

# Roxi Petroleum plc

("Roxi" or "the Company")

## Interim Results for the period ended 30 June 2009

The Company is pleased to announce its interim results for the period ended 30 June 2009.

### **Financial Highlights**

- Loss after taxation reduced to US\$8.9 million (2008: US\$ 18.3 million)

### **Corporate highlights:**

- Multiple funding / farm-out transactions, when traditional funding methods have been closed to the Company, ensured Roxi's ability to continue to develop its assets
- US\$24 million equity line of credit agreed with GEM Global Yield Fund Limited
- \$5 million convertible loan from Arawak Energy Limited, part of the Vitol Group
- Appointment of David Wilkes as Group Finance Director
- Roxi looking to revise Canamens agreement in relation to BNG farm-out and conclude a separate agreement with Baverstock – shareholder approval will be required for this transaction

### **Operational Highlights:**

- Acquisition of 3D data completed on BNG – data now being evaluated with a view to further drilling in 2010
- Following seismic evaluation on Ravninnoe - well to be spudded in October, targeting carboniferous reservoirs
- Four wells successfully drilled on Galaz – testing commenced in April, to date approx 63,000 barrels of 38 API oil has been produced from test production

### **Outlook:**

- Continuing development of assets through seismic, testing and drilling operations
- Near term focus for our available funds will remain on existing assets
- Strong partnerships with Kazakh businesses remain at the core of Roxi's strategy

**Rob Schoonbrood, Chief Executive Officer commented;**

***"Roxi has successfully concluded a number of funding and farm-out transactions which have allowed us to continue to develop our assets when traditional funding methods have been closed. These transactions have also brought on board a number of partners whose involvement will undoubtedly benefit the company in the long term.***

***We are also encouraged that the financial markets seem to be returning to a more positive state and this should help us continue to maximise the value of our assets.***

***We remain convinced by the quality of our assets as well as our ability to develop them to their full potential."***

28 September 2009

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## **Chairman's report**

### **Introduction**

I am pleased to present the unaudited results for the six months to 30 June 2009.

### **Assets**

Our focus is to maximise the value of the assets we already own. We have entered into farm-out arrangements in respect of our Ravninnoe and Galaz assets and work is progressing in developing these assets.

In August 2009, Roxi shareholders approved the farm-out arrangements initially announced in January 2009, with Canamens Energy Central Asia Limited ("Canamens") in respect of our BNG asset. Since then we have been working to revise the agreement with Canamens and to conclude a separate but associated agreement with Baverstock GmbH (a major shareholder in Roxi and the BNG asset). Under the new agreement, Roxi would contribute an additional 15 per cent. interest to Canamens, making a total of 35 per cent., in return for release from its outstanding US\$26 million (out of a total of US\$100 million) of work programme commitments entered into at the time of Roxi's purchase of Eragon Petroleum plc ("Eragon") in March 2008.

These arrangements are necessarily complex and will require further Roxi shareholder approval before the previously announced farm-out with Canamens in respect of BNG can be completed. Additionally the completion of the farm-out with Canamens in respect of BNG is subject to receiving the required Kazakh regulatory approvals.

We do not expect any progress at our Beibars asset until the force majeure declared in 2008 is lifted. We are not incurring any material Beibars related expenditures.

We are seeking to sell our interest at Munailly.

### **Funding**

As previously announced and in common with many other companies in the sector, we struggled during 2008 to raise the funding we required to develop our assets at the pace we would have wished. Towards the end of 2008 and into the first half of 2009, we concluded a number of farm-out and alternative funding arrangements which have allowed the Company to continue to develop its assets. Inevitably the result of the arrangements is that Roxi has a smaller interest in the assets it owns.

In November 2008, Roxi entered into an arrangement with KazRos Munai to develop its Galaz assets. In December 2008, Roxi shareholders approved the farm-out with Canamens in respect of its Ravninnoe assets.

