Roxi Petroleum Plc (“Roxi” or the “Company”)

Preliminary Results for the period ended

31 December 2007

Roxi Petroleum plc ("Roxi" or "the Company"), the Kazakhstan based oil exploration and development company is very pleased to announce its preliminary results covering its first year as a public company

Financial Highlights 2007

- Successful IPO, raising $78m to acquire and develop oil and gas contracts in Kazakhstan
- $157m assets on balance sheet
- $10.5m loss for the period

Financial highlights post period end

- $190m acquisition of 59% of Eragon Petroleum plc completed post year end
- Increased share ownership in Roxi by regional interests of considerable benefit

Operational Highlights - including post period end

- Focus on discovered assets with appraisal, development and production upside
- Added value to portfolio through seismic acquisition o

Ravninnoe: appraisal on discovered oil field

- 168 km² 3D seismic survey completed
- Drilling planned Q3 2008
- 8 million barrels C1+C2 reserves net to Roxi

Beibars: exploration

- Commenced acquisition of 121 km² 3D seismic

- **Eragon acquisition completed post period end** provides considerable growth in value of portfolio:

- 242 new million barrels of oil C1-C3 net to Roxi under GOST standards
- 1,592 km² new licensed territory
- Appraisal, development and production upside from the Galaz and Munaily Contract Areas
- Significant exploration prospects on the BNG Contract Area

ROXI PETROLEUM PLC
11 Gough Square
London EC4A 3DE
Tel.: + 44 203 159 5315
Fax: + 44 207 806 8155
www.roxipetroleum.com

- **Total reserves for all assets net to Roxi**:
  - C1: 12 million barrels
  - C1 + C2: 40 million barrels
  - C1 + C2 + C3: 250 million barrels

All reserves are reported using GOST standards common in the Russian and CIS region

Rob Schoonbrood, CEO of Roxi Petroleum commented,

"The period has been one of transformation for Roxi. Through our acquisitive strategy, we have created from scratch a portfolio with potential for early development, exploration upside and the clear promise of further value from near term production and cash flow.

Our task now is to work with our partners to develop our assets towards either production or monetisation, whichever is in the best interest of our shareholders – whilst being constantly on the look out for value enhancing deals that would materially enhance our portfolio"

17 June 2008

Roxi Petroleum plc
Rob Schoonbrood, CEO / David Barker COO +7 727 244 0920

College Hill (Financial PR)
Paddy Blewer / Nick Elwes +44 (0) 20 7457 2020

WH Ireland (NOMAD and broker)
James Joyce / David Porter +44 (0) 20 7220 1666

Chairman's statement

We have come a long way in a short time and certainly further than we expected when we started. Our first preliminary results covering life as a public company provides the ideal opportunity to set out what we have done to date and more importantly our plans for the future.

Roxi was formed on 13 October 2006 and on 22 May 2007 our shares were admitted to trading on London's junior stock market, AIM. At that time we raised some US$78 million from institutional investors to pursue a strategy of building a diversified portfolio of oil and gas exploration and production assets in Central Asia within three to five years.

At the time of our admission to trading on AIM we had agreements to buy 50% of three principal assets, Ravninnoe, Beibars and North Karamandybas. Since admission we have completed the acquisition of 50% of the Ravninnoe and Beibars assets and have started work developing these assets.

As we reported at the time of our admission, we resolved to await the outcome of a legal challenge regarding the ownershipof the vendors' interest in North Karamandybas before completing this acquisition. At the date of this report the result of the legal challenge has not been resolved. However, whilst the time it has taken to deal with this legal challenge has proved to be far longer than we imagined, recent court proceedings lead us to believe the final outcome of the legal challenge may allow Roxi to complete its purchase of 50% or more of the North Karamandybas on terms broadly similar to those negotiated at the time of our admission. Accordingly, the Directors have decided to maintain the US$3 million provision set up at the time of our interim report against the carrying value of the North Karamandybas assets.

The capital identified in May 2007 for North Karamandybas has been used for other projects whilst the legal challenge to the vendors' ownership is being resolved. Should the Company have the opportunity to acquire North Karamandybas, further funds will be required to buy and develop this asset.

On 22 August 2007, we announced the conditional acquisition of a 59 percent. interest in Eragon Petroleum plc ("Eragon"), a UK company which owned three Contract Areas, BNG, Galaz and Munaily, for an aggregate purchase consideration of $250 million, split into an initial purchase for $190 million and a further $60 million, which was dependent upon securing additional permissions to exploit the BNG assets. The further purchase consideration (excluding a $1.5 million deposit) will be satisfied by the issue of Roxi shares at a price of 65p per share.

Under the AIM Rules, the size and structure of the Eragon acquisition made it a reverse takeover, resulting in the Company's shares being suspended until we were able to issue an admission document containing full financial, legal, and geological details of the assets already in the Company and those we wished to purchase.

On 4 October 2007, we announced that we had purchased, for an option fee of $2 million paid in cash, an option to acquire a 50 per cent. interest in the ADA Group for an aggregate consideration of $425 million (including the option fee). The option was set to expire on 30 March 2008. The obligation to include in the admission document full details of the ADA Group's assets under option was the principal reason our shares remained suspended for almost five and half months, and was a significant factor in the high level of costs associated with the Eragon acquisition.

On 31 January 2008, we published the admission document for the Eragon acquisition, which allowed trading in our shares to resume. On 29 February 2008, Roxi shareholders voted to approve the Eragon acquisition which, together with the BNG extension, has now been completed by the issue of an aggregate of approximately 152 million new Roxi shares at a price of 65p per share, with approximately an additional 48.5 million new Roxi shares to be issued in connection with the Consulting Services Agreement, at the same price.

It is the view of the Board that the Eragon acquisition is a major step in improving both the scale and quality of the assets previously assessed.

Following the Eragon acquisition approximately half of the shares in our Company are owned by people living in the areas in which we operate and we thank them for their support and vote of confidence in that they wish to work with us in developing the Company's assets over the medium term.

On 19 February 2008 we announced that we had agreed with the ADA Group vendors to extend the option to acquire the ADA Group assets until 30 September 2008, as it had become clear that the delays in completing the Eragon acquisition placed in jeopardy our ability to complete the ADA Group acquisition within the previously agreed timescale without taking undue risks in the completion of the due diligence. An extension fee of $3.2 million (which is refundable if certain conditions are satisfied) was paid in cash.

At that time the purchase price of the ADA Group assets was reduced from US$425 million to US$340 million (including the option and extension fees paid) and the price at which the Roxi shares are to be issued for these assets was reduced from 80p per share to 65p per share. We will make every effort to ensure we do not have another suspension in the trading of our shares should we decide to exercise the option to acquire a 50 per cent. interest in the ADA Group.

On 19 May 2008, we provided the market with an operations update on each of our assets, the principal details of which are summarised in the Chief Operating Officer's report. At that time, we also announced that as a result of certain costs being greater than anticipated at the time of the Eragon acquisition and the decision to advance certain elements of the work programme, in particular in respect of our fields at Galaz, to achieve earlier production, we are seeking additional working capital required to fund the Group's development programme. Given the poor performance of our share price since the resumption of trading, it is not our intention to seek these funds from the London market. We are in advanced discussions with a number of international investors and expect to make a further announcement in this regard in the near future.

We remain committed to developing a portfolio of attractive assets over the medium term. Following the Eragon acquisition we now have an exciting portfolio of assets, which have an encouraging number of leads.

The strengths of Roxi are its executive management team and our approach of seeking to work in partnership with local interests when acquiring and developing assets. The team, despite the relatively short time they have been together, has already made large steps in assembling and starting to develop what we believe will prove to be an impressive portfolio of assets.

These strengths have already resulted in a far greater flow of worthwhile opportunities than we had hoped to see at the time of our original admission to AIM. We look forward to an exciting 2008 and beyond.

Thank you to everyone who has assisted us so far.

Clive Carver
Non-Executive Chairman

Chief Executive Officer's statement

Roxi's strategy is to acquire oil and gas assets and enhance their value, either by further development or enhanced production techniques. We are mostly looking for assets that have already been discovered and/or that have promising near term production characteristics.

