

Roxi Petroleum plc **(“Roxi” or “the Company”)**

Interim Results for the period ended 30 June 2014

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 2014.

Highlights

- Deep discovery at BNG Well A5 with an oil-bearing interval of in excess of 105 meters
- 30 day flow test at BNG Well A5 to commence in early October
- Continued progress with the shallow wells at BNG in particular in the Valanginian horizon
- Galaz licence renewed to May 2016
- First deep well NK-31 at Galaz drilled to 2,642 meters
- Production from Munaily increased following the introduction of pumps
- Test results expected soon for BNG deep and shallow wells and the deep well at Galaz
- Second deep well A6 at BNG planned for November 2014
- Further wells at BNG and Galaz planned in the next 6 months

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Qualified Person

Mr. Nurlybek Ospanov, Roxi's senior geologist who is a member of the Society of Petroleum Engineers ("SPE"), has reviewed and approved the technical disclosures in this announcement.

Chairman's statement

Introduction

By any conventional measure the six months under review and the subsequent period have been successful, with a deep discovery at BNG, further drilling successes in the shallow well complex at BNG and our first deep well at Galaz.

We are working to quantify these operational successes and look forward to announcing the results in due course.

BNG

Roxi's management believes BNG represents a potential world-class asset and is the most valuable of the Company's current interests.

Background

The BNG Contract Area is located in the west of Kazakhstan 40 kilometres southeast of Tengiz on the edge of the Mangistau Oblast, covering an area of 1,561 square kilometres of which 1,376 square kilometres has 3D seismic coverage acquired in 2009 and 2010. Roxi resumed full control of BNG Ltd LLP in the second quarter of 2011.

BNG is only some 40 kilometres from the well-established Tengiz field. Accordingly the area has strong oil and gas infrastructure to support the extraction and delivery of a sizeable quantity of oil.

Roxi's interest

Roxi has an effective 58.41 percent interest in the BNG Contract Area.

Licence

In July 2013, the BNG licence, which expired earlier in the year, was successfully extended for a further two years to 6 June 2015.

Operator status

BNG Ltd LLP, of which Roxi owns 58.41%, has been the operator at BNG since 2011.

Asset base

In January 2011, Gaffney Cline & Associates ("GCA") undertook a technical audit of the BNG license area and subsequently Petroleum Geology Services ("PGS") undertook depth migration work, based on the 3D seismic work carried out in 2009 and 2010.

The work of GCA resulted in confirming total unrisks resources of 900 million barrels from 37 prospects and mapping leads from the 3D seismic work undertaken in 2009 and 2010. The report of GCA also confirmed risked resources of 202 million barrels as well as Most-Likely Contingent Resources of 13 million barrels on South Yelemes.

Roxi's management believes that given the recent drilling successes there is now scope to revise substantially upwards the results of the 2011 review.

Technical data from our BNG drilling activities has been submitted to the Kazakh authorities to allow them to assess whether to increase the official state estimate of reserves. If so Roxi intends to engage an external review of the reserves at BNG prepared to SPE standards.

Operational activity to date in 2014

Deep wells

Our first deep well A5 was drilled to a depth of 4,442 meters. Drilling took significantly longer to complete than anticipated. This was mostly due to the exceptional adverse weather conditions over the winter and the need to proceed with extreme caution owing to the pressures and temperatures encountered at the deeper levels.

At the outset of drilling we had two targets, the principal target in the middle Carboniferous formation and a subsidiary target in the Permian formation at 4,120 meters.

We did not encounter oil-bearing rock at the level of the subsidiary target but on 5 August 2014 it was announced that we had encountered oil-bearing rock at a depth of 4,332 meters. On 19 August 2014 we announced that core samples taken between depths of 4,332 and 4,383 meters, which revealed the gross oil-bearing interval was at least 51 meters.

After further drilling and mud logging the gross oil-bearing interval is at least 105 meters.

For safety reasons related to different pressure and temperature conditions at lower depths we decided to complete the well at 4,442 meters.

We intend to commence a 30 day flow test at Well A5 in early October 2014.

Deep Well Airshagyl 6 ("A6")

Deep Well A6, which is planned to reach a Total Depth of 4,700 meters, will target principally the middle and lower Carboniferous formation of the South Emba sub-basin, with a secondary target in the Permian formation at 4,120 meters.

We expect to spud Deep Well A6 in November 2014. It will be located 2,000 meters from Deep Well A5. Following completion of a tender process Roxi will enter into a fixed price turnkey drilling contract.