In May 2009, Roxi announced it had entered into a US\$24 million equity line of credit facility with GEM Global Yield Fund Limited, a US\$2.7 billion fund based in New York. This facility is intended to provide a safety net in the funding of our existing operations, should more conventional forms of development finance continue to be unavailable. We have not to date made any calls under this facility.

In June 2009, we announced that we had received a US\$5 million loan from Arawak Energy Limited ("the Arawak Loan"), a subsidiary of the Vitol Group, one of the world's largest oil trading groups. The Arawak Loan is principally to assist us move Galaz into full production. If it is not repaid by June 2010 it may, at Arawak Energy's option, convert into approximately 31 million of ordinary shares representing 8 per cent of the current issued share capital of the Company.

To facilitate the Arawak Loan, Roxi agreed with Kuar Oraziman, a director of the Company, to subordinate and postpone repayment of a US\$14.5 million loans due to him in June and July 2009 for a twelve month period in return for issuing 36 million warrants on terms equivalent to those issued in favour of Arawak Energy. US\$10 million of the loan from Mr Oraziman, previously at a low interest rate, is now on the same commercial terms as the Arawak Loan.

In September 2009, we issued 6 million new shares at a price of 10p per share.

### **Board appointment**

In September 2009, we announced the appointment of David Wilkes as Group Finance Director. David is a Chartered Accountant, and was for eight years the Country Managing Partner for Ernst & Young in Kazakhstan, having joined the office there in 1997. He has extensive experience in the oil and gas sector, including advising multinational companies such as British Petroleum and ENRC. He has been chairman of Kazakh Foreign Investors Council for the past two and a half years and on the board of the American Chamber of Commerce in Almaty for the past six years.

David's experience and contacts will prove invaluable to Roxi's development and he will be a key member of the senior management team.

### **Management incentives**

As announced with the results for the year to 31 December 2008, the remuneration committee conducted a review of the share based incentive arrangements. The conclusion of the remuneration committee was to leave unaltered the arrangements put in place at the time of the Company's admission to AIM and at the time of the acquisition of Eragon. In August, additional options were granted at an exercise price of 12p per share which at the time was approximately 33 per cent higher than the then market price.

### **Operating environment**

We continue to enjoy extremely strong and effective working relationships with the various regulatory bodies in Kazakhstan. We are also pleased to continue to have a strong Kazakh presence on our share register. Our approach of growth through partnership has attracted the interest of a number of international companies and investors considering investments in the Kazakh energy sector who do not have the local infrastructure Roxi enjoys.

### **Outlook**

We have been pleased to conclude farm-out and funding arrangements with a number of leading international organisations and believe their interest and involvement in Roxi will benefit Roxi shareholders over the longer term.

We look forward to a more stable financial and market environment which, with the active cooperation of our Kazakh and international partners, should make the maximisation of our existing assets an easier proposition than it has been for some time.

Once again I would like to thank all our employees and our advisers for their commitment to making Roxi a success.

### **Clive Carver**

Non – executive Chairman

28 September 2009

## **Chief Executive's Statement**

### **Overview**

As mentioned in the chairman's statement we have been short of development funding in 2008 and in 2009 and could not develop our assets as we would have wished.

Only when we believed it was clear that funding from the traditional debt and equity markets would not be forthcoming on commercially acceptable terms did we consider selling down the level of our interest in the assets to assist in funding our existing work programme commitments.

The farm-out arrangements we entered into with KazRos Munai, which allowed the drilling of four new wells at Galaz, has already been demonstrated to work with test production at these new wells reaching levels of 1,500 of barrels per day.

The farm-out arrangements entered into in respect of Ravninnoe have allowed to us to continue with the preparatory work required for a first well to be drilled in October 2009.

The farm-out arrangement we have negotiated with Canamens in respect of our BNG assets, (subject to shareholder approval) will when completed, provide the means of meeting our expanding work commitments for 2009 and 2010.