Over the medium term we have identified Central Asia as the area of our planned operations but in the short term have focused our efforts in the Republic of Kazakhstan. The oil producing regions of Kazakhstan have already witnessed significant discoveries and have an extensive extraction and distribution infrastructure.

It remains our strategy to work with local partners who are already well established in the territories in which we wish to operate. We believe working with well-respected and experienced local partners enhances our operations and manages risk through better understanding of the complicated regulatory processes as well as giving us a deeper knowledge of the local business environment.

Wherever possible we seek to retain operational and financial control and believe this is the most effective way to deliver projects on time and to budget.

Eragon Acquisition

As noted in the Chairman's report, our greatest success since our admission has been the completion of the Eragon acquisition. This has placed us firmly on the map in Kazakhstan as a company that has the ability to negotiate and complete a very complicated acquisition on mutually beneficial terms whilst maintaining the goodwill of our commercial partners and the Kazakh regulatory authorities.

It is our firm view that the interests in the assets acquired as part of the purchase of Eragon have outstanding development potential. In particular, the Galaz Contract Area offers the prospect of near term production and the BNG Contract Area offers tremendous upside in both reserves and very significant levels of production.

BNG was awarded an extension to its existing Contract Area in April 2008. Accordingly, the BNG Contract area has increased by 9.8 per cent. of the total area of the contract territory to 1,561 km^2. The BNG Contract Area initially covered an area of approximately 1,422 km^2. Within the boundaries of the BNG Contract Area the joint venture partners in Eragon and Roxi identified open acreage which they considered to be an extension of the exploration potential that existed under the original Contract Area.

In the opinion of the Directors, the awarding of the extension will help to consolidate the exploration strategy in the BNG Contract Area and increase the potential for early exploration success, the addition of reserves and early test production.

ADA Group Option

Our interest in the ADA Group remains strong. We have until 30 September 2008 to exercise the option to acquire a 50 per cent. interest in the ADA Group. The team led by Duncan McDougall, our Technical Director, is engaged on a detailed review of the seismic and other technical information concerning the ADA Group's assets. Early indications are encouraging and provided these are borne out we would hope to exercise the option to acquire a 50 per cent interest in the ADA Group in due course.

Kazakhstan

Kazakhstan remains a favourable operating environment for a company such as Roxi. We have already established good working relations with the various regulatory bodies responsible for our industry.

Outlook

We have made a strong start in exploiting the Eragon assets. We continue to evaluate a number of potential attractive assets in Kazakhstan, although at this stage our focus is on developing our portfolio and progressing the ADA Group acquisition.

Rob Schoonbrood
Director - Chief Executive Officer

Chief Operating Officer's statement

Staffing

From a standing start in late 2006, we have now built a fully functioning exploration and production Group with effective technical, financial, and operational capabilities.

In order to develop the five assets and manage a total of ten Kazakhstan companies we now have 112 employees based in Kazakhstan comprising 70 in the main Almaty headquarters, 13 in the Aktau regional office, 13 in the Atyrau / Munaily office and field operations and 16 in the Kyzlorda / Galaz office and field operations. Of these employees 26 are technical staff, 23 are financial staff, 42 are operational staff and 21 fulfil other activities.

Infrastructure

In December 2007, we moved into newly built offices in Almaty and have already expanded to integrate Eragon's staff. We have opened a regional office in the Caspian Sea port of Aktau, which will be the centre of operations for BNG, Beibars and Ravninnoe, a small office in Kyzlorda to service the Galaz asset and a small office in Atyrau to service the Munaily asset.

As is normal in any asset purchase a series of regulatory filings must be submitted, reviewed and approved before actual work begins. To date, Roxi has made significant progress in obtaining the required permits and approvals to work in Ravninnoe, Beibars and Galaz.

Asset update

Ravninnoe Contract Area: proven oil discovery – appraisal and development

After completion of the acquisition of the 168 km^2 3D seismic survey over the entire Ravninnoe Contract Area at the end of January, 2008, the initial processing of the data has been completed. Roxi is very pleased with the quality of the data and is evaluating and delineating the structurally and stratigraphically closed clastic reservoirs in the Middle Carboniferous as well as the deeper potential. Current SPE reserves on Ravninnoe field are 1.9 million barrels proven + probable + possible, and a range of 1 to 10 million barrels contingent resources net to Roxi. GOST reserves for the field have been estimated at 7.7 million barrels C1+C2 net to Roxi.

Following processing and interpretation of the 3D seismic Roxi will be able to re-evaluate the current estimated reserves and resources on the Ravninnoe Contract Area.

Roxi has tendered the drilling and related equipment for the drilling of the first new well, planned in Q3 2008.

In March 2008, Roxi began the first of five well re-entries planned for 2008 to establish the condition of the wellbores and possibly test-produce the reservoir. After some delays in receiving all the necessary approvals and delivering necessary equipment, work on Well #5 is progressing normally. Roxi has made preparations to re-enter Well #3 immediately following a conclusion of the works and evaluation of Well #5.

Beibars Contract Area: exploration

Roxi planned to begin seismic acquisition in February 2008 but was prevented from starting to work by military exercises being held on the Beibars Contract Area. Roxi immediately entered into discussions with the local Oblast authorities and the Ministry of Energy and Mineral Resources of Kazakhstan.

In late April, Roxi obtained permission from the Kazakhstan Ministry of Defense to acquire a 121km2 3D seismic survey over the Beibars Contract Area. Seismic crews from the seismic contractor mobilized to location in May 2008 to begin acquisition of the seismic data.

Following processing and interpretation of the 3D seismic, Roxi will be able to estimate prospective resources on the Beibars Contract Area.

Galaz Contract Area (NW Konus): proven oil field – appraisal and development targeting early production

After the acquisition of a 30 km^2 of 3D seismic over the entire Galaz Contract Area (NW Konus) in January 2008, the processing of the data was completed. Roxi is evaluating the Neocomian reservoir sands as well as the exploration potential in the shallower Cretaceous sands and in the deeper undrilled Jurassic sequences.

Roxi completed a tender and awarded a contract for the drilling of the first new well in the Galaz Contract Area (NW Konus). The rig was mobilized and the first new well, Well NK1, was spudded on 9 May 2008 to drill and evaluate the Neocomian sands at an approximate depth of 1,300 meters. Roxi plans to move the rig to a second location following the successful drilling of Well NK1.

Roxi completed the re entry and installation of downhole pumps in two existing wells, #26 and #27. Well #27 was put into test production in late April 2008. The surface facilities have been installed on Well #26 and testing is underway on this well also.

Extensive infrastructure work has been completed in the Galaz Contract Area (NW Konus) including the building of a 7km access road and the initial test production and shipping facilities. Further work is planned on an ongoing basis to complete the workers camp and finish the drilling of a technical-water well to be used for drilling and treatment facilities.

Current SPE reserves for the NW Konus field are 4.0 million barrels proven + probable + possible net to Roxi. GOST reserves for the field are 6.3 million barrels C2 net to Roxi.

BNG Contract Area (Ayrshagyl): exploration

BNG Ltd. LLP has been awarded an extension to its existing BNG Contract Area. Accordingly the BNG Contract Area has increased by 9.8 per cent. of the total area of the contract territory to 1,561 km^2.

Roxi has completed a tender for the acquisition and processing of approximately 400 km2 of 3D seismic over the northern portion of the BNG Contract Area which includes the recently awarded extension area. All bids have been received and are currently being evaluated for the award of the contract. Seismic acquisition is expected to begin in Q3 of 2008 as originally planned.

No SPE reserves or resources have yet been reported for the BNG Contract Area. Historical GOST reserves are 235 million barrels C1+C2+C3 net to Roxi.

Munaily Contract Area: proven oil field – rehabilitation targeting early production

After the drilling of two wells in the Munaily Contract Area in the fourth quarter of 2007, Well #H1 was completed and put on test production in January 2008. The well flowed at a rate of approximately 80 barrels of oil per day over the first 30 day period. Additional prospective zones existing in the wellbore were perforated and added to the testing regime. Currently the well is flowing 80 to 100 barrels of oil per day. Roxi will continue to test the well to evaluate the reservoir.

Well #H2 was drilled to a depth of 600m and tested unsuccessfully in all potential zones. Roxi will continue to evaluate this well for further testing or abandonment.

