

# Roxi Petroleum plc

(“Roxi” or “the Company”)

## Interim Results for the period ended 30 June 2013

Roxi Petroleum plc, the Central Asian oil and gas company with a focus on Kazakhstan, announces its unaudited results for the six-month period ended 30 June 2013.

### Highlights

#### Operational

- BNG licence successfully renewed for a further two years
- First deep well underway at BNG
- Drilling success in BNG shallow areas
- Production from three different fields
- Appointment of experienced drilling manager
- Full focus now on BNG

#### Financial

- US\$40 million equity facility agreed at a price of 7.4p per share
- US\$17.5 million drawn and invested in BNG asset to date, US\$22.5 million available
- Administrative costs reduced to US\$2.7 million in the period (2012 US\$4.5 million)

### Comments

#### Clive Carver, Chairman said

***"2013 started well and is getting better. Before the end of the year we expect to announce the results of our first deep well together with updates on a further three shallow wells and issue an updated reserves / resources estimate."***

### Enquiries

#### Roxi Petroleum PLC

Clive Carver, Chairman

#### Enquiries

#### Roxi Petroleum PLC

Clive Carver, Chairman

+7 727 3750 202

#### WH Ireland plc

James Joyce / James Bavister

+44 (0) 20 7220 1666

### Qualified Person

Mr. Hyunsik Jang, Chief Operating Officer of the Company, has reviewed and approved the technical disclosures in this announcement. He holds a BSc in Geology and has 26 years of international experience of exploration, appraisal and development of oilfields in a variety of environments.

I am pleased to bring you the interim report covering the six-month period ended 30 June 2013.

## **Overview**

2013 started well and is getting better. The prospects of the Company were transformed in January 2013, with the agreement of a US\$40 million equity credit facility at 7.4p per share and since then we have reported a number of drilling successes.

In July 2013, the licence at the Company's principal asset, was successfully renewed until June 2015 with a commitment to drill further three deep wells.

Before the end of the year we expect to announce the results of Airshagyl 5, the deep well being drilled at BNG, and update the market with results from a further three wells.

## **Our assets**

For some time we have regarded BNG as the most important of our assets. It is by far the largest Contract Area in which Roxi has an interest and, in the opinion of the Board, has by far the greatest potential of any of the Company's current assets.

The results of our seismic interpretation and drilling work at BNG over the last few years has reinforced our belief in the BNG asset, and we believe Roxi shareholders' interests would be best served by focusing our resources on this project and others like it.

While we have been pleased with progress at Galaz and latterly at Munaily, the work programme commitments at the two for 2014 and 2015 are in aggregate some US\$11 million, with the majority to be spent at Munaily. Given the prospects at BNG we would rather invest these sums there and are therefore looking to exit from both Galaz and Munaily on appropriate terms.

## **BNG**

Roxi has an effective 58.41% interest in the BNG Contract Area, through its indirect subsidiary BNG LLP.

### **Overview of the asset**

The BNG Contract Area is located in a key oil producing region and is bordered by a number of successfully producing oil and gas fields. The area is also well served for infrastructure with an established services industry and access to main pipelines and ports.

The Contract Area covers 1,561 km<sup>2</sup> of low lying Steppe and transition zone at the edge of the Caspian Sea, in the Mangistau Oblast in Western Kazakhstan.

This transition zone, which covers approximately 20% of the block, floods up to twice a year depending upon sea level and weather conditions in the Caspian. The block is surrounded by producing fields of the southern Pre-Caspian including, Tengiz, Borankol, Tolkyn, and Nsanovskoye.

Roxi acquired the block in 2008, through the acquisition of 59% of Eragon Petroleum Limited. After receiving back 35% of the BNG Contract Area from Canamens in May 2011, Roxi, via BNG LLP, retains a 58.41% interest.

The block contains oil and gas potential in Lower Cretaceous, Jurassic and Triassic sequences in the Post Salt succession, and in the Permian and Carboniferous sequences in the Pre-Salt succession. Airshagyl was explored under the Soviets, since that time little work has been carried out on the area.

This early exploration work resulted in tests of hydrocarbons at commercial rates from under evaluated Jurassic and Permian reservoirs.

In May 2009, BNG LLP completed acquisition of 1,400 km<sup>2</sup> of 3D seismic over the northern part of the block.