### **Strategy**

Over the medium-term we have identified Central Asia as the area of our planned operations but in the short-term we will focus 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. The funding constraints encountered in 2008 and 2009 have led the board to refine our short-term strategy such that for the near future, our development activities and our available funds will be focussed only on the assets in which we already have an interest.

It remains our strategy to work with local partners who are already established in the territories in which we wish to operate. We believe, working with well-respected and experienced 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.

We seek to retain operational and financial control of our assets and believe this is the most effective way to deliver projects on time and to budget.

### **Infrastructure**

The Company's activities are run from modern offices in Almaty. There is a regional office in the Caspian Sea port of Aktau, which is the centre of administration for BNG, Ravninnoe and Beibars. A small operations office has also been established in Atyrau for logistical ease. A branch office of Galaz in Kyzlorda has also been established to service the Galaz asset.

### **Staffing**

The Roxi team is now some 80 strong in total (all of which are based in Kazakhstan) comprising 51 in the main Almaty office, and 29 in the regional offices and field locations. Of these employees 25 are technical staff, 12 are financial staff, 11 are operational staff and 32 fulfil other activities. 77 of our staff are Kazakh nationals.

## **Assets update**

### **BNG Contract Area**

#### ***Exploration***

Following the acquisition of Eragon Petroleum plc ("Eragon") in March 2008, Roxi held a 58.41 per cent interest in BNG Ltd LLP which operates the Ayrshagyl block in the South Pre-Caspian Basin. An extension was granted by the Ministry for Energy and Mineral Resources in Q2 2008, enlarging the Contract Area by 139km<sup>2</sup>. In Q3 2008, a contract to acquire 366km<sup>2</sup> of 3D seismic was signed to cover the Yelemes and Ayrshagyl structures.

The acquisition of 3D seismic was completed on the 25 May 2009. Pre-Stack Time Migration of the data was completed in September 2009 and will be used to evaluate the deep and intermediate exploration potential in the area for further drilling in 2010. A fast-track processing of the data over the old Yelemes-54 discovery has enabled mapping and selection of three appraisal and development well locations for Q4 drilling.

In January 2009, Roxi entered into a conditional farm-out agreement with Canamens such that in return for interests totalling 35 per cent. of the BNG interest, Canamens agreed to advance BNG an initial US\$5 million and to fund a maximum of US\$50 million of the 2009 and 2010 BNG work programmes.

As referred to in the Chairman's statement, in order to conclude this farm-out, the Company has revised its agreement with Canamens and will also need to enter into a separate agreement with Baverstock GmbH. These agreements will require further shareholder approval, a circular for which will be sent to shareholders in due course.

### **Ravninnoe Contract Area**

#### ***Proven oil discovery – appraisal and development***

Roxi held an initial 50 per cent interest and operational control of the Ravninnoe field, in the south of the Pre-Caspian Basin discovered in the 1980's. A 168km<sup>2</sup> 3D seismic programme which was commenced at the end of 2007 was completed in Q1 2008, and initial processing was completed in Q2 2008. The re-entry programme for old wells on Ravninnoe field was suspended in 2008 after encountering damaged casing in both wells 8 and 5. The discovered Carboniferous reservoirs are currently being evaluated, and the first well will be spudded in October 2009. Both shallow and deeper exploration prospectivity is also being evaluated.

In November 2008, Roxi entered into a farm-out arrangement with Canamens such that for a maximum total interest of 32.5 per cent from Roxi and other partners in Roxi's assets, Canamens would advance US\$5 million and up to a further US\$22.5 million to fund the Ravninnoe 2009 and 2010 work programmes.

To date US\$13.5 million has been received from Canamens in respect of this farm-out arrangement, which has facilitated the preparations for the important first well on Ravninnoe. A drilling services contract was signed with Parker Drilling BV on the 26 August 2009, and mobilisation of the rig started on 1 September 2009.

Following approval by Roxi shareholders in a General Meeting in December 2008. The Ravninnoe farm-out arrangements were completed in July 2009. Roxi's interest in the Ravninnoe field is now 30 per cent.