Following the experience of drilling Deep Well A5 we have a much better understanding of the geology of this part of the BNG Contract Area. We shall also be using a rig with a 450 tonne carrying capacity, which has a greater operating range than the rig used to drill Deep Well A5.

In the absence of any fundamentally different drilling conditions, we expect Total Depth at Deep Well A6 will be reached in 4 months from the spud date. We also expect the results from Deep Well A6 will help determine the extent to which the oil-bearing interval discovered at Deep Well A5 extends below 4,437 meters.

Shallow wells

BNG's shallow wells are located in the South Yelemes portion of the BNG Contract Area extending over an area of 800 sq. km

Our approach has been to drill several wells to prove the size of the area over which oil discovered in the Valanginian extends. Wells 54, 805 and 806 were all drilled to depths between 2,500 and 3,000 meters, have all produced oil from the Valanginian and Jurassic, and are considered by Roxi to be commercial. Well 807 has been drilled in the Mesozoic formation and we await test results.

Well 143, which was drilled to a Total Depth of 2,750 meters in 2013, is located some 5 kilometres from Well 806 and should Well 143 test positive in the Valanginian then the probability of very significant quantities of recoverable oil from this horizon would be much increased.

Test results from Well 143 are awaited between 1,943 meters and 1,950 meters in Valanginian horizon.

Roxi's management team believes the network of shallow wells at the South Yelemes portion of the BNG Contract Area ultimately could, on a stand-alone basis, have a significant value, possibly even greater than the value of the deep discovery. Taken as a whole Roxi's management believes the drilling results to date at BNG's shallow wells constitute a significant discovery.

Drilling programme

The BNG drilling programme for the rest of 2014 and the first half of 2015, includes a further 5 shallow wells in addition to Deep Well A6.

Galaz

We continue to regard Galaz as a very valuable asset. It requires a relatively light work programme, has a good hit rate of commercial wells and we believe has plenty of potential.

Background

The Galaz block is located in the Kyzylorda Oblast in central Kazakhstan. The Contract Area was extended on 10 January 2011 to 179 square kilometres 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.

Since 2008 15 wells have been drilled at Galaz, a significant number of which are or indicate they will be commercial. Wells NK-3, NK-5, NK-7, NK-8, and NK-9 are on extended test producing in aggregate 1,150 bopd on average. Additionally, Wells NK-4, NK6 and NK-12 are being prepared to commence test production.

Roxi's interest

Roxi has an effective 34.22 percent interest in the Galaz Contract Area.

Licence

On 11 July we announced that the licence at the Galaz Contract Area had been extended for a further two-year period to 14 May 2016 on the existing pilot production basis.

Operator status

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 square kilometres 3D seismic has been acquired and processed.

Operational activity to date in 2014

Most of the activity at Galaz in the period under review and subsequently concerns the first of our deep wells on the Contract Area.

In June 2014 Well NK-31, was spudded targeting the middle Jurassic on the main Contract Area. The well has now been drilled to a total depth of 2,642 meters and casing has been set to its full length.

Core samples taken between 2,070 and 2,079 meters in the Karagansaisky horizon contain an interlayering of argillite and conglomerates. High gas shows were detected when drilling at the depth of 2,283 meters (Doshan Suite). Core samples were taken between 2,283 and 2,292 meters and preliminary, analysis showed the core consists of sandstones.

We await test results for horizons at Well NK-31 between 2,445 meters and 2,468 meters in the Doshan Suite.

Munaily

Background

The Munaily field is located in the Atyrau Oblast approximately 70 kilometres southeast of the town of Kulsary. The field was discovered in the 1940s and produced from 12 reservoirs in the Cretaceous through to the Triassic. Roxi acquired 58.41 per cent interest of the 0.67 square kilometres rehabilitation block in 2008 and funded two wells and one well re-entry.

Licence

The license at Munaily is a full production license, with an expiry term of 11 years where production can be sold at export prices. However, the relatively low production volumes means that the advance oil sales at Munaily to date have been conducted nearer domestic prices with the proceeds used to fund the drilling of two additional wells required under the agreed work programme.

Roxi's interest

Roxi has an effective 58.41 percent interest in the Munaily Contract Area.

Operational activity to date in 2014

Following the introduction of pumps at Well H1 production rates have increased to some 140 bopd. Accordingly, in August 2014 Munaily started to make a positive financial contribution to Roxi finances.