Two existing wells, Well #68 and Well #83 have been re-entered. Well #68 appears to be unproductive and Well #83 is still under testing and evaluation. Roxi will continue to slowly evaluate the validity of the Munaily Contract Area to determine its financial viability.

No SPE reserves or resources have yet been reported for the Munaily Contract Area. GOST reserves are 0.7 million barrels C1 net to Roxi.

Environmental

No significant environment issues have surfaced at any of the properties acquired to date. Compliance with environment regulatory bodies is being managed from both the Aktau and Almaty offices.

Overall

We have made significant progress since start up just one year ago. We have staffed the company with a group of qualified local professionals in order to allow us to develop all of the assets in an efficient manner. As the operations in the assets continue to increase, we will add the needed field and technical staff to operate and move each asset into production as quickly as possible. It is only through the combined efforts of all of our co-workers that we have realised our achievements to date.

We look forward to the coming year and expect to continue to report our progress and successes over the next twelve months and beyond.

David Barker
Director - Chief Operating Officer

Note from Technical Director: As it is often difficult to assign conventional SPE based reserve values to assets with incomplete or older, insufficient data, Roxi is also publishing the existing GOST standards recoverable reserve data on each Contract Area.

This is done in an effort to give the investors an understanding of the magnitude of the recoverable resources, and to illustrate with objective independent data why the Board has such confidence in the potential value of all these licences.

As new data is obtained, Roxi expects the SPE reserve values to increase significantly.

Reserves and Resources Summary Table

GOST Recoverable Oil Reserves

(million tonnes)

Contract Area		Property Gross	Roxi Net	Interest
Ravninnoe	C1	1.4	0.7	50.00%
	C2	0.8	0.4	50.00%
	C3			
Galaz	C1			
	C2	1.7	0.8	50.14%
	C3			
BNG	C1	1.3	0.8	58.41%
	C2	4.5	2.6	58.41%
	C3	50.2	29.3	58.41%
Munaily	C1	0.2	0.1	58.41%
	C2			
	C3			

(million barrels)

Contract Area		Property Gross	Roxi Net	Interest
Ravninnoe	C1	9.9	4.9	50.00%
	C2	5.6	2.8	50.00%
	C3			
Galaz	C1			
	C2	12.6	6.3	50.14%
	C3			
BNG	C1	10.1	5.9	58.41%
	C2	32.4	18.9	58.41%
	C3	360.1	210.3	58.41%
Munaily	C1	1.2	0.7	58.41%
	C2			
	C3			

SPE Recoverable Reserves and Resources

(million barrels)

	Property Gross	Roxi Net	Interest
Ravninnoe			
Probable	1.3	0.6	50.00%
Possible	2.4	1.2	50.00%
Contingent Resources (best)	2.6	1.3	50.00%
Galaz			
Proven	0.7	0.3	50.14%
Probable	2.8	1.4	50.14%
Possible	4.3	2.2	50.14%

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.

Glossary

SPE – The Society of Petroleum Engineers

Proved Reserves

Proved Reserves are those quantities of petroleum which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Probable Reserves

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Contingent Resources

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

GOST Standard Reserves

GOST standards are administered by the Euro-Asian Council for Standardization, Metrology and Certification (EASC), a standards organization chartered by the Commonwealth of Independent States.

At present, the collection of GOST standards includes over 20,000 titles used extensively in conformity assessment activities in 12 countries. Serving as the regulatory basis for government and private-sector certification programs throughout the Commonwealth of Independent States, the GOST standards cover energy, oil and gas, environmental protection, construction, transportation, telecommunications, mining, food processing, and other industries.

The following countries have adopted GOST standards in addition to their own, nationally developed standards: Russia, Belarus, Ukraine, Moldova, Kazakhstan, Azerbaijan

Category C1

C1 reserves are computed on the basis of results of geological exploration work and production drilling and must have been studied in sufficient detail to yield data from which to draw up either a trial industrial development project in the case of a natural gas field or a technological development scheme in the case of an oil field.

Category C2

C2 reserves are preliminary estimated reserves of a deposit calculated on the basis of geological and geophysical research of unexplored sections of deposits adjoining sections of a field containing reserves of higher categories and of untested deposits of explored fields. The shape, size, structure, level, reservoir types, content and characteristics of the hydrocarbon deposit are determined in general terms based on the results of the geological and geophysical exploration and information on the more fully explored portions of a deposit. Category C2 reserves are used to determine the development potential of a field and to plan geological, exploration and production activities.

Category C3

C3 resources are prospective reserves prepared for the drilling of (i) traps within the oil-and-gas bearing area, delineated by geological and geophysical exploration methods tested for such area and (ii) the formation of explored fields which have not yet been exposed by drilling. The form, size and stratification conditions of the assumed deposit are estimated from the results of geological and geophysical research. The thickness, reservoir characteristics of the formations, the composition and the characteristics of hydrocarbons are assumed to be analogous to those for explored fields. Category C3 resources are used in the planning of prospecting and exploration work in areas known to contain other reserve bearing fields.

Roxi Petroleum Plc

Consolidated income statement

	Notes	Period from 13 October 2006 to 31 December 2007 US$'000
Revenue		-
Cost of sales		-
		-
IPO costs		(1,446)
Share-based payments		(2,224)
Impairment of investments	13, 15	(2,983)
Other administrative expenses		(5,421)
Administrative expenses		(12,074)
Operating loss	5	(12,074)
Interest payable and similar charges	8	(56)
Interest receivable	9	1,659
Loss before taxation		(10,471)
Taxation	10	(2)
Loss for the period		(10,473)
Loss attributable to minority interests		(988)
Loss attributable to equity shareholders		(9,485)
		(10,473)
Basic and diluted loss per ordinary share (US cents)	11	9.9

All of the results of the Group during the period are classed as acquired.

No interim or final dividend has been paid or proposed during the period.

Roxi Petroleum Plc

Consolidated and Parent Company Statement of Changes in Equity

Group	Share capital US$'000	Share premium US$'000	Cumulative translation reserve US$'000	Other reserves US$'000	Retained earnings US$'000	Total US$'000	Minority interests US$'000	Total equity US$'000
At the start of the period	-	-	-	-	-	-	-	-
Currency translation differences and total income and expenses recognised directly in equity	-	-	1,334	-	-	1,334	2,092	3,426
Loss for the period	-	-	-	-	(9,485)	(9,485)	(988)	(10,473)
Total recognised income and expense for the period	-	-	1334	-	(9,485)	(8,151)	1,104	(7,047)
Arising on acquisition	-	-	-	-	-	-	34,447	34,447
Arising on share issues	33,707	55,089	-	-	-	88,796	-	88,796
Arising on employee share options	-	-	-	-	2,224	2,224	-	2,224
Arising on warrants	-	(2,378)	-	2,378	-	-	-	-
Foreign exchange								
At the end of the period	**33,707**	**52,711**	**1,334**	**2,378**	**(7,261)**	**82,869**	**35,551**	**118,420**

Company	Share capital US$'000	Share premium US$'000	Cumulative translation reserve US$'000	Other reserves US$'000	Retained earnings US$'000	Total US$'000	Minority interests US$'000	Total equity US$'000
At the start of the period	-	-	-	-	-	-	-	-
Loss for the period and total recognised income and expense for the period	-	-	-	-	(6,702)	(6,702)	-	(6,702)
Arising on share issues	33,707	55,089	-	-	-	88,796	-	88,796
Arising on employee share options	-	-	-	-	2,224	2,224	-	2,224
Arising on warrants	-	(2,378)	-	2,378	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
At the end of the period	**33,707**	**52,711**	**-**	**2,378**	**(4,478)**	**84,318**	**-**	**84,318**

Reserve	**Description and purpose**
Share premium value	Amount subscribed for share capital in excess of nominal
Cumulative translation reserve	Losses arising on retranslating the net assets of overseas operations into US Dollars
Other reserves	Fair value of warrants issued during the period
Retained earnings statement	Cumulative losses recognised in the consolidated income
Share capital	The nominal value of shares issued
Minority interests	The interest of the non-controlling interests in the net assets of the subsidiaries