## **Licence**

In July 2013, the licence, which expired earlier in the year, was successfully extended for a further two years to 7 June 2015, with the commitment to drill three additional deep wells.

## **Roxi's approach to developing the block**

The BNG Contract Area has several highly prospective regions where oil and gas have been tested for in the past and where the seismic data acquired and interpreted show there to be good prospects. A characteristic of the BNG Contract Area is that there is little or no salt coverage for deeper drilling in the southern part.

In 2011 Gaffney Cline quantified the unrisks potential of the Contract Area as some 900 mbbbls and on a risked basis 202 mbbbls with 37 separate prospects. Roxi plans to develop both shallow and deep prospects during the period of the current licence extension.

The first two areas to be developed by Roxi on the BNG Contract Area are the Yelemes and the Airshagyl group of structures, which were first explored in the 1980's.

### ***Yelemes***

The Yelemes region is located towards the north of the BNG Contract Area where the principal targets are in the Cretaceous, Triassic and Jurassic zones.

Wells 54, 143, 805 and 806 have all been drilled in the region and are either currently producing or are expected to produce on receipt of the relevant regulatory permits. Well 807 is currently being drilled.

Wells in the Yelemes region are typically drilled to depths of 2,500 meters.

### ***Airshagyl***

The Aiyshagyl region is located towards the centre of the BNG Contract Area. The principal target is in the Permian and middle Carboniferous of the South Emba sub-basin. The target reservoirs sit at depths of around 4,500 meters and have been confirmed by Soviet drilling to be hydrocarbon bearing.

## **BNG as operator**

In May 2011, BNG LLP, in which Roxi has an indirect 58.41% interest, resumed the role of operator of the BNG Contract Area.

As a local operator BNG LLP has been able to negotiate favourable contracts with credible local providers of drilling and support services without sacrificing quality. As such the average cost of wells has fallen significantly compared to the period when BNG LLP was not the operator. Moreover, unlike other international companies operating in the region, the drilling contract for the two deep wells planned for 2013 have been awarded is on a turn key basis, where any cost overruns are the responsibility of the contractor.

The typical cost of our shallow wells is now some US\$2.5 million and for the deep wells the costs average some US\$8 million per well.

## **Review of the BNG wells**

### ***Shallow wells***

#### ***Well 143***

Well 143 was spudded on 1 April 2013, on the MJ-F structure located towards the North of South Yelemes field at BNG. The total depth of the well was planned to be 2,500 metres.

This exploration initially targeted Jurassic Callovian sands at a depth of 2,170 metres with a secondary objective in the Cretaceous Valanginian limestone at a depth of 1,935 metres.

As the middle Jurassic section is also expected to be within 4-way dip closure in the MJ-F structure as well as the top Jurassic section, Roxi decided to drill continuously to 2,750 meters, 250 meters deeper than the original planned depth. The well reached the total depth of 2,750 meters in June 2013, and at that time wireline logging was run.

Interpretation of these results has been encouraging with three main intervals of interest were identified, between 2,193, 2,216 and 2,692 meters. Additionally, a fourth interval of interest at 2,088 meters has been identified from the core samples and will now be tested.

Testing on all four intervals is expected to be complete by October 2013.

### ***Well 805***

In 2010 Well 805 was drilled to a total depth of 2,505 meters and tested two hydrocarbon-bearing zones between 1,965 meters and 2,230 meters at the rate of 150 bopd and 226 bopd respectively.

### ***Well 806***

In 2010 Well 806 was spudded and drilled to a total depth of 2,557 meters. The well was tested at three different intervals at 1,985, 1,998 and 2,022 meters.

Work is progressing in anticipation of an early commencement of the 90 days testing at the three intervals, which has already displayed encouraging characteristics.

### ***Well 807***

Well 807 was spudded in September 2013 and as of 23 September 2013, has reached a depth of 713 meters without incident. The well is targeting Cretaceous Limestone and Jurassic Sandstone. The total depth of 2,500 meters is expected to be reached in October 2013.

## **Deep Wells**

### ***Airshagyl 5***

Airshagyl 5 is the name given to the deep well spudded in July 2013, which is to be drilled to a total depth of 4,700 meters targeting the Permian formation at 4,120 metres and the Carboniferous formation at 4,390 metres.