## **Galaz Contract Area**

### ***Proven oil field – appraisal and development targeting early production***

Following the completion of the acquisition of Eragon in March 2008 Roxi held a 50.15 per cent. interest in Galaz and Company LLP, based in Kyzylorda. The Contract Area contains the North West Konus field discovered in 1992. 3D seismic acquisition was completed in Q1 2008 and processed in Q2 2008.

Well NK1 was drilled in Q2 2008 to appraise the Arskum "M2" sands, and is currently suspended pending evaluation to establish flow. The results of the well have confirmed that the Arskum "M2" sands are not the primary reservoir in NW Konus and that Upper Jurassic intervals provide the best potential for development.

In November 2008, Roxi entered into an arrangement with KazRosMunai LLP whereby they agreed to drill up to nine new wells (four to a depth of 1400 metres and a further five to a depth of 2800 metres) for a total value of US\$17 million in return for a maximum interest of 32.5 per cent. interest in the Galaz Contract Area. The four wells have been drilled successfully, and an agreement has been reached with KazRosMunai, although not yet completed, for payment to be made with 10.1 per cent. of Galaz shares. The drilling of further wells will become optional to Galaz and Company LLP.

A further 1.5 per cent. interest in Galaz and Company LLP was sold for a consideration of US\$500,000.

Testing of the four wells commenced in April 2009, two of which have been completed and testing of two further wells continues. To date approximately 63,000 barrels of 38° API oil has been produced from test production.

Final GOST standard reserves are currently under consideration by the State Geological Committee, and will be reported once approved, SPE reserves estimates will be calculated after completing testing.

## **Beibars Contract Area**

### ***Exploration***

Roxi holds a 50 per cent. interest and operational control of Beibars exploration Contract Area in the Mangishlak Basin near Aktau. A 121 km<sup>2</sup> 3D seismic programme (delayed from 2007 due to the issuance of a military polygon on the Contract Area) was acquired in Q2 2008.

Following the delays caused as a result of the military intervention a force majeure event has been requested by the company of the Ministry for Energy and Mineral Resources in respect of the Beibars asset. Consequently all work programme expenditure has been deferred by at least 12 months, pending resolution of the military polygon that was awarded over the Beibars Contract Area.

The seismic data acquired in 2008 is being evaluated to potential drilling locations.

## **Munaily Contract Area**

### ***Proven oil field – rehabilitation targeting early production***

Following completion of the acquisition of Eragon in March 2008, Roxi holds a 58.41 per cent. interest in "Munaily Kazakhstan" LLP which operates the Munaily Field in the South Pre-Caspian Basin.

Well H1 was shut in after a successful six month test period at average rates of approximately 100bopd under natural flow. C1 category reserves of 1.1 million barrels are calculated and have been approved by the State Geological Committee.

In December 2008, Munaily and BT Corporation signed an SPA for the sale of Munaily for US\$3 million. US\$1 million was payable on signing. US\$500,000 was paid in December. BT went on to drill on this asset but did not pay the balance of the required US\$2.5 million. The company is looking to dispose of the asset elsewhere.

## **Tenge devaluation**

In February 2009, the Kazakh Tenge was devalued against the US\$ by 25 per cent. As a result, under IFRS the carrying value of our assets has been reduced by approximately US\$52.3 million. We do not however consider that the commercial value of our assets has been affected by the devaluation.

## **Environmental**

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

## **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 remain convinced of the quality of our assets and our abilities, in conjunction with our Kazakh and international partners, to develop them to their fullest potential.

It appears that the financial markets are beginning to return to a more positive state and the recent movements in the oil price are encouraging. These developments will help us in our quest to maximise the value of our assets.