Roxi Petroleum Plc

Consolidated and Parent Company Balance Sheets at 31 December 2007

	Notes	Group 2007 US$'000	Company 2007 US$'000
Assets			
Non-current assets			
Unproven oil and gas assets	12	**110,142**	**-**
Financial assets	13	**5,525**	**4,500**
Property, plant and equipment	14	**615**	**67**
Investments in subsidiaries	15	**-**	**36,972**
Other receivables	18	**4,970**	**16,065**
Restricted use cash		**16**	**-**
Total non-current assets		**121,268**	**57,604**
Current assets			
Inventories	17	**815**	**2**
Other receivables	18	**4,665**	**814**
Cash and cash equivalents	19	**30,144**	**28,229**
Total current assets		**35,624**	**29,045**
Total assets		**156,892**	**86,649**
Equity and liabilities			
Equity			
Share capital	20	**33,707**	**33,707**
Share premium	21	**52,711**	**52,711**
Other reserves	21	**2,378**	**2,378**
Retained earnings	21	**(7,261)**	**(4,478)**
Cumulative translation reserve		**1,334**	**-**
Shareholders' equity	21	**82,869**	**84,318**
Minority interests	21	**35,551**	**-**
Total equity	21	**118,420**	**84,318**
Current liabilities			
Trade and other payables	22	**2,059**	**2,330**
Short term borrowings	23	**61**	**-**
Current provisions	24	**1,908**	**-**
Total current liabilities		**4,028**	**2,330**
Non-current liabilities			
Borrowings	25	**3,900**	**-**
Deferred tax liabilities	26	**29,809**	**-**
Non-current provisions	24	**669**	**-**
Other payables	27	**66**	**1**
Total non-current liabilities		**34,444**	**1**
Total liabilities		**38,472**	**2,331**
Total equity and liabilities		**156,892**	**86,649**

Roxi Petroleum Plc

Consolidated and Parent Company Cash flow Statements

	Notes	Group US$'000	Period from 13 October 2006 to 31 December 2007 Company US$'000
Cash flows from operating activities			
Payments made to suppliers and employees		**(8,588)**	**(2,750)**
Interest paid		**(11)**	**(11)**
Interest received		**1,198**	**1,198**
Net cash from operating activities		**(7,401)**	**(1,563)**
Cash flows from investing activities			
Purchase of plant, property and equipment		**(474)**	**(65)**
Additions to unproven oil and gas assets		**(4,603)**	**-**
Acquisition of subsidiaries, net of cash acquired	16	**(16,399)**	**(16,424)**
Option fees, deposits and prepayment of acquisition costs		**(7,530)**	**(7,530)**
Net cash flow from investing activities		**(29,006)**	**(24,019)**
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital, net of expenses relating to issue of shares		**72,767**	**72,767**
Repayment of financial aid and borrowings		**(3,531)**	**-**
Issue of financial aid and loans		**(2,741)**	**(18,970)**
Net cash from financing activities		**66,495**	**53,797**
Net increase in cash and cash equivalents		**30,088**	**28,215**
Exchange gains and losses on cash and cash equivalents		**56**	**14**
Cash and cash equivalents at 13 October 2006		**-**	**-**
Cash and cash equivalents at 31 December 2007		**30,144**	**28,229**

Notes to the financial statements

1. General

Roxi Petroleum Plc ("the Company") is a public company incorporated and domiciled in England and Wales. The address of its registered office is 11 Gough Square, London, EC4A 3DE.

The financial information contained in this announcement does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The Groups' auditors have made a report on the statutory accounts of the group in respect of the financial period ended 31 December 2007 which was unqualified and did not contain a statement under section 237(2) or section 237(3) of that Act. Statutory accounts will be delivered to the Registrar of Companies following their approval by shareholders.

2. Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. These financial statements cover the period from 13 October 2006 to 31 December 2007 and form the first set of financial statements for the Company.

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own income statement in these financial statements. The Group loss for the year included a loss on ordinary activities after tax of US$10,473,000 in respect of the company which is dealt with in the financial statements of the Parent Company

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 4.

As at the date of approval of these consolidated financial statements, the following interpretations were in issue but not yet effective:

- IFRS 2, Share-based Payment (revised) – effective for accounting periods beginning on or after 1 January 2009;
- IFRS 3, Business Combinations (revised) – effective for accounting periods beginning on or after 1 July 2009;
- IFRS 7, Financial Instruments: Disclosures – effective for accounting periods beginning on or after 1 January 2007:
- IFRS 8, Operating Segments – effective for accounting periods beginning on or after 1 January 2009;
- IAS 1, Presentation of Financial Statements (revised) – effective for accounting periods beginning on or after 1 January 2009;
- IAS 23, Borrowing costs (revised) – effective for accounting periods beginning on or after 1 January 2009;

- IAS 27, Consolidated and Separate Financial Statements (revised) – effective for accounting periods beginning on or after 1 July 2009;
- IAS 28, Investments in Associates (revised) – effective for accounting periods beginning on or after 1 July 2009;
- IAS31, Interest in Joint Ventures (revised) – effective for accounting periods beginning on or after 1 July 2009;
- IAS 32, Financial Instruments: Presentation (revised) – effective for accounting periods beginning on or after 1 January 2009;
- IFRIC 10, Interim Financial Reporting and Impairment - – effective for accounting periods beginning on or after 1 January 2007:
- IFRIC 11, IFRS2: Group and Treasury share transactions – effective for accounting periods beginning on or after 1 March 2007;
- IFRIC 12, Service concession arrangements – effective for accounting periods beginning on or after 1 January 2008;

Notes to the financial statements *(continued)*

- IFRIC 13, Customer Loyalty Programmes– effective for accounting periods beginning on or after 1 July 2008; and
- IFRIC 14, IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction– effective for accounting periods beginning on or after 1 January 2008.

The Directors intend to adopt the standards and interpretations as described above on the date they become effective. The Directors do not anticipate that the adoption of these interpretations in future reporting periods will have a material impact on the Group's results.

2.2 Basis of consolidation

(a) Subsidiary undertakings

Subsidiary undertakings are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The purchase method of accounting is used to account for the acquisition of subsidiary undertakings by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

2.3 Operating loss

Operating loss is stated after crediting all operating income and charging all operating expenses, but before crediting or charging the financial income or expenses.

2.4 Foreign currency translation

2.4.1 Functional and presentational currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US Dollars ("USD"), which is the Group's functional and presentation currency, unless otherwise stated. RS Munai LLP, Beibars Munai LLP, Ravninnoe LLP, Roxi Petroleum Services LLP and Roxi Petroleum Kazakhstan LLP, subsidiary undertakings of the group, undertake their activities in Kazakhstan where the Kazakh Tenge is the currency. Therefore the Kazakh Tenge is the functional and presentational currency of these entities. The functional and presentational currency for all RS Muani BV, Beibars BV and Ravninnoe BV is the USD as the significant transactions of these companies are in USD.

2.4.2 Consolidation

For the purpose of consolidation all assets and liabilities of Group entities with a foreign presentation currency are translated at the rate ruling at the balance sheet date. The income statement is translated at the average rate. Exchange differences arising on retranslating the opening net assets from the opening rate and results of operations from the average rate are recognised directly in equity.

2.4.3 Transactions and balances in foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items, including the parent's share capital that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

2.5 Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2.6 Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets and current tax losses have not been recognised since it is uncertain that taxable profits will be available against which deductible temporary differences can be utilised.

2.7 Exploration and unproven oil and gas properties

The Group applies the full cost method of accounting for exploration and unproven asset costs, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Under the full cost method of accounting, costs of exploring for and evaluating oil and gas properties are accumulated and capitalised by reference to appropriate cost pools. Such cost pools are based on geographic areas and are not larger than a segment. The Group currently has one cost pool, being Kazakhstan.

Exploration and evaluation costs are initially capitalised within 'Intangible assets'. Such exploration and evaluation costs may include costs of licence acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, but do not include costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the income statement as they are incurred.

Tangible assets acquired for use in exploration and evaluation activities are classified as property, plant and equipment. However, to the extent that such a tangible asset is consumed in developing an intangible exploration and evaluation asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset.

The amounts included within non-current intangible assets include the fair value that was paid for the acquisition of licences in Kazakhstan during the period ended 31 December 2007. These licences have been capitalised to the Group's Kazakhstan full cost pool.