By mid August 2013, the first 800 meters of the well had been drilled and casing was run without any significant problems. At 23 September 2013, the well had reached a depth of 1,883 meters. Roxi management expects the well will reach its total depth of 4,700 meters in November 2013.

Shareholders are reminded that BNG has a turn key basis drilling contract for this well and will therefore not be subject to any cost overruns stemming from drilling delays, which can result from difficulties associated with pre salt drilling in the region.

## **Galaz**

The Galaz block is located in the Kyzylorda Oblast in central Kazakhstan. The Contract Area was extended on 10 January 2011 to 179 km<sup>2</sup> and now includes significant exploration upside on the east side of the Karatau fault system, as well as the NW Konys development.

Pilot production commenced on 19 January 2012 following approval of the NW Konys Pilot Production Plan from the Ministry of Oil and Gas, with emissions and flaring permits received from the relevant authorities.

The operator is LGI, the Korean multi-national, which has invested US\$34.4 million by way of loans into the project and paid a further US\$15.6 million in return for 40 per cent of the asset. A total of 30 km<sup>2</sup> 3D seismic has been acquired and processed.

There are five production wells at Galaz, NK3, 5, 7, 9 and 12, which were in aggregate capable of producing around 1,300bopd (445bopd net to Roxi).

Whilst it is expected that the work programme commitment for Galaz will be funded in part from existing production, the Roxi board would consider appropriate offers to buy its interest in the asset to allow further investment at BNG.

## **Munaily**

The Munaily field is located in the Atyrau Oblast approximately 70 kilometres southeast of the town of Kulsary. The field was discovered in the 1940's and produced from 12 reservoirs in the Cretaceous through to the Triassic.

Roxi acquired 58.41 per cent interest of the 0.67 km<sup>2</sup> rehabilitation block in 2008 and funded two wells and one

well re-entry.

Well H1 is currently producing at the rate of 70bopd (41 bopd net to Roxi).

## **Beibars**

Roxi acquired a 50 per cent interest in Beibars Munai LLP in 2007, which operates the 167 km<sup>2</sup> Beibars Contract Area on the Caspian shoreline south of the city of Aktau.

While acquiring 3D seismic in 2008, the licence was put under Force Majeure when the acreage was allocated as a military exercise area (Polygon) by the Ministry of Defence. Since then no operations have been carried out, and Roxi operates a care and maintenance administrative budget on the project.

## **Funding**

In January 2013, Roxi concluded a US\$40 million equity facility, to assist the development of our flagship asset BNG. Under the arrangements negotiated with Mr Kairat Satylganov, who has subsequently joined the board in an executive capacity as Group Chief Financial Officer, Roxi can call for funding in exchange for the issue of new Roxi shares at 7.4p per share.

To date we have called and received US\$17.5 million, which has provided the bulk of the funding to date for the 2013 drilling campaign at BNG. The balance of US\$22.5 million remains at our disposal for BNG related activities.

In March 2013, Roxi issued 22,654,731 new Roxi shares in satisfaction of a \$2.5 million debt in connection with Roxi's Munai asset. The effective issue price for these new shares was 7.4p.

As at 25 September 2013, the Group had a further US\$3 million cash.

## **Cost reduction programme**

The benefits of the costs reduction programme first introduced in 2009 continue to be seen. The amount spent on G&A in the period fell by 40% from US\$4.5 million to US\$2.7 million despite the additional workload from being the operator at the BNG Contract Area.

## **Outlook**

Before the end of the current year Roxi expects to be able to announce the results of the deep drilling at Airshagyl 5 and drilling updates at wells 143, 806 and 807.

We remain interested in value enhancing acquisitions and would look favourably on bringing further assets of the type of BNG into the Roxi group provided the acquisition terms were attractive.

## **City Code on Takeovers and Mergers**

As a consequence of changes to the City Code on Takeovers and Mergers (the "Code"), the Company will, from 30 September 2013, become subject to the Code.

The Company had previously been able to rely on an exemption that as its place of central management and control was outside of the UK the Code did not apply. However following the changes to the Code, this exemption no longer applies.