## **Rob Schoonbrood**

Chief Executive Officer

28 September 2009



## **INDEPENDENT REVIEW REPORT FOR THE PERIOD ENDED 30 JUNE 2009**

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### **INDEPENDENT REVIEW REPORT TO ROXI PETROLEUM PLC**

#### **Introduction**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the Consolidated Condensed Income Statement, the Consolidated Condensed Balance Sheet, the Consolidated Condensed Cash Flow Statement, the Consolidated Condensed Statement of Comprehensive Income, the Consolidated Condensed Statement of Changes in Equity and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

#### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

#### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**INDEPENDENT REVIEW REPORT  
FOR THE PERIOD ENDED 30 JUNE 2009**

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**INDEPENDENT REVIEW REPORT TO ROXI PETROLEUM PLC (CONTINUED)**

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

**Emphasis of matter - going concern**

In forming our conclusion on the condensed set of financial statements, we have considered the adequacy of the disclosures made in note 6 to the interim statements, concerning the Group's need to raise further funds in order to continue in its current form. 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.

BDO Stoy Hayward LLP  
Chartered Accountants  
55 Baker Street  
London  
28 September 2009

## CONSOLIDATED CONDENSED INCOME STATEMENT

	Note	Six months ended 30 June 2009 Unaudited US\$000s	Six months ended 30 June 2008 Unaudited US\$000s	Year ended 31 December 2008 Audited US\$000s
Revenue		520	-	518
Cost of sales		(520)	-	(518)
<b>Gross Profit</b>		-	-	-
Impairment of unproven oil and gas assets		-	-	(67,412)
ADA Acquisition costs		-	-	(6,679)
Share based payments		(447)	(1,934)	(3,102)
Impairment of investments		-	(6,503)	(1,025)
Other administrative expenses		(7,290)	(9,066)	(15,281)
Administrative expenses		(7,737)	(17,503)	(93,499)
<b>Operating loss</b>		(7,737)	(17,503)	(93,499)
Interest payable and similar charges		(895)	(859)	(1,870)
Interest receivable		31	110	1,297
<b>Loss before taxation</b>		(8,601)	(18,252)	(94,072)
Taxation		(312)	-	50,132
<b>Loss after taxation</b>		(8,913)	(18,252)	(43,940)
Loss attributable to minority interests		(1,053)	(1,630)	(12,082)
Loss attributable to equity shareholders		(7,860)	(16,622)	(31,858)
		(8,913)	(18,252)	(43,940)
Loss per Ordinary share (US cents) Basic and diluted	3	2.1	5.5	9.5

The notes on pages 18 to 20 form part of these financial statements.

## CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30 June 2009 Unaudited US\$000s</b>	<b>Six months ended 30 June 2008 Unaudited US\$000s</b>	<b>Year ended 31 December 2008 Audited US\$000s</b>
Loss after taxation	<b>(8,913)</b>	<b>(18,252)</b>	<b>(43,940)</b>
Other comprehensive income:			
Exchange differences on translating foreign operations	<b>(52,299)</b>	<b>(449)</b>	<b>3,112</b>
Other comprehensive income for the period	<b>(52,299)</b>	<b>(449)</b>	<b>3,112</b>
Total comprehensive income for the period	<b>(61,212)</b>	<b>(18,701)</b>	<b>(40,828)</b>

The notes on pages 18 to 20 form part of these financial statements.

## CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

### For the six months ended 30 June 2009

	Share capital	Share premium	Deferred shares	Shares to be issued	Cumulative translation reserve	Other reserve	Capital contribution reserve	Retained earnings	Total	Minority interests	Total equity
Unaudited	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At start of period	64,549	85,909	-	20,175	2,900	2,378	-	(36,017)	139,894	70,439	210,333
Total comprehensive income for the period	-	-	-	-	(30,193)	-	-	(7,860)	(38,053)	(23,159)	(61,212)
Arising on share issue	7,342	13,332	-	(20,175)	-	-	-	-	499	-	499
Arising on loan from shareholder	-	-	-	-	-	-	1,475	-	1,475	-	1,475
Due to employee share options	-	-	-	-	-	-	-	447	447	-	447
Arising on share split	(64,702)	-	64,702	-	-	-	-	-	-	-	-
<b>At 30 June 2009</b>	<b>7,189</b>	<b>99,241</b>	<b>64,702</b>	<b>-</b>	<b>(27,293)</b>	<b>2,378</b>	<b>1,475</b>	<b>(43,430)</b>	<b>104,262</b>	<b>47,280</b>	<b>151,542</b>