Exploration and unproven intangible assets related to each exploration licence/prospect are not amortised but are carried forward until the existence (or otherwise) of commercial reserves has been determined. The Group's definition of commercial reserves for such purpose is proven and probable reserves on an entitlement basis.

Exploration and unproven intangible assets are reviewed for impairments if events or changes in circumstances indicate that the carrying amount may not be recoverable as at the balance sheet date. Intangible exploration and evaluation assets that relate to exploration and evaluation activities that are not yet determined to have resulted in the discovery of commercial reserves remain capitalised as intangible exploration and evaluation assets at cost, subject to meeting a pool-wide impairment test as set out below.

Such indicators include the point at which a determination is made as to whether or not commercial reserves exist. Where the exploration and evaluation assets concerned fall within the scope of an established full cost pool, the exploration and evaluation assets are tested for impairment together with all development and production assets associated with that cost pool, as a single cash generating unit. The aggregate carrying value is compared against the expect recoverable amount of the pool, generally by reference to the present value of the future net cash flows expected to be derived from production of the commercial reserves. Where the exploration and evaluation assets to be tested fall outside the scope of any established cost pool, there will generally be no commercial reserves and the exploration and evaluation assets concerned will generally be written off in full. Any impairment loss is recognised in the income statement as additional amortisation and separately disclosed.

If commercial reserves have been discovered, the related exploration and evaluation assets are assessed for impairment on a cost pool basis as set out below and any impairment loss is recognised in the income statement. The carrying value, after any impairment loss, of the relevant exploration and evaluation assets is then reclassified as development and production assets within property, plant and equipment. Development and production assets are amortised on a unit of production basis over the life of the commercial reserves of the pool to which they relate.

Abandonment
Provision is made for the present value of the future cost of the decommissioning of oil and gas wells and related facilities. This provision is recognised when the asset is installed. The estimated costs, based on engineering costs levels prevailing at the balance sheet date, are computed on the basis of the latest assumptions as to the scope and method of decommissioning. The corresponding amount is capitalised as apart of non-current tangible assets and is amortised on a unit-of-production basis as part of the depreciation, depletion and amortisation charge. Any adjustment arising from the reassessment of estimated cost of decommissioning is capitalised, whilst the charge arising from the unwinding of the discount applied to the decommissioning provision is treated as a component of the interest charge.

Notes to the financial statements *(continued)*

2.8 Restricted use cash

Restricted use cash is the amount set aside by the Group for the purpose of creating an abandonment fund to cover the future cost of the decommissioning of oil and gas wells and related facilities.

2.9 Property, plant and equipment

All property, plant and equipment assets are stated at cost or fair value on acquisition less depreciation. Depreciation is provided on a straight-line basis, at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life. Expected useful economic life and residual values are reviewed annually.

The annual rates of depreciation for class of property, plant and equipment is as follows:

- motor vehicles — over 7 years
- temporary buildings — over 10 years
- other — other 2-4 years

The Group assesses at each balance sheet date whether there is any indication that any of its property, plant and equipment has been impaired. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value.

2.10 Investments

Non-current asset investments in subsidiary undertakings are shown at cost less allowance for impairment. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

2.11 Financial instruments

The Group classifies financial instruments, or their component parts on initial recognition, as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

The Group's financial assets consist of available for sale financial assets, cash and other receivables. Cash and cash equivalents are defined as short term cash deposits with original maturities of less than 3 months. Other receivables are initially measured at fair value and subsequently at amortised cost.

The Group's financial liabilities are non-interest bearing trade and other payables and other interest bearing borrowings, which are stated at their cost.

There are long-term loans between Group entities and from related parties which bear interest at a rate lower than that which the directors consider the Group would bear if the facility had been granted by a third party. Such borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fair value is calculated by discounting the non-current borrowings and receivables using an interest rate of LIBOR + 6%.

Financial instruments are recognised on the balance sheet at fair value when the group becomes a party to the contractual provisions of the instrument.

2.12 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Costs comprised all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

2.13 Other provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where there is a substantial modification of the terms of an existing liability it accounted for as an extinguishment of the old financial instrument and recognition of a new financial instrument.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2.15 Share-based payments

The Group has used shares and share options as consideration for goods and services received from suppliers and employees.

Equity-settled share-based payments to employees and others providing similar services are measured at fair value at the date of grant. The fair value determined at the grant date of such an equity-settled share-based instrument is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair value determined at the grant date of such an equity-settled share-based instrument is expensed since the number of shares vest immediately. Where the goods or services received are incremental to raising capital the amount expensed is recognised as a separate component of equity.

Fair value is measured using the trinomial lattice model. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2.16 Related party transactions

IAS24, 'Related Party Disclosures', requires the disclosure of the details of transactions between the reporting entity and its related parties. In the consolidated financial statements, all transactions between Group companies are eliminated.

2.17 Segment analysis

The Group operates in one business and geographic segment, being the exploration for, development and production of oil and gas in the Republic of Kazakhstan. The Group has not generated any revenues from third parties and so has no reportable segments as defined under IAS 14.

2.18 Interest Receivable

Interest income is recognised on a time apportioned basis using the effective interest rate method.

3 Financial risk management

3.1 Financial risk factors

The Group's international operations expose it to a variety of financial risks: market risk (foreign currency exchange rates and interest rates), liquidity risk and credit risk.

(i) Market risk
The most significant financial risk occurs on the translation of foreign operations' results into US Dollars on consolidation. The bulk of each foreign operation's operating costs are incurred in local currency. Group companies therefore do not engage in foreign exchange risk hedges.

Consistent with other similar international companies, the results of the Group's foreign operations are translated into US Dollars at the average exchange rates for the period concerned. The balance sheets of foreign operations are translated into US Dollars at the closing exchange rates. It is the Group's policy not to hedge currency translation through foreign exchange contracts or currency swaps.

The most material translation risk occurs as a result of exchange movements between US Dollar and the Kazakh Tenge.

(ii) Liquidity risk

Prudent liquidity risk management in the context of the Group implies maintaining sufficient cash in the necessary currencies to be able to pay creditors as and when they fall due.

The bulk of the Group's cash balances are held in US Dollars, Sterling or Kazakh Tenge denominated floating rate deposits as needed to fund its short-term requirements.

Borrowings consist of US$ 3.9million with a fixed rate of interest. The loan is not due for repayment for at least 5 years.

Notes to the financial statements *(continued)*

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has significant concentrations of credit risk in respect of its other receivables as there is a risk that these will not be repaid. However the majority of these receivables are due from subsidiary undertakings acquired post year end and so the Group does not expect there to be significant issues recovering these amounts.

3.2 Currency of borrowings

Management reviews the Group's exposure to currency risk, interest rate risk, liquidity risk and credit risk on a regular basis and considers that through this review they manage the exposure of the Group. No formal policies have been put in place in order to hedge the Group's exposure to currency risk or interest rate risk.

3.3 Capital risk management

The Group's aim when managing capital is to ensure the Group's ability as a going concern. The Group is funded primarily though equity as it is in the exploration phase of developing oil properties

As of 31 December 2007, the Group had no net debt.

4 Critical accounting estimates and judgements

In the process of applying the Group's accounting policies, which are described in note 2 management has made the following judgements and key assumptions that have the most significant effect on the amounts recognised in the financial statements.

4.1 Recoverability of exploration and evaluation costs

Under the full cost method of accounting for exploration and evaluation costs, such costs are capitalised as intangible assets by reference to appropriate cost pools, and are assessed for impairment on a concession basis when circumstances suggest that the carrying amount may exceed its recoverable value and, therefore, there is a potential risk of an impairment adjustment. This assessment involved judgment as to: (i) the likely future commercially of the asset and when such commerciality should be determined; (ii) future revenues and costs pertaining to any concession based on proved plus probable, prospective and contingent resources; and (iii) the discount rate to be applied to such revenues and costs for the purpose of deriving a recoverable value.

4.2 Fair value of assets on acquisition of subsidiary undertakings

The fair values of assets acquired have been estimated based on the due diligence at the time of acquisition and the competent person's report as published in the Group's admission document dated 22 May 2007.

If the estimates of fair values are different from those initially recorded at the date of the acquisition, such differences may impact the income statement in the period in which such a determination is made.

