

Roxi Petroleum Plc

("Roxi" or the "Company")

Farm Out and Operational Update

Roxi Petroleum plc (AIM; RXP) is pleased to announce that the Company has agreed to farm-out an interest in the BNG Contract Area to Canamens. The agreement is conditional, inter-alia, on regulatory approval by the Kazakh authorities and the approval by Roxi's shareholders. Following the Canamens farm-in to Ravninnoe Contract Area in 2008, this agreement aligns the Company and the Canamens group in a long term strategic partnership to develop two of the Company's core assets, with the goal of reserves growth and early production.

Roxi also announces further appraisal success on the NW Konus field, within the Galaz Contract Area in the Kyzylorda Oblast, Central Kazakhstan. The last two wells in the 2008 drilling programme, NK5 and NK6, have encountered encouraging net oil pay intervals in Arskum and Upper Jurassic sandstone, from wireline logging evaluation.

Highlights

- Agreement signed with Canamens to farm-out up to 35% of BNG Contract Area, in which the Company has an indirect 58.4% interest, which would become an interest of 37.96% following completion of the transaction.
- **US\$5m** of short term funding available to Roxi in January 2009
- Up to a maximum of **US\$50m** funding for BNG work programmes to be paid by Canamens:
 - **Assuming the final stages of the deal are completed, this will fund Roxi's BNG work programme commitments for 2009 and 2010**
 - Up to US\$27m funding of 2009 BNG work programme including the drilling of multiple wells
 - Up to US\$23m funding of 2010 BNG work programme including the drilling of multiple wells
- **Appraisal success** on the Galaz Contact Area
 - NK Konus well NK5 encountered a total of 20m net oil pay in Arskum and Upper Jurassic sandstone
 - NK Konus well NK6 encountered a total of 29m net oil pay in Arskum and Upper Jurassic sandstone
 - 2008 five well programme now completed
 - Reserves upgrade and trial production planned in 2009

Rob Schoonbrood, Roxi CEO commented:

"We are delighted to work with Canamens to develop the highly prospective BNG assets. Both companies have demonstrated their ability to work together to get these deals done, and I believe that the partnership will result in a great success for the development of BNG.

Since Roxi's IPO in May 2007, in which a total of approx \$80 Million was raised, the Company has lined up more than \$90 Million of additional finance to cover its commitments for the development of the extended portfolio. Of this amount only \$5M is in the form of loans

When combined with our operating successes at Galaz which could involve near to medium term production, we believe that the operational prospects for Roxi in 2009 are strong and that we are in a position to continue the monetisation of our projects. This is a significant achievement, given the current market conditions"

19th January 2009

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Sale and Purchase Agreement with Canamens

The Company has entered into a sale and purchase agreement to farm-out to Canamens up to a 35% interest in BNG Ltd LLP ("BNG"), as to up to 20.44% of the total interest from Roxi and up to 14.56% of the total interest from partners (the "SPA").

Key terms of the SPA are as follows:

- On or before 29 January 2009, Canamens will make a prepayment in the form of an interest-bearing advance of US \$5 million to the Company which will be repaid on completion of the first stage of the agreement or, failing which, on 30 June 2009
- Following satisfaction of the conditions precedent on or before 30 June 2009, Canamens will purchase a 3% interest from Roxi in BNG for US\$5 million
- Canamens has the option, on or before 30 June 2009, to fund the 2009 Annual Work Programme for BNG up to a total amount of US\$27 million, to earn a further 20% interest in BNG
- Canamens has the option, on or before 1 January 2010, to fund the 2010 Annual Work programme for BNG up to a total amount of US\$23 million, to earn a further 12% interest in BNG

The agreement, other than the initial advance, is subject to the satisfaction of certain conditions precedent (including, amongst other things, Company shareholder approval as required under the AIM Rules, and receipt of necessary Kazakh regulatory approvals). The Company will convene a general meeting to seek shareholder consent to approve the disposal of part of its interest in BNG.

Canamens is a private equity funded upstream oil and gas company. Its aim is to acquire assets with existing or near-term production opportunities, with field development and exploration potential where it can add real value through its industry experience and through its relationship with leading industry service providers. Sector Asset Management and Goldman Sachs are its two principal investors.

Appraisal Success and Reserves Upgrade on Galaz Contract Area (Roxi interest 30.09%)

The Company has successfully completed the five well appraisal drilling programme (NK1,3,4,5,6) on the NW Konus field in the Galaz Contract Area, in the Kyzylorda Oblast, Central Kazakhstan. Well NK5 was spudded on 7 December 2008 and reached a total depth of 1,410m. The well has encountered a 20m of net oil pay in the primary Jurassic reservoir zone, and in the overlying Lower Cretaceous Arskum sandstone. The well is currently being prepared for completion and a 90 day test period. Well NK6 was spudded on 11 December 2008 and reached a total depth of 1,265m. It has encountered 29m of net oil pay in the same interval and is awaiting further evaluation.

The drilling results confirm the new geological model for NW Konus, developed from the results of the 3D seismic survey earlier this year. The Company now plans a reserves upgrade which is anticipated to lead to Government approval for pilot production in 2009.

Longer Term Funding Arrangements

Roxi continues to conduct discussions with a number of parties to provide strategic funding over the longer term to exploit the opportunities the Company has created. The Board believes that the prospect of successfully concluding one of these discussions is significantly increased by the Company's operational success and ability to secure working capital for the contract work programmes through farm-out and disposal.

Roxi will issue further announcements on the status of these discussions in due course.

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.