Clive Carver  
Chairman

25 September 2013

**INDEPENDENT REVIEW REPORT  
FOR THE PERIOD ENDED 30 JUNE 2013**

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**INDEPENDENT REVIEW REPORT TO ROXI PETROLEUM PLC**

**Introduction**

We have been engaged by the Company to review the consolidated financial information in the interim financial report for the six months ended 30 June 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the consolidated financial information.

**Directors' responsibilities**

The interim financial 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 financial report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the interim financial 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 consolidated financial information in the interim 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.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial information in the interim financial report for the six months ended 30 June 2013 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.

BDO LLP

Chartered Accountants and Registered Auditors

London

United Kingdom

25 September 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June 2013 Unaudited US\$000s	Six months ended 30 June 2012 Unaudited restated US\$000s	Year ended 31 December 2012 Audited US\$000s
Revenue	3,529	474	2,715
Cost of sales	(3,351)	(474)	(2,687)
<b>Gross Profit</b>	<b>178</b>	-	28
Share based payments	-	(216)	(216)
Other administrative expenses	(2,731)	(4,328)	(7,256)
<b>Total administrative expenses</b>	<b>(2,731)</b>	(4,544)	(7,472)
<b>Operating loss</b>	<b>(2,553)</b>	(4,544)	(7,444)
Finance cost	(1,138)	(352)	(956)
Finance income	70	272	623
<b>Loss before taxation</b>	<b>(3,621)</b>	(4,624)	(7,777)
Taxation	(1,449)	(613)	(2,587)
<b>Loss after taxation</b>	<b>(5,070)</b>	(5,237)	(10,364)
Loss attributable to owners of the parent	(2,446)	(2,652)	(7,843)
Loss attributable to non-controlling interest	(2,624)	(2,585)	(2,521)
	<b>(5,070)</b>	(5,237)	(10,364)
Basic and diluted loss per ordinary share (US cents)	3 (0.35)	(0.44)	(1.29)

The notes on pages 14 to 16 form part of this financial information.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Six months ended 30 June 2013 Unaudited US\$000s</b>	<b>Six months ended 30 June 2012 Unaudited restated US\$000s</b>	<b>Year ended 31 December 2012 Audited US\$000s</b>
Loss after taxation	<b>(5,070)</b>	(5,237)	(10,364)
Other comprehensive loss:			
Exchange differences on translating foreign operations that could be subsequently reclassified to profit or loss	<b>(760)</b>	(827)	(1,899)
Total comprehensive loss for the period	<b>(5,830)</b>	(6,064)	(12,263)
Total comprehensive loss attributable to:			
Owners of the parent	<b>(3,088)</b>	(3,442)	(9,656)
Non-controlling interest	<b>(2,742)</b>	(2,622)	(2,607)

The notes on pages 14 to 16 form part of this financial information.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### For the six months ended 30 June 2013

	Share capital	Share premium	Deferred shares	Cumulative translation reserve	Other reserve	Capital contribution reserve	Retained deficit	Total	Non- controlling interests	Total equity
Unaudited	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2013	10,777	111,276	64,702	(4,388)	1,779	(2,362)	(124,952)	56,832	39,770	96,602
Loss after taxation	-	-	-	-	-	-	(2,446)	(2,446)	(2,624)	(5,070)
Exchange differences on translating foreign operations	-	-	-	(642)	-	-	-	(642)	(118)	(760)
<b>Total comprehensive income for the period</b>	-	-	-	(642)	-	-	(2,446)	(3,088)	(2,742)	(5,830)
Arising on share issue	2,362	15,138	-	-	-	-	-	17,500	-	17,500
Arising on debt conversion	337	2,163	-	-	-	-	-	2,500	-	2,500
<b>At 30 June 2013</b>	<b>13,476</b>	<b>128,577</b>	<b>64,702</b>	<b>(5,030)</b>	<b>1,779</b>	<b>(2,362)</b>	<b>(127,398)</b>	<b>73,744</b>	<b>37,028</b>	<b>110,772</b>