### For the six months ended 30 June 2008

	Share capital	Share premium	Deferred shares	Shares to be issued	Cumulative translation reserve	Other reserve	Capital contribution reserve	Retained earnings	Total	Minority interests	Total equity
Unaudited	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At start of period	33,707	52,711	-	-	1,334	2,378	-	(7,261)	82,869	35,551	118,420
Total comprehensive income for the period	-	-	-	-	(354)	-	-	(16,622)	(16,976)	(1,725)	(18,701)
Due to acquisitions	30,145	33,100	-	20,175	-	-	-	-	83,420	46,022	129,442
Due to employee share options	-	-	-	-	-	-	-	1,934	1,934	-	1,934
<b>At 30 June 2008</b>	<b>63,852</b>	<b>85,811</b>	<b>-</b>	<b>20,175</b>	<b>980</b>	<b>2,378</b>	<b>-</b>	<b>(21,949)</b>	<b>151,247</b>	<b>79,848</b>	<b>231,095</b>

### For the year ended 31 December 2008

	Share capital	Share premium	Deferred shares	Shares to be issued	Cumulative translation reserve	Other reserve	Capital contribution reserve	Retained earnings	Total	Minority interests	Total equity
Audited	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At start of year	33,707	52,711	-	-	1,334	2,378	-	(7,261)	82,869	35,551	118,420
Total comprehensive income for the year	-	-	-	-	1,566	-	-	(31,858)	(30,292)	(10,536)	(40,828)
Arising on acquisitions of Eragon	30,145	33,100	-	20,175	-	-	-	-	83,420	45,424	128,844
Arising on share issues	697	98	-	-	-	-	-	-	795	-	795
Due to employee share options	-	-	-	-	-	-	-	3,102	3,102	-	3,102
<b>At 31 December 2008</b>	<b>64,549</b>	<b>85,909</b>	<b>-</b>	<b>20,175</b>	<b>2,900</b>	<b>2,378</b>	<b>-</b>	<b>(36,017)</b>	<b>139,894</b>	<b>70,439</b>	<b>210,333</b>

<b>Reserve</b>	<b>Description and purpose</b>
Share capital	The nominal value of shares issued
Share premium	Amount subscribed for share capital in excess of nominal value
Deferred shares	The nominal value of deferred shares issued
Shares to be issued	Outstanding share capital to be issued
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
Capital contribution reserve	Capital contribution arising during the period
Retained earnings	Cumulative losses recognised in the consolidated income statement
Minority interests	The interest of the non-controlling interests in the net assets of the subsidiaries

The notes on pages 18 to 20 form part of these financial statements.