4.3 Income taxes

The Group has significant carried forward tax losses in several jurisdictions. Significant judgement is required in determining deferred tax assets based on an assessment of the probability that taxable profits will be available against which carried forward losses can be utilised.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income statement in the period in which such a determination is made.

4.4 Decommissioning

Provisions are made in the accounts for future decommissioning costs to plug and abandon wells. The costs of provisions are added to the value of the development and production asset and depreciated on the unit of production basis. The decommissioning liability is stated in the accounts at discounted present value and accreted up to the final liability by way of an annual finance charge.

The Group has potential decommissioning obligations in respect of its interests in Kazakhstan. The extent to which a provision is required in respect of these potential obligations depends, inter alia, on the legal requirements at the time of decommissioning, the cost and timing of any necessary decommissioning works, and the discount rate to be applied to such costs.

4.5 Share-based compensation

In order to calculate the charge for share-based compensation as required by IFRS2, the Group makes estimates principally relating to the assumptions used in its option-pricing model as set out in note 27.

Notes to the financial statements *(continued)*

5 Operating loss

Group operating loss for the period is stated after the following:

	2007 **US$'000**
Depreciation of property, plant and equipment	47
Auditors' Remuneration (Note 6)	450
Staff Costs (Note 7)	5,319
Share based payment remuneration (all equity settled)	2,224

6 Auditor's remuneration

During the period the Group obtained the following services from the Company's auditor and its associates:

	2007 **US$'000**
Fees for the audit of the annual financial statements	300
Auditing of the accounts of associates of the company	60
Services relating to corporate finance transactions entered into or proposed to be entered intoby or on behalf of the company or any of its associates	251*
	611

* of these amounts which relate to the IPO, US $161,000 has been charged to the share premium account and US $90,000 to the income statement.

7 Employees and Directors

	Group 2007	Company 2007
Staff costs for the Group during the period	**US$'000**	**US$'000**
Wages and salaries	2,869	123
Social security costs	82	34
Pension costs	144	-
Share-based payments	2,224	2,224
	5,319	**2,381**

Average monthly number of people employed (including executive Directors)		
Technical	5	
Field operations	3	
Finance	6	
Administrative and support	13	2
Other	2	
	29	**2**
Key management compensation		
Salaries and short-term employee benefits	945	137
Long-term benefits	-	-
Share-based payments	2,224	2,224
	3,169	**2,361**

Directors' emoluments

The Directors' are the key management personnel of the Company and Group.

Notes to the financial statements *(continued)*

8 Interest payable and similar charges

	Group 2007 US$'000
Interest payable on bank overdrafts	15
Accretion expenses	39
Foreign exchange losses	2
	56

9 Interest receivable

	Group 2007 US$'000
Interest receivable on bank deposits	1,198
Foreign exchange gains	461
	1,659

10 Taxation

Analysis of charge for the period	Group 2007 US$'000
Current tax	2
Deferred tax	-
Taxation	2

The tax charge for the period can be reconciled to the profit for the period as follows:

	Group 2007 US$'000
Loss on ordinary activities before tax	(10,471)
Tax on the above at 28%	(2,932)
Effects of:	
Non deductible expenses	1,462
Tax losses carried forward	1,472
Total taxation	**2**

Notes to the financial statements *(continued)*

11 Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In order to calculate diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares according to IAS33. Dilutive potential ordinary shares include share options granted to employees and Directors where the exercise price (adjusted according to IAS33) is less than the average market price of the Company's ordinary shares during the period. During the period the potential ordinary shares are anti-dilutive and therefore diluted earnings per share has not been calculated. At the balance sheet date there were 2,668,883 potentially dilutive ordinary shares.

The calculation of earnings per share is based on:

	2007
The basic weighted average number of Ordinary shares in issued during the period	**96,275,231**
The loss for the period attributable to equity shareholders (US$'000)	**9,485**

Additional shares were issued and further share options were granted after the period end. If those transactions had occurred before 31 December 2007 the number of ordinary shares or potential ordinary shares outstanding at the end of the period would be significantly different from above. For further details of these transactions refer to note 30.

12 Unproven oil and gas assets

	Group US$'000	Company US$'000
Cost at 13 October 2006	-	-
Acquisition of subsidiaries (see note 16)	99,003	-
Additions	5,155	-
Foreign exchange difference	5984	-
Cost at 31 December 2007	**110,142**	**-**
Amortisation at 13 October 2006 and at 31 December 2007	-	-
Net book value at:		
13 October 2006	-	-
31 December 2007	**110,142**	-

Notes to the financial statements *(continued)*

13 Available for sale financial assets

	Group US$'000	Company US$'000
Cost at 13 October 2006		
Acquisition of subsidiaries[1]	4,008	-
Additions[2]	4,500	4,500
Cost at 31 December 2007	**8,508**	**4,500**
Amortisation at 13 October 2006	-	-
Impairment [1]	(2,983)	-
Amortisation at 31 December 2007	**(2,983)**	**-**
Net book value at:		
13 October 2006	-	-
31 December 2007	**5,525**	**4,500**

[1]The acquisition relates to the North Karamandybas project, which as disclosed in note 15 has been impaired to its net recoverable value of US $1 million

[2] US $2,500,000 is part payment of consideration in relation to the Eragon transaction (see note 30)

[2] US $2,000,000 is in relation to the ADA Option Agreement dated 27 September 2007 which granted an option to the group to acquire an indirect 50% interest in the Participation Interests in ADA Oil LLP and ADA LLP as detailed in the Group's readmission document dated 31 January 2008.

Notes to the financial statements *(continued)*

14 Property, plant and equipment

Group	Motor Vehicles US$'000	Temporary Buildings US$'000	Other US$'000	Total US$'000
Cost at 13 October 2006	-	-	-	-
Acquisition of subsidiaries	44	107	7	158
Additions	193	-	281	474
Foreign exchange difference	10	19	11	40
Cost at 31 December 2007	**247**	**126**	**299**	**672**
Depreciation at 13 October 2006	-	-	-	-
Depreciation on acquisition				
Charge for the period	12	12	23	47
Impairment	9	-	-	9
Foreign exchange difference	1	-	-	1
Depreciation at 31 December 2007	**22**	**12**	**23**	**57**
Net book value at:				
13 October 2006	-	-	-	-
31 December 2007	**225**	**114**	**276**	**615**
Company				
Cost at 13 October 2006	-	-	-	-
Assets acquired at fair value				
Additions	66	-	-	66
Foreign exchange difference	2	-	-	2
Cost at 31 December 2007	**68**	**-**	**-**	**68**
Depreciation at 13 October 2006				
Depreciation on acquisition				
Charge for the period	1	-	-	1
Impairment	-	-	-	-
Foreign exchange difference	-	-	-	-
Depreciation at 31 December 2007	**1**	**-**	**-**	**1**
Net book value at:				
13 October 2006	-	-	-	-
31 December 2007	**67**	**-**	**-**	**67**

Notes to the financial statements *(continued)*

15 Investments

Fixed asset investments	Group US$'000	Company US$'000
Cost	**-**	**-**
At 13 October 2006	-	-
Additions	-	39,955
At 31 December 2007	**-**	**39,955**
Amounts provided at 13 October 2006	-	-
Impairment	-	2,983
At 31 December 2007	**-**	**2,983**
Net book value at:		
13 October 2006	-	-
31 December 2007	**-**	**36,972**

Additions consist of 100% holdings in RS Munai BV (previously Sytero BV), Beibars BV (previously Sytero 2 BV) and Ravninnoe BV (previously Sytero 3 BV).

The Company's principal undertakings which are included in these consolidated financial statements are:

Name of undertaking	Country of incorporation	Effective holding	Proportion of voting rights held	Nature of business
RS Munai BV	Netherlands	100%	100%	Holding company
Beibars BV	Netherlands	100%	100%	Holding company
Ravninnoe BV	Netherlands	100%	100%	Holding company
RS Munai LLP	Kazakhstan	50% *	50% *	Exploration company
Beibars Munai LLP	Kazakhstan	50% *	50% *	Exploration company
Ravninnoe LLP	Kazakhstan	50% *	50% *	Exploration company
Roxi Petroleum Services LLP	Kazakhstan	100%	100%	Management company
Roxi Petroleum Kazakhstan LLP	Kazakhstan	100%	100%	Management company
Ada BV	Netherlands	100%	100%	Dormant
Ada Oil BV	Netherlands	100%	100%	Dormant
* Indirect shareholding of parent Company				

RS Munai LLP, Beibars Munai LLP and Ravninnoe LLP have been classified as subsidiary undertakings rather than as joint ventures since in the opinion of the Directors the Company has operational control of these entities.