### For the six months ended 30 June 2012

	Share capital	Share premium	Deferred shares	Cumulative translation reserve	Other reserve	Capital contribution reserve	Retained deficit	Total	Non- controlling interests	Total equity
Unaudited	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2012 (restated)	10,777	111,276	64,702	(2,575)	1,779	(2,362)	(117,325)	66,272	42,377	108,649
Loss after taxation	-	-	-	-	-	-	(2,652)	(2,652)	(2,585)	(5,237)
Exchange differences on translating foreign operations	-	-	-	(790)	-	-	-	(790)	(37)	(827)
<b>Total comprehensive income for the period</b>	-	-	-	(790)	-	-	(2,652)	(3,442)	(2,622)	(6,064)
Arising on employee share options	-	-	-	-	-	-	216	216	-	216
<b>At 30 June 2012 (restated)</b>	<b>10,777</b>	<b>111,276</b>	<b>64,702</b>	<b>(3,365)</b>	<b>1,779</b>	<b>(2,362)</b>	<b>(119,761)</b>	<b>63,046</b>	<b>39,755</b>	<b>102,801</b>

## For the year ended 31 December 2012

	Share capital	Share premium	Deferred shares	Cumulative translation reserve	Other reserves	Capital contribution reserve	Retained deficit	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Audited</b>										
Total equity as at 1 January 2012 (restated)	10,777	111,276	64,702	(2,575)	1,779	(2,362)	(117,325)	66,272	42,377	108,649
Loss after taxation	-	-	-	-	-	-	(7,843)	(7,843)	(2,521)	(10,364)
Exchange differences on translating foreign operations	-	-	-	(1,813)	-	-	-	(1,813)	(86)	(1,899)
<b>Total comprehensive income for the year</b>	-	-	-	(1,813)	-	-	(7,843)	(9,656)	(2,607)	(12,263)
Arising on employee share options	-	-	-	-	-	-	216	216	-	216
<b>Total equity as at 31 December 2012</b>	<b>10,777</b>	<b>111,276</b>	<b>64,702</b>	<b>(4,388)</b>	<b>1,779</b>	<b>(2,362)</b>	<b>(124,952)</b>	<b>56,832</b>	<b>39,770</b>	<b>96,602</b>

### Reserve

### Description and purpose

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
Cumulative translation reserve	Losses arising on retranslating the net assets of overseas operations into US Dollars
Other reserves	Fair value of warrants issued
Capital contribution reserve	Capital contribution arising on discounted loans, step by step acquisitions and effect of issue costs of debt in subsidiary
Retained deficit	Cumulative gains/losses recognised in the consolidated income statement

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2013 US\$000s	As at 31 December 2012 US\$000s
		Unaudited	Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Unproven oil and gas assets		144,597	146,412
Property, plant and equipment		3,085	2,977
Deferred tax		1,476	2,121
Other receivables		15,012	15,592
Restricted use cash		510	488
<b>Total non-current assets</b>		<b>164,680</b>	167,590
<b>Current assets</b>			
Inventories		2,668	1,109
Other receivables		3,186	489
Cash and cash equivalents		5,701	917
<b>Total current assets</b>		<b>11,555</b>	2,515
<b>Total assets</b>		<b>176,235</b>	170,105
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	4	13,476	10,777
Share premium		128,577	111,276
Deferred shares	4	64,702	64,702
Other reserves		1,779	1,779
Capital contribution reserve		(2,362)	(2,362)
Retained earnings		(127,398)	(124,952)
Cumulative translation reserve		(5,030)	(4,388)
<b>Shareholders' equity</b>		<b>73,744</b>	56,832
<b>Non-controlling interests</b>		<b>37,028</b>	39,770
<b>Total equity</b>		<b>110,772</b>	96,602
<b>Current liabilities</b>			
Trade and other payables		4,294	6,231
Short-term borrowings	5	1,670	8,523
Warrant liability		8	8
Current provisions		2,176	2,944
<b>Total current liabilities</b>		<b>8,148</b>	17,706
<b>Non-current liabilities</b>			
Borrowings	5	30,876	30,174
Deferred tax liabilities		14,207	14,296
Non-current provisions		884	737
Other payables		11,348	10,590
<b>Total non-current liabilities</b>		<b>57,315</b>	55,797
<b>Total liabilities</b>		<b>65,463</b>	73,503
<b>Total equity and liabilities</b>		<b>176,235</b>	170,105

The notes on pages 14 to 16 form part of this financial information.