Debt conversion

In August 2014, Roxi issued 3,955,438 new Roxi shares at 7.41p to satisfy a \$500,000 repayment of a long-standing debt incurred by Roxi in connection with the Munaily Contract Area. The conversion price was set before the recent increase in the Roxi share price.

It remains Roxi's intention to sell this asset when circumstances permit.

Beibars

Roxi acquired a 50 per cent interest in Beibars Munai LLP in 2007, which operates the 167 square kilometre Beibars Contract Area on the Caspian shoreline south of the city of Aktau. While acquiring 3D seismic in 2008, the license 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.

The Company expects to resolve the access issue with the army in due course and then seek farm-in partners to explore the Beibars Contract Area.

Financial update

Results for the six months ended 30 June 2014

In February 2014 the Kazakh Tenge was devalued by 20% against the US dollar. Commercially this is to Roxi's benefit as the costs incurred in Tenge are now 20% lower when measured against the Group reporting currency, and the currency used for international transactions, including sales of the Group's oil, farm-in and any sale of the Group's assets.

Notwithstanding this positive development, under the prevailing accounting conventions, as the underlying accounting records for the Kazakh entities are maintained in Kazakh Tenge, the Group is forced to take a 20% reduction in the value in the Groups Kazakh assets to be in compliance with International Financial Reporting Standards.

Accordingly, BNG has suffered a currency related \$20 million reduction in value and for the Galaz the currency related reduction is \$9 million. The Roxi board is clear these adjustments have absolutely no commercial logic, do not reflect a proper consideration of the value of the assets concerned and make the value of the accounts as a whole extremely debatable.

Separately, based on the encouraging progress at BNG in the period under review and since period end the Board considers it appropriate to write back \$25 million of the \$75 million impairment provision for BNG, which was taken in previous years. Once the outstanding well test results are known the Board will consider further reversals of the remaining provision.

While for the period under review we do not consider turnover to be a meaningful measure it is worth noting revenue fell compared the corresponding period.

Part of this relates the on / off nature of production during the testing period. Part is also the result of the introduction of IFRS 11 whereby, given Roxi's effective 34.22% interest in Galaz, revenue from that Contract Area is now part of the single entry "*Share of loss of equity accounted joint ventures.*"

The board will consider the accounting treatment for receipts from the sale of oil more fully at the full year. In the period under review the total amount received for oil sold from the Group's assets was \$2.5 million.

Despite the increased levels of operational activity we managed to reduce administrative expenses by 15% compared to the previous period.

No changes have been made to the liability estimate for the royalty on future BNG oil sales.

Funding

\$40 million facility

The operational successes of 2014 have only been possible from the \$40 million equity line of funding secured at the start of 2013 from Mr Satylganov, a director of the Company. The total drawn to date under the facility is some \$24.5 million.

Given the progress made by the Company in the period under review and subsequently Roxi has a number of options in funding its ongoing development activities. One option is further drawdowns under the \$40 million equity facility. Another would be via the disposal of assets, most likely Munaily, which remains for sale. A third option is from industry farm-outs to major industry players who are aware of the potential of the BNG asset. A fourth option would be via pre-sales of oil to local traders well known to the Company. Additionally given its increased market capitalisation, Roxi could seek support from the equity markets.

The board keeps all these options under review and will endeavour to continue to fund the development of the Group in ways that best suits shareholders.

Cost control

As noted above Roxi achieved a reduction of some 15% in its Administrative costs in the period.

Roxi intends to maintain its practice of being a low cost operator. This starts with the location of our staff where, other than at board level, all staff are Kazakh nationals operating from Kazakhstan.

Having Kazakh staff operating under complex Kazakh rules also minimises the risk delays stemming from compliance with regulations.

We also seek to protect the Company with fixed price turn key-drilling agreements. Despite the extensive delays in drilling A5 the cost to Roxi was only some \$8 million.

Staff

Roxi now has 130 full time equivalent staff. None of the progress made in the period under review would have been possible without the continued commitment of the workforce. Once again we thank them for their continued hard work and support.

Outlook

The events to date of 2014 have transformed the position of the company and its value.

In the short term we will seek to quantify the extent of the discoveries at A5 and in the shallow well complex at BNG. We will also continue with the development plan at Galaz.

We therefore look forward with greater confidence than ever before to the coming months and years.