Subsequent to the Group's investment in RS Munai BV it has not been able to complete the legal transfer of ownership of RS Munai, and therefore the Directors have concluded that the investment of US$3,983,000 in the RS Munai project has been impaired and should be written down to its net realisable value of US$1,000,000. The US$1,000,000 is a payment for facilitation services provided in respect of the North Karamandybas acquisition, which is expected to be recoverable in the event that the vendor is unable to prove title to the asset.

Notes to the financial statements *(continued)*

16 Acquisitions

As described in its admission document dated 16 May 2007 during the period the Company completed the acquisition of RS Munai BV, Beibars BV and Ravninnoe BV. Beibars BV and Ravninnoe BV own interests in Beibars Munai LLP and Ravninnoe Oil LLP, respectively. The preliminary assessment of the fair values of the assets and liabilities acquired as at the date of acquisition is as follows:

	Book values US$'000	Fair value adjustments US$'000	Fair values US$'000
Unproven oil and gas assets	5,313	93,690	99,003
Available for sale Financial assets	-	4,008	4,008
Property, plant and equipment	158	-	158
Trade receivables	390	-	390
Cash and cash equivalents	25	-	25
Trade and other payables	(4,675)	3,600	(1,075)
Deferred taxation	-	(28,107)	(28,107)
Net assets	**1,211**	**73,191**	**74,402**
Minority interests			**(34,447)**
Net assets acquired			**39,955**
Consideration:			
- Ordinary shares			16,031
- Cash			15,750
- Deferred consideration			7,500
- Expenses			674
Total consideration			**39,955**
Related cash flows:			
- Cash consideration			15,750
- Expenses			674
- Cash acquired			(25)
			16,399

The surplus of the fair value of the consideration over the other separable net assets and liabilities of the acquired entities has been attributed to the value of the negotiated rights in respect of the unproven oil and gas properties and financial assets, based on the findings contained in the relevant competent persons' reports.

17 Inventories

	Group 2007 US$'000	Company 2007 US$'000
Materials and supplies	815	2
	815	**2**

Materials and supplies are principally comprised of concrete slabs, tubulars, wellheads and misc. equipment to be used in the exploration and development of the Group's oil and gas properties in Kazakhstan.

Notes to the financial statements *(continued)*

18 Other receivables

	Group 2007 US$'000	Company 2007 US$'000
Amounts falling due after one period:		
Advances paid	541	1
Prepayments	4,023	4,592
Intercompany receivables	-	11,470
Other receivables	406	2
	4,970	**16,065**
Amounts falling due within one period:		
Amounts due from related parties	2,741	4
Advances paid	1,004	108
Prepayments	13	-
Other receivables	907	702
	4,665	**814**

Other receivables include recoverable Kazakh and UK VAT. The carrying amount of other receivables is a reasonable approximation of fair value.

19 Cash and cash equivalents

	Group 2007 US$'000	Company 2007 US$'000
Cash at bank and in hand	**30,144**	**28,229**

Funds are held in US Dollars, Sterling, Euros, Kazakh Tenge and other foreign currency accounts to enable the Group to trade and settle its debts in the local currency in which they occur and in order to mitigate the Group's exposure to short-term foreign exchange fluctuations. All cash is held in floating rate accounts

Denomination	Group 2007 US$'000	Company 2007 US$'000
US Dollars	27,959	27,565
Sterling	574	574
Kazakh Tenge	1,473	90
Euro	138	-
	30,144	**28,229**

Notes to the financial statements *(continued)*

20 Called up share capital

Group and Company

Authorised at 31 December 2007	**Number**	**US$'000**
Ordinary shares of 10p each	1,000,000,000	188,000

Issued and fully paid at 31 December 2007

Ordinary shares issued	13 October 2006	2	-
Ordinary shares issued	26 October 2006	499,998	100
Partial consideration for Beibars BV	5 February 2007	10,000,000	2,004
Partial consideration for RS Munai BV	2 March 2007	20,000,000	4,008
Partial consideration for Ravninnoe BV	2 March 2007	30,000,000	6,012
Issued on admission to AIM	21 May 2007	102,444,332	20,529
Issue of vendor shares	21 May 2007	5,263,158	1,054
		168,207,490	**33,707**

21 Trade and other payables – current

	Group 2007 US$'000	Company 2007 US$'000
Trade payables	1,392	1,546
Taxation and social security	271	215
Accruals	-	-
Other payables	396	569
	2,059	**2,330**

22 Short-term borrowings

The short-term borrowings do not bear any interest and are due to the following:

	Group 2007 US$'000	Company 2007 US$'000
Other borrowings	61	-
	61	**-**

The amounts due are repayable on demand.

Notes to the financial statements *(continued)*

23 Provisions

Group only	Employee holiday provision	Liabilities under Social Programs	Abandonment fund	Total US$'000
Balance at 13 October 2006	**-**	**-**	-	-
Increase in provision	28	2,013	485	2,526
Foreign exchange difference	1	40	10	51
Balance at 31 December 2007	**29**	**2,053**	**495**	**2,577**
Non-current provisions	-	174	495	669
Current provisions	29	1,879	-	1,908
Balance at 31 December 2007	**29**	**2,053**	**495**	**2,577**

During the period Beibars Munai LLP, a subsidiary undertaking, and the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan signed the Contract for oil exploration within the block XXXVII-10 in Mangistauskaya oblast (Contract #2287). The contract term is until 2012 and the exploration period is 5 years.

In accordance with the terms of the contract Beibars Munai LLP has committed to the following:

- Investing not less that 5% of annual capital expenditures on exploration during the exploration period in professional training of Kazakhstani personnel engaged in work under the contract;
- Investing US$1,000,000* to the development of Astana City during the second year of the contact term;
- Investing US$1,000,000* in equal tranches over the exploration period in the social development in the region;
- Executing a minimum work program of US$3,035,000 during the first year of the exploration period; and
- Transferring, on an annual basis, 1% of exploration expenditures to a liquidation fund through a special deposit account in a bank located within the Republic of Kazakhstan.

* Unpaid amounts in respect of the above social obligations are included within liabilities of social programs above.

During the period Ravninnoe Oil LLP, a subsidiary undertaking, and the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan signed the Contract for oil exploration and production of hydrocarbons at a deposit located in Atyrauskaya oblast (Contract #1401). The contract term is until 2029 and the exploration period is 5 years.

In accordance with the terms of the contract Ravninnoe Oil LLP has committed to the following:

- Investing not less that 1% of total investments in professional training of Kazakhstani personnel engaged in work under the contract;
- Investing US$300,000* to the development of Astana City during the exploration period;
- Investing US$300,000* over the exploration period in the social development in the region;

* Unpaid amounts in respect of the above social obligations are included within liabilities of social programs above.

- Executing a minimum work program of US$17,350,000 over the first 3 years of the exploration period as follows:
    - Year 1 - US$350,000
    - Year 2 - US$8,000,000
    - Year 3 - US$9,000,000
- Executing a minimum work program of US$14,644,400 over the final 2 years of the exploration period;
- Transferring 1% of exploration expenditures to a liquidation fund through a special deposit account in a bank located within the Republic of Kazakhstan not less than 2 years before the end of the exploration period.

24 Borrowings

The non-current borrowings are non interest bearing and are due to the following:

	Group 2007 US$'000	Company 2007 US$'000
Other loans	**3,900**	-
	3,900	-

25 Deferred tax

Deferred tax liabilities comprise:

	Group US$'000	Company US$'000
Deferred tax on fair value uplift on exploration and evaluation assets in acquired subsidiaries	29,809	-
	29,809	-

The deferred tax liability recognised as part of the cost of the acquisition is detailed in note 16.