This financial information was approved and authorised for issue by the Board of Directors on 25 September 2013 and was signed on its behalf by:

Clive Carver

Chairman

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Six months ended 30 June 2013	Six months ended 30 June 2012 restated	Year ended 31 December 2012
	Unaudited US\$000s	Unaudited US\$000s	Audited US\$000s
<b>Cash flow used in operating activities</b>			
Cash received from customers	2,300	474	4,281
Payments made to suppliers and employees	(5,653)	(5,109)	(6,285)
<b>Net cash used in operating activities</b>	<b>(3,353)</b>	<b>(4,635)</b>	<b>(2,004)</b>
<b>Cash flow used in investing activities</b>			
Purchase of property, plant and equipment	-	(99)	(1,128)
Additions to unproven oil and gas assets	(5,022)	(5,403)	(11,064)
Transfer to restricted use cash	(21)	(55)	(100)
Issue of loans to joint ventures	-	(419)	(195)
<b>Cash flow used in investing activities</b>	<b>(5,043)</b>	<b>(5,976)</b>	<b>(12,487)</b>
<b>Cash flow provided from financing activities</b>			
Issue of share capital	17,500	-	-
Repayment of borrowings	(4,320)	-	(1,645)
New loans received	-	9,136	10,387
Loans to joint venture from partners	-	4,640	4,826
<b>Net cash received from financing activities</b>	<b>13,180</b>	<b>13,776</b>	<b>13,568</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,784</b>	<b>3,165</b>	<b>(923)</b>
Cash and cash equivalents at the start of the period	<b>917</b>	1,840	1,840
<b>Cash and cash equivalents at the end of the period</b>	<b>5,701</b>	5,005	917

The notes on pages 14 to 16 form part of this financial information.

## **NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION**

### **1. STATUTORY ACCOUNTS**

The interim financial results for the period ended 30 June 2013 are unaudited. The financial information contained within this report does not constitute statutory accounts as defined by Section 434(3) of the Companies Act 2006.

### **2. BASIS OF PREPARATION**

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

This interim financial information of the Company and its subsidiaries ("the Group") for the six months ended 30 June 2013 has 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 2012. It has not been audited, does 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 year ended 31 December 2012. The 2012 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 498 (2) or 498 (3) of the Companies Act 2006, have been filed with the Registrar of Companies. As permitted, the Group has chosen not to adopt IAS 34 'Interim Financial Reporting'.

The consolidated statements of financial position for the period and year ended 30 June 2012 and 31 December 2011 as well as consolidated income statement and consolidated statements of cash flows have been restated to fully consolidate Group's interest in its indirectly held subsidiary companies which were previously proportionately consolidated (the Group's annual accounts for the year ended 31 December 2012 include further details of the restatement and are available on Company's website). AIM Regulation granted a derogation from the requirement to include the restated statement of financial position for the corresponding period in the preceding financial year pursuant to AIM Rule 18 as the restated statement of financial position as at 30 June 2012 is of minor importance only and not likely to influence an assessment of the Group's financial position, profitability or prospects.

The financial information is presented in US Dollars and has been prepared under the historical cost convention.

The same accounting policies, presentation and method of computation are followed in this consolidated financial information as were applied in the Group's latest annual financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these have had a material impact on the Group.

In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

#### **Going Concern**

The financial information has been prepared on a going concern basis based upon projected future cash flows and planned work programmes.

On 8 January 2013 the Company secured an additional US\$40 million equity investment. The Directors consider this together with income from the Group's producing assets to be sufficient to cover the expenses of running the Group's business for the foreseeable future.

### 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 current and prior periods all potential warrants and shares options had an exercise price higher than the average market price of the Company's ordinary share therefore the potential ordinary shares are anti-dilutive and the diluted loss per share has not been calculated.

The calculation of loss per ordinary share is based on:

	<b>Six months ended 30 June 2013 Unaudited</b>	<b>Six months ended 30 June 2012 Unaudited restated</b>	<b>Year ended 31 December 2012 Audited</b>
The basic weighted average number of ordinary shares in issue during the period	701,217,766	609,590,281	609,590,281
The loss for the period attributable to equity shareholders (\$'000s)	(2,446)	(2,652)	(7,843)

### 4. Called up share capital

	<b>Number of ordinary shares</b>	<b>\$'000</b>	<b>Number of deferred shares</b>	<b>\$'000</b>
Balance at 31 December 2012	609,590,281	10,777	373,317,105	64,702
<i>Issue of shares<sup>1</sup></i>	<i>146,635,001</i>	<i>2,362</i>	-	-
<i>Borrowings converted to equity<sup>2</sup></i>	<i>22,654,731</i>	<i>337</i>	-	-
<b>Balance at 30 June 2013</b>	<b>778,880,013</b>	<b>13,476</b>	<b>373,317,105</b>	<b>64,702</b>