Clive Carver

Chairman

23 September 2014

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 2014 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 2014 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

23 September 2014

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

CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2014 Unaudited US\$000s	Six months ended 30 June 2013 Unaudited (restated)* US\$000s	Year ended 31 December 2013 Audited (restated)* US\$000s
Revenue		563	748	957
Cost of sales		(397)	(570)	(666)
Gross Profit		166	178	291
Impairment reversal of unproven oil and gas assets	4	25,000	-	-

Administrative expenses		(1,493)	(1,763)	(5,368)
Operating profit/(loss)		23,673	(1,585)	(5,077)
Finance cost		(451)	(747)	(4,301)
Finance income		160	170	340
Share of loss of equity accounted joint ventures	5	(5,712)	(1,459)	(2,184)
Profit/(loss) before taxation		17,670	(3,621)	(11,222)
Taxation		(6,452)	(1,449)	(1,975)
Profit/(loss) after taxation		11,218	(5,070)	(13,197)
Profit/(loss) attributable to owners of the parent		7,227	(2,446)	(9,637)
Profit/(loss) attributable to non-controlling interest		3,991	(2,624)	(3,560)
		11,218	(5,070)	(13,197)
Basic earnings/(loss) per ordinary share (US cents)	3	0.87	(0.35)	(1.22)
Diluted earnings/(loss) per ordinary share (US cents)	3	0.85	(0.35)	(1.22)

*Following the effective date of IFRS 11 "Joint Arrangements", the group has changed its accounting policy for joint venture from 1 January 2014 with prior periods restated accordingly. Refer to Note 2 for further details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2014 Unaudited US\$000s	Six months ended 30 June 2013 Unaudited (restated)* US\$000s	Year ended 31 December 2013 Audited (restated)* US\$000s
Profit/(loss) after taxation	11,218	(5,070)	(13,197)
Other comprehensive loss:			
Exchange differences on translating foreign operations that could be subsequently reclassified to profit or loss	(20,921)	(760)	(2,375)
Total comprehensive loss for the period	(9,703)	(5,830)	(15,572)
Total comprehensive loss attributable to:			
Owners of the parent	(8,342)	(3,088)	(11,710)
Non-controlling interest	(1,361)	(2,742)	(3,862)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Share capital	Share premium	Shares to be issued	Deferred shares	Cumulative translation reserve	Other 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 2014	13,475	128,578	5,000	64,702	(6,461)	(583)	(134,589)	70,122	35,908	106,030
Profit after taxation	-	-	-	-	-	-	7,227	7,227	3,991	11,218

Exchange differences on translating foreign operations	-	-	-	-	(15,569)	-	-	(15,569)	(5,352)	(20,921)
Total comprehensive income for the period	-	-	-	-	(15,569)	-	7,227	(8,342)	(1,361)	(9,703)
Arising on share issue	945	6,055	(5,000)	-	-	-	-	2,000	-	2,000
At 30 June 2014	14,420	134,633	-	64,702	(22,030)	(583)	(127,362)	63,780	34,547	98,327

For the six months ended 30 June 2013

	Share capital	Share premium	Deferred shares	Cumulative translation reserve	Other 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
At 1 January 2013	10,777	111,276	64,702	(4,388)	(583)	(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)
Total comprehensive income for the period	-	-	-	(642)	-	(2,446)	(3,088)	(2,742)	(5,830)
Arising on share issue	2,361	15,139	-	-	-	-	17,500	-	17,500
Arising on debt conversion	337	2,163	-	-	-	-	2,500	-	2,500
At 30 June 2013	13,475	128,578	64,702	(5,030)	(583)	(127,398)	73,744	37,028	110,772

For the year ended 31 December 2013

	Share capital	Share premium	Shares to be issued	Deferred shares	Cumulative translation reserve	Other reserves	Retained deficit	Total	Non-controlling interests	Total equity
Audited	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity as at 1 January 2013	10,777	111,276	-	64,702	(4,388)	(583)	(124,952)	56,832	39,770	96,602
Loss after taxation	-	-	-	-	-	-	(9,637)	(9,637)	(3,560)	(13,197)
Exchange differences on translating foreign operations	-	-	-	-	(2,073)	-	-	(2,073)	(302)	(2,375)
Total comprehensive income for the year	-	-	-	-	(2,073)	-	(9,637)	(11,710)	(3,862)	(15,572)
Arising on share issues	2,361	15,139	-	-	-	-	-	17,500	-	17,500
Conversion of debts to equity	337	2,163	-	-	-	-	-	2,500	-	2,500
Funds received for shares to be issued	-	-	5,000	-	-	-	-	5,000	-	5,000
Total equity as at 31 December 2013	13,475	128,578	5,000	64,702	(6,461)	(583)	(134,589)	70,122	35,908	106,030