## CONSOLIDATED CONDENSED BALANCE SHEET

	Note	30 June 2009 US\$000s Unaudited	30 June 2008 US\$000s Unaudited	31 December 2008 US\$000s Audited
<b>Assets</b>				
<b>Non-current assets</b>				
Unproven oil and gas assets	4	213,133	325,326	273,034
Available for sale financial assets		-	1,025	-
Property, plant and equipment		1,061	1,138	1,530
Other receivables		1,905	9,847	2,246
Restricted use cash		228	16	66
<b>Total non-current assets</b>		<b>216,327</b>	<b>337,352</b>	<b>276,876</b>
<b>Current assets</b>				
Inventories		457	339	507
Other receivables		13,464	2,577	11,395
Cash and cash equivalents		8,015	2,866	411
<b>Total current assets</b>		<b>21,936</b>	<b>5,782</b>	<b>12,313</b>
<b>Total assets</b>		<b>238,263</b>	<b>343,134</b>	<b>289,189</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		7,189	63,852	64,549
Share premium		99,241	85,811	85,909
Deferred shares		64,702	-	-
Shares to be issued		-	20,175	20,175
Other reserves		2,378	2,378	2,378
Capital contribution reserve		1,475	-	-
Retained earnings		(43,430)	(21,949)	(36,017)
Cumulative translation reserve		(27,293)	980	2,900
<b>Shareholders' equity</b>		<b>104,262</b>	<b>151,247</b>	<b>139,894</b>
<b>Minority interests</b>		<b>47,280</b>	<b>79,848</b>	<b>70,439</b>
<b>Total equity</b>		<b>151,542</b>	<b>231,095</b>	<b>210,333</b>
<b>Current liabilities</b>				
Trade and other payables		15,936	6,787	17,837
Short-term borrowings		14,570	4,038	17,889
Warrant liability		6,510	-	-
Current provisions		5,521	1,928	5,648
<b>Total current liabilities</b>		<b>42,537</b>	<b>12,753</b>	<b>41,374</b>
<b>Non-current liabilities</b>				
Borrowings		18,315	13,763	3,900
Deferred tax liabilities		23,023	79,940	30,513
Non-current provisions		2,846	5,374	3,069
Other payables		-	209	-
<b>Total non-current liabilities</b>		<b>44,184</b>	<b>99,286</b>	<b>37,482</b>
<b>Total liabilities</b>		<b>86,721</b>	<b>112,039</b>	<b>78,856</b>
<b>Total equity and liabilities</b>		<b>238,263</b>	<b>343,134</b>	<b>289,189</b>

The notes on pages 18 to 20 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 28 September 2009 and were signed on its behalf by:

Clive Carver  
Director

Rob Schoonbrood  
Director



## CONSOLIDATED CONDENSED CASH FLOW STATEMENT

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
	Unaudited US\$000s	Unaudited US\$000s	Audited US\$000s
<b>Cash flow used in operating activities</b>			
Cash received from customers	948	-	1,377
Payments made to suppliers and employees	(6,421)	(11,602)	(8,567)
Interest paid	-	-	-
Interest received	31	110	212
<b>Net cash used in operating activities</b>	<b>(5,442)</b>	<b>(11,492)</b>	<b>(6,978)</b>
<b>Cash flow used in investing activities</b>			
Purchase of property, plant and equipment	-	(222)	(897)
Additions to unproven oil and gas assets	(3,503)	(11,197)	(21,874)
Acquisition of subsidiaries net of cash acquired	-	(1,167)	(2,561)
Option fees, deposits and prepayment of acquisition costs	-	(3,200)	(3,200)
<b>Cash flow used in investing activities</b>	<b>(3,503)</b>	<b>(15,786)</b>	<b>(28,532)</b>
<b>Cash flow used in financing activities</b>			
Net proceeds from issue of ordinary share capital, net of expenses relating to issue of shares	499	-	795
Repayment of borrowings	(450)	-	(1,250)
Issue of loans	5,000	-	6,250
Advances received for farm-in agreements	11,500	-	-
<b>Net cash used in financing activities</b>	<b>16,549</b>	<b>-</b>	<b>5,795</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>7,604</b>	<b>(27,278)</b>	<b>(29,715)</b>
Exchange gains and losses on cash and overdrafts	-	-	(18)
Cash and cash equivalents at the start of the period	411	30,144	30,144
<b>Cash and cash equivalents at period end</b>	<b>8,015</b>	<b>2,866</b>	<b>411</b>

The notes on pages 18 to 20 form part of these financial statements.

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

### 1. STATUTORY ACCOUNTS

The interim results for the period ended 30 June 2009 are unaudited. The financial information contained within this report does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006.

### 2. BASIS OF PREPARATION

Roxi Petroleum Plc is registered and domiciled in England and Wales.