The movement on deferred tax liabilities was as follows:

	Group 2007 US$'000
At 13 October 2006	-
Acquired during the period	28,107
Foreign exchange	1,702
	29,809

The Group also has accumulated estimated tax losses of approximately US$ 1,472,000 available to carry forward and offset against future profits. This represents an unprovided deferred tax asset of approximately US$ 412,000.

26 Other payables

	Group US$'000	Company US$'000
Liability for social sphere	67	1
	67	**1**

Notes to the financial statements *(continued)*

27 Share option scheme

During the period the Company issued equity-settled share-based instruments to its Directors and certain employees. Equity-settled share-based instruments have been measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based instrument is expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. Options generally vest in four equal tranches over the two years following grant.

Share options

	Number of options	Average exercise price in pence (p) per share
As at 13 October 2006	-	-
Granted	13,456,600	38p
As at 31 December 2007	**13,456,600**	

The options were issued to Directors and employees as follows:

Share options

	Number of options	Average exercise price in pence (p) per share	Expiry
Directors	12,110,940	38p	21 May 2017
Employees	1,345,660	38p	21 May 2017
As at 31 December 2007	**13,456,600**		

Fair value is measured using a trinomial lattice model that takes into account the effect of financial assumptions, including the future share price volatility, dividend yield, and risk-free interest rates. The expected volatility was determined based on both the volatility of the Company's share price since flotation and the volatility of similar quoted companies. Employee exit rates and the expected period from vesting to exercise are also considered, based on historical experience. The principal assumptions are:

Share price at grant date	(p)	38
Exercise price	(p)	38
Expected volatility	(%)	60
Expected life	(years)	2-5
Risk-free rate	(%)	5.75
Fair value per option	(p)	11.8 – 16.7

28 Share warrants

During the period the Company issued warrants over 10,023,112 Ordinary shares of the Company. These warrants entitle the holders to subscribe for Ordinary shares for cash consideration of 38p per Ordinary Share, and were issued as consideration for corporate and advisory services to the Company prior to its flotation. Warrants over 7.5m shares may be exercised at any time prior to 21 May 2017, while the remainder may be exercised at any time prior to 21 May 2010. The basis of valuation of the warrants is as per the share options as detailed in note 27.

29 Related party transactions

The company has no ultimate controlling party.

The Eragon acquisition comprises certain related party transactions because a Director of the Company Mr. Kuat Oraziman (the "Related Party"), has a beneficial interest in 42.5 percent of the issued capital of Baverstock GmbH and is a director of and holds 50 percent of the issued share capital of Vertom International N.V.

In particular, the Group entered into the following related party transactions:

- Eragon Acquisition Agreement – Baverstock GmbH was the vendor at 59 percent interest in Eragon acquisition;
- Consulting Services Agreement – Vertom International N.V. was the provider of consulting services under the agreement;

- Facilitation Agreement – Vertom International N.V. was party to this agreement;
- Baverstock Deed – Baverstock GmbH was the vendor of 59 percent interest in Eragon acquisition; and
- Vertom Deed – Vertom International N.V. was issued with 24,000,000 new ordinary shares following the Eragon acquisition.

The other Directors consider, having consulted with its nominated advisor and broker WH Ireland, that the terms of each of the Eragon Acquisition Agreement, the Consulting Services Agreement, the Facilitation Agreement, the Baverstock Deed and the Vertom Deed are fair and reasonable in so far as the shareholders are concerned.

The company are entered into the following transactions with the related party:

- The sale of 8.7 percent of the participation interests in Beibars Munai LLP to Beibars B.V. and the related party remains a participant in Beibars Munai LLP; and
- The sale of 8.3 percent of the participation interests in Ravninnoe Oil LLP to Ravninnoe B.V. and the Related Party remains a participant in Ravninnoe Oil LLP.

Notes to the financial statements *(continued)*

30 Acquisitions after the period

On 3 March 2008, the company completed the acquisition of a 59% interest in Eragon Petroleum Plc which through its subsidiary undertakings holds:

- 99% of the rights under and oil prospecting contract for the Ayrshagyl site in the territory of Mangystau oblast, which is valid until 2011;
- 99% of the rights under a contract for oil prospecting and production at the Munaily deposit in the territory of Atytrau oblast with the Ministry of Energy and Mineral Resources which is valid until 2031; and
- 85% of the rights under a contract for hydrocarbon material prospecting at the North-Western Konys deposit in the territory of Kzyl-Orda oblast which is valid until 2009.

The book values, together with the provisional fair values, of the assets and liabilities acquired were as follows:

	Book values US$'000	Fair value adjustments US$'000	Fair values US$'000
Property, plant & equipment	301	-	301
Exploration and evaluation assets	71,220	122,150	193,370
Intangible assets	1	-	1
Cash and cash equivalents	849	-	849
Inventories	55	-	55
Other receivables	811	32,000	32,811
Other payables	(4,755)	-	(4,755)
Liabilities under the contract for sub-soil use	(8,056)	-	(8,056)
Other long-term liabilities	(38,854)	-	(38,854)
Deferred tax	(10,280)	(36,645)	(46,925)
Net assets	11,292	117,505	128,797
Minority interests			(60,082)
Net assets acquired			68,715
Consideration:			
- Consideration shares (145,000,000 ordinary shares and US$ 1,500,000 cash)			60,641
- Expenses			8,074
Total consideration			68,715

Included within expenses is an amount of US$2,824,000 representing 6,923,077 shares.

Notes to the financial statements *(continued)*

31 Other subsequent events

Material agreements

On 30 January 2008 the Company, Mr Kuat Oraziman and Vertom International NV entered into an option agreement (the "ADA Option Agreement") which amended, restated and replaced an earlier option agreement dated 25 September 2007. Under the ADA Option Agreement, Mr Oraziman and Vertom granted an option to the Company to acquire an indirect 50% interest in the Participation Interests in ADA Oil LLP and ADA LLP.

The option may be exercised by the Company by 30 September 2008, conditional on 30 days having elapsed from re-admission to AIM and the completion of 20 consecutive dealing days of trading of the ordinary shares where the closing price at the completion of each day of trading is equal to or greater than 80p per ordinary share, and the ordinary shares not trading out of a band of 70p to 110p per ordinary share. The option initially expired on 31 March 2008 but this was extended to 30 September for consideration of US$3,200,000. Further details of this option can be found in the Company's admission document dated 31 January 2008.

On 30 January 2008 the Company entered into a facilitation agreement with Vertom International NV whereby Vertom International NV will provide coordination services among the various parties to the Eragon Acquisition for a fee of US$500,000.

On 30 January 2008 the Company entered into a consulting services agreement with Vertom International NV which replaces an earlier consulting services agreement dated on or about 1 October 2007. Under the agreement Vertom International BV grants an option to the Company, exercisable on or before 30 April 2008, whereby the Company can obtain consulting services from Vertom International NV. The consideration for the grant of the option is US$31,200,000 and is to be paid by the Company following re-admission to AIM and on receipt of necessary government approvals under Article 71 of the Sub-soil Law. The consideration was satisfied by the issue of 22,153,846 shares, credited as fully paid, on the agreed basis that such shares be issued at a price of 65 pence per share, and the relevant exchange rate be US$2:£1. Further details of this option can be found in the Company's admission document dated 31 January 2008.

Admission to AIM

On 31 January 2008 the Company was re-admitted to trading on AIM.

Notes to the financial statements *(continued)*

Share transactions

Following the completion of the acquisition of Eragon Petroleum Plc, as detailed in Note 30, the Company's issued share capital was increased by 151,923,077 shares to 320,130,567 shares.

Also following the completion of the acquisition of Eragon Petroleum Plc the following share options were granted:

	Number of options	**Average exercise price in pence (p) per share**	**Expiry**
Directors	10,938,462	65p	2 September 2018
Employees	2,119,231	65p	2 September 2018
Company secretary	607,692	65p	2 September 2018
As at 31 December 2007	**13,665,385**		

Approximately 50% of the options will vest over a period of 2 periods in equal tranches every 6 months. The remaining options will vest based on targets barrels of oil production per day being met. Further details of these share options can be found in the Company's admission document dated 31 January 2008.

32 Going Concern

The Directors have prepared cashflow forecasts which indicate that further funds will need to be raised to finance future working capital requirements.

These financial statements have been prepared on the going concern basis as the Directors are confident the Group will be able to raise the required funds.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.