

3 February 2010

## Roxi Petroleum plc

### Corporate and Operational Update

Roxi Petroleum plc (“Roxi” or the “Company”)(ticker: RXP) is an AIM listed exploration and production company operating in Kazakhstan.

#### Highlights:

- Excellent progress across portfolio:
  - NK22 well on Galaz encountered shows
  - Well 20 on Ravninnoe reached TD of 3455 meters – work over rig being mobilised to complete logging and test well
  - Preparing to perforate well 54 on BNG
  - Drilling rig mobilised to drill two wells on South Yelemens field
- Appointment of Edmund Limerick as Non Executive Director
- Appointment of Hyunsik Jang as Chief Operating office
- Additional \$3 million convertible loan received from Arawak

#### Operations update

##### *Galaz*

Exploration well NK22 is drilling ahead at 2550m in the Middle Jurassic having encountered shows in the Arskum and Upper Jurassic sandstones. The well is drilled on a turn-key contract and has been drilled slower than anticipated to ensure the best quality borehole for testing and evaluation at no extra cost to Roxi.

A Pilot Production Project has been submitted for approval on NW Konys’ C1 reserves of 7.3mmbbls. Management are expecting the results of this application should be announced before the end of April 2010.

### ***Ravninnoe***

The appraisal of the Ravninnoe Field is continuing. Well 20 reached a total depth of 3455m on the 2<sup>nd</sup> of January 2010, after drilling through an over pressured hydrocarbon column of approximately 30m. Good oil shows were encountered with no H<sub>2</sub>S detected. Porosities from logs are in the range of 4 to 20%, however, net pay will not be determined until after testing. The partnership decided to TD the well at a shallower depth than originally planned in order to reduce the costs, ensure the successful data acquisition over the primary target and to defer drilling the deeper targets until they can be tested at a more optimal location. A workover rig is being mobilised to complete the logging and test the well by the end of February 2010.

### ***BNG***

Following the completion of the farm-out to Canamens in December 2009, the Company is preparing to perforate well 54 and has mobilised a rig to drill two wells on the South Yelemes field.

BNG Ltd LLP has selected Danke Geophysical Contractor as winner of the tender for acquisition of further seismic including 3D seismic over transition zone (frequently flooded) areas, on the margin of the Caspian Sea.

Interpretation of the Yelemes-Ayrshagyl 3D survey acquired in 2009 is being evaluated to select the locations for a further six wells in 2010 on the BNG Contract Area.

### ***Munaily***

Roxi has terminated all agreements with third parties for the disposal of Munaily, due to default of the purchasers. The company now plans to apply for pilot production to rehabilitate the field in 2010. No activity is planned prior to receiving Pilot Production approval towards the end of 2010.

### ***Beibars***

The Beibars Exploration Contract has ceased activities owing to Force Majeure as a result of the award of the Contract Area by the Kazakh authorities to the Army as a training ground in 2008. Following the acquisition of 3D seismic in May of that year Roxi is evaluating the potential of the block in anticipation of the lifting of the Force Majeure.

### **Appointment of a non-executive director**

Roxi is pleased to announce the appointment of Edmund Pery, Earl of Limerick, as a non-executive director.

Edmund Limerick has been involved in Central Asia and financing the oil and gas business for the last 18 years. He is a manager of the Altima Central Asia Fund which has invested in private equity in the

oil sector in many countries in the region, and prior to that he spent many years in Deutsche Bank as a project financier and senior oil and gas investment banker in Moscow, London and Dubai.

Previously Edmund was a solicitor with Milbank Tweed in Moscow and Freshfields and Clifford Chance in London. His early career was spent in HM Diplomatic Service with postings in Paris, Dakar and Amman. He was educated in Oxford, London, Moscow and Paris and speaks Russian.

He is a non-executive director of Chagala Ltd, Saddleback Mining Ltd, GCRC 1 Ltd, a Governor of Ardingly College and a member of the Association of Conservative Peers.

Edmund will join the audit and remuneration committee of the Roxi board.

In accordance with the AIM Rules for Companies, the Company confirms that there is no further disclosure obligation required pursuant to Rule 17, Schedule Two, Paragraph (g).

### **Appointment of a Chief Operating Officer**

Roxi is also pleased to announce the appointment of Hyunsik Jang as Chief Operating Officer.

Mr Jang, aged 53, is a Korean National who has 26 years experience in the upstream oil & gas industry, gained principally with LG where he worked in South East Asia, the Middle East and Latin America.

In 2006, he was promoted to Vice President in charge of the Energy Division and in 2007 transferred to Kazakhstan as head of LG's Central Asia region. Mr Jang was responsible for LG's interest in the ADA and ADA properties, which were previously of interest to Roxi.

Mr Jang will be responsible for the day to day activities in dealing with our partners in developing the interests in Roxi's assets. In particular, he will be responsible for controlling the execution of the expanding drilling activity across all assets during 2010, with a particular emphasis on the maintenance of high standards of quality, at the optimal cost, to achieve this objective. He will also be responsible for identifying sources of new finance from the Far East will be part of the management structures supervising the joint venture operations with our partners.

### **Short term funding**

Roxi also announces that it has received an additional \$3 million from Arawak Energy, part of the Vitol group, by way of a convertible loan repayable by 31 March 2010, which, if not repaid Arawak would be entitled to convert into approximately 19 million Roxi shares representing 4.34% percentage of the then total issued shares. These arrangements , together with the shares Arawak already holds in Roxi and the shares Arawak would be entitled to subscribe for under this convertible

loan and the earlier \$5 million convertible loan repayable by 1<sup>st</sup> July 2010, would represent approximately 21.71 per cent of the then issued share capital.

## **Strategy**

As previously announced the strategy of the Company is in the short term, to focus on its existing assets to secure early production and to prove up reserves and at the same time, building successful partnerships from its recent farm-outs. Its intention thereafter is to secure project financing to further develop the potential for production from all of its assets and in the longer term, maximise production and revenue through export routes and look to acquire value opportunities in the region, particularly in Kazakhstan, to further enhance shareholder value. Throughout this period management will focus on maintaining a strong culture of corporate governance over the Group's operations and corporate structures.

## **Oil Barrel conference**

David Wilkes, Chief Executive Officer and Duncan McDougall, Technical Director will be attending and speaking at the Oil Barrel conference to be held in London on 18 February 2010.

## **Qualified Person**

Duncan McDougall, Technical Director of Roxi Petroleum and a Fellow in the Geological Society, London, has reviewed and approved the technical disclosure in this announcement. He holds a BSc in Geology and has 25 years international experience of exploration, appraisal, and development of oilfields in a variety of environments

## **Comments**

### **Clive Carver, non executive chairman said**

*"I am delighted that we have been able to attract someone of Edmund Limerick's ability and experience to the Roxi board. I am confident he will make a significant contribution to the development of the Company."*

### **David Wilkes, CEO said**

*"Roxi has made excellent progress across its portfolio as we look to deliver our strategy of securing early production and proving up reserves; whilst building on the relationships and partnerships that we have already forged."*

*I am also very pleased to welcome Hyunsik Jang to the Company as COO. He brings extensive expertise in the industry and will be in charge of ensuring that our exciting 2010 drilling programme across all our assets is executed. "*

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