is calculated using average sales prices for December 2020.

## Rental fee claims

Claims issued by the Ukrainian tax authorities for additional rental fees for 2010 and 2015 are still being contested through the Ukrainian court process as explained in the 2019 Annual Report. Final resolution of the 2010 and remaining 2015 rental fee claims cases is expected during 2021.

## International arbitration award

The international arbitration award, directing the State of Ukraine to pay \$11.8m plus interest and \$0.3m costs to JKX as described in the 2019 Annual Report, has now been successfully legally recognised in Ukraine and JKX has filed for collection. No possible future benefit that may result from this award will be reflected in the accounts until there is further clarity on the process for, and likely success of, enforcing collection.

## Covid-19

The Group has all necessary arrangements in place to ensure the safe conduct of its business. We have implemented a number of policies recommended by Governments in the countries of our assets for the protection of our employees, as well as to help minimization of the spread of coronavirus (Covid-19). Our first priority is the safety and wellbeing of our staff. Our next priority is supporting the local communities, especially where there is a lack of medical assistance, and we have directed our corporate and social responsibility projects helping to fight further spread of Covid-19.

We continue to monitor the impact of Covid-19 developments on our industry, operations, staff and contractors and are confident about the safety measures we put in place.

boepd - Barrels of oil equivalent per day  
bopd - Barrels of oil per day  
Mboe - Thousand barrels of oil equivalent  
Mcm - Thousand cubic metres  
MMcm- Million cubic metres  
Mcmd - Thousand cubic metres per day  
psi - pounds per square inch

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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