<sup>1</sup>On 8 January 2013 the Company secured an additional US\$40 million equity investment from Kazakh investor Mr Kairat Satylganov. As at the reporting date US\$17.5 million of the total consideration were received in respect of 146,635,001 ordinary shares. Of these shares 104,739,287 shares have been issued and fully paid and 41,895,714 shares remain to be issued.

<sup>2</sup>These shares were issued in exchange for debt conversion as described in Note 5.

## 5. BORROWINGS

	Six months ended 30 June 2013	Year ended 31 December 2012
	US\$'000 Unaudited	US\$'000 Audited
<b>Amounts payable within one year</b>		
Loan from Bakmura LLP <sup>(a)</sup>	-	4,312
Loan from Raditie <sup>(b)</sup>	-	2,500
Other payables	<b>1,670</b>	1,711
	<b>1,670</b>	8,523

	Six months ended 30 June 2013	Year ended 31 December 2012
	US\$'000 Unaudited	US\$'000 Audited
<b>Amounts payable after one year</b>		
Loan from Vertom N.V. <sup>(c)</sup>	<b>7,830</b>	7,420
Loan from LGI <sup>(d)</sup>	<b>21,618</b>	21,326
Interest free loan from Kuat Oraziman <sup>(e)</sup>	<b>1,428</b>	1,428
	<b>30,876</b>	30,174

- (a) On 19 March 2012, BNG Energy BV entered into a SPA with Bakmura LLP for the sale of 35% of the interest in the BNG Contract Area for an initial cash consideration of US\$5 million plus an obligation to fund a further US\$25 million of the BNG work programme. Under the terms of SPA Bakmura provided a US\$6 million loan to the Group at an interest rate of LIBOR+2% to finance the BNG Contract Area operations until the completion of the SPA. In November 2012 the transaction was terminated. During March-April 2013 the Group fully repaid the Bakmura loan.
- (b) On 10 November 2011 the Group entered into a short term interest free loan arrangement with Raditie NV whereby Raditie NV lent US\$2.5 million to the Group. On 12 March 2013 the Group agreed to issue 22,654,731 new ordinary shares of the Company of 1p each in order to convert US\$2.5 million of the outstanding debt to Raditie NV at a conversion price of 7.413p per ordinary share.
- (c) The loan represents US\$7 million loan from Vertom N.V. bearing 12% per annum with maturity in April 2016.
- (d) The loan due to LGI represents the Group's share of debt owed by Galaz and Company LLP to LGI, as a result of its acquisition of 40% interest in Galaz and Company LLP. The loan bears interest at a rate of LIBOR+2%, its repayment is contingent on production at Galaz field and net asset generation.
- (e) The principal amount of US\$1,428,000 represents an interest free loan from Mr Kuat Oraziman that is repayable on 27 June 2017.



## **Company Information**

### **Directors**

Mr C Carver (Executive Chairman)  
Mr K Oraziman (Chief Executive Officer)  
Mr J Hyunsik (Chief Operating Officer)  
Mr Kairat Satylganov (Chief Financial Officer)  
Mr E Limerick (Non Executive Director)

### **Company Secretary**

Mr Clive Carver

### **Registered Office and Business address**

5 New Street Square, London, EC3A 3TW

### **Company Number**

5966431

### **Nominated Adviser and Broker**

WH Ireland Limited  
24 Martin Lane  
London, EC4R 0DR

### **Solicitors**

Fladgate LLP  
16 Great Queen Street, London, WC2B 5DG

Dechert Kazakhstan LLP  
43 Dostyk Avenue  
Almaty 050010, Kazakhstan

### **Auditors**

BDO LLP  
Chartered Accountants  
55 Baker Street  
London, W1U 7EU

### **Share Register**

Capita Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield, HD8 OLA

### **Principal Banker**

Citibank Kazakhstan  
Park Palace, Building A,  
2<sup>nd</sup> Floor, 41 Kazibek Bi Str.,  
Almaty, 050010  
Kazakhstan