These interim financial statements of the Company and its subsidiaries ("the Group") for the six months ended 30 June 2009 have been prepared on a basis consistent with the accounting policies set out in the Group's consolidated annual financial statements for the year ended 31 December 2008 except for the adoption of IAS1 (Revised) and no changes to those policies are envisaged for the year end 31 December 2009 financial statements. They have not been audited, do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the period ended 31 December 2008. The 2008 annual report and accounts, which received an unqualified opinion from the auditors, did not draw attention to any matters by way of emphasis, and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies. As permitted, the Group has chosen not to adopt IAS 34 'Interim Financial Reporting'. The presentation applied to the interim report is in the line with the new IAS 1 'Presentation of Financial Statements' in respect of the primary statements presentations.

The financial information is presented in US Dollars and has been prepared under the historical cost convention and on a going concern basis.

### 3. LOSS PER ORDINARY 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 loss per share has not been calculated.

The calculation of earnings per ordinary share is based on:

	<b>Six months ended 30 June 2009</b>	<b>Six months ended 30 June 2008</b>	<b>Year ended 31 December 2008</b>
The basic weighted average number of ordinary shares in issue during the period	380,599,993	301,770,567	336,462,416
The loss for the period attributable to equity shareholders (\$000s)	7,860	16,622	31,858

#### 4. UNPROVEN OIL AND GAS ASSETS

	Six months ended 30 June 2009 US\$000s	Six months ended 30 June 2008 US\$000s	Period ended 31 December 2008 US\$000s
At the start of the period	273,034	110,142	110,142
Acquisitions of subsidiaries	-	204,239	203,887
Additions	5,768	11,197	21,874
Sales from test production	(520)	-	(518)
Foreign exchange differences	(65,149)	(252)	5,061
Impairment			(67,412)
<b>At the end of the period</b>	<b>213,133</b>	<b>325,326</b>	<b>273,034</b>

#### 5. SUBSEQUENT EVENTS

##### 5.1 Ravninnoe farm-in

On 13 July 2009, further to the agreement signed in 2008 with Canamens in respect of the Ravninnoe asset, the new charter documents and subsequent transfer of interest in Ravninnoe to Canamens were registered with the Ministry of Justice of the Republic of Kazakhstan.

##### 5.2 Share issue

In September 2009, 6 million new ordinary shares were issued at a price of 10p per share.

##### 5.3 BNG farm-out

On September 18 2009, the Company, Eragon Petroleum Limited, BNG Energy BV and Canamens BNG BV (part of the Canamens group) signed a revised SPA to farm out part of BNG LLP ("BNG").

Under the amended SPA the initial consideration of US\$ 31,999,000 is payable by Canamens BNG BV (the purchaser) to BNG Energy BV in exchange for 23 per cent. of the equity in BNG and 23 per cent. of the loans due from BNG to Roxi Petroleum plc and BNG Energy BV (stage 1). Additionally the purchaser has the option to purchase an additional 12 per cent. of the equity and loans for a cash consideration of US\$ 23,000,000 (stage 2 )

The completion of the SPA is subject to shareholder approval and obtaining the relevant waivers from the Kazakh authorities.

##### 5.4 Grant of options

On 17 August 2009 it was announced that following a review of the existing board and senior management incentive arrangements referred to at the time of the release of the results for the year ended 31 December 2008, the Remuneration Committee has decided to leave the existing options granted at 38p and 65p respectively unaltered. New options exercisable at 12p per share were granted on 14 August 2009 with a total number of 4,198,459 options.

## 6 Going Concern

The Company entered into an agreement dated 18 September 2009, with Canamens in respect of the part disposal of the BNG asset. Completion of this agreement is dependent on certain conditions precedent being met, including certain regulatory approvals and the approval of the shareholders of the Company. The directors are confident that these conditions will be met and that the consideration received will be sufficient to finance the required work commitments for the BNG asset for the foreseeable future. However, should the agreement not formally complete then the Group would have to raise other finance to fund the required work commitments and there can be no certainty, in current markets, that sufficient funds will be forthcoming.

These interim financial statements have been prepared on a 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 in its current form.

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

## SHAREHOLDER INFORMATION AND ADVISERS

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### **Nominated adviser and broker**

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### **Solicitors**

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