Reserve	Description and purpose
Share capital	The nominal value of shares issued
Share premium	Amount subscribed for share capital in excess of nominal value
Shares to be issued	Amount received in respect of shares which are yet to be issued
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 and capital contribution arising on discounted loans

Retained deficit	Cumulative losses recognised in the consolidated statement of profit or loss
Non-controlling interest	The interest of non-controlling parties in the net assets of the subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2014 Unaudited US\$000s	As at 30 June 2013 Unaudited (restated)* US\$000s	As at 31 December 2013 Audited (restated)* US\$000s
Assets				
Non-current assets				
Unproven oil and gas assets	4	107,452	94,585	101,264
Property, plant and equipment		208	1,850	215
Deferred tax		99	1,476	786
Other receivables		6,571	9,363	7,924
Investment in equity accounted joint venture	5	7,819	17,324	16,197
Loans given to equity accounted joint venture		11,068	10,741	10,914
Restricted use cash		322	336	335
Total non-current assets		133,539	135,675	137,635
Current assets				
Inventories		1,982	2,565	2,383
Other receivables		4,093	2,854	434
Cash and cash equivalents		361	5,556	3,173
Total current assets		6,436	10,975	5,990
Total assets		139,975	146,650	143,625
Equity and liabilities				
Equity				
Share capital	6	14,420	13,475	13,475
Share premium		134,633	128,578	
Shares to be issued		-	-	5,000
Deferred shares	6	64,702	64,702	64,702
Cumulative translation reserve		(22,030)	(5,030)	(6,461)
Other reserves		(583)	(583)	(583)
Retained deficit		(127,362)	(127,398)	(134,589)
Shareholders' equity		63,780	73,744	70,122
Non-controlling interests		34,547	37,028	35,908
Total equity		98,327	110,772	106,030
Current liabilities				
Trade and other payables		4,646	3,998	3,789
Short-term borrowings	7	1,299	1,670	1,454
Warrant liability		-	8	8
Current provisions		2,530	2,073	2,880
Total current liabilities		8,475	7,749	8,131
Non-current liabilities				
Borrowings	7	10,086	9,258	9,676
Deferred tax liabilities		11,122	7,516	7,415
Non-current provisions		729	487	871
Other payables		11,236	10,868	11,502

Total non-current liabilities	33,173	28,129	29,464
Total liabilities	41,648	35,878	37,595
Total equity and liabilities	139,975	146,650	143,625

*Following the effective date of IFRS 11 "Joint Arrangements", the group has changed its accounting policy for joint venture from 1 January 2014 with prior periods restated accordingly. Refer to Note 2 for further details. The notes on pages 15 to 18 form part of this financial information.

This financial information was approved and authorised for issue by the Board of Directors on 23 September 2014 and was signed on its behalf by:

Clive Carver, Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	Unaudited US\$000s	Unaudited (restated)* US\$000s	Audited (restated)* US\$000s
Cash flow used in operating activities			
Cash received from customers	1,173	716	1,040
Payments made to suppliers and employees	(1,863)	(3,515)	(3,736)
Net cash used in operating activities	(690)	(2,799)	(2,696)
Cash flow used in investing activities			
Purchase of property, plant and equipment	-	-	(252)
Additions to unproven oil and gas assets	(4,135)	(5,078)	(12,313)
Transfer to restricted use cash	13	1	2
Cash flow used in investing activities	(4,122)	(5,077)	(12,563)
Cash flow provided from financing activities			
Issue of share capital	2,000	17,500	22,500
Repayment of borrowings	-	(4,320)	(4,320)
Net cash received from financing activities	2,000	13,180	18,180
Net (decrease)/increase in cash and cash equivalents	(2,812)	5,304	2,921
Cash and cash equivalents at the start of the period/year	3,173	252	252
Cash and cash equivalents at the end of the period/year	361	5,556	3,173

*Following the effective date of IFRS 11 "Joint Arrangements", the group has changed its accounting policy for joint venture from 1 January 2014 with prior periods restated accordingly. Refer to Note 2 for further details.

The notes on pages 15 to 18 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 2014 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 2014 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 2013. 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 2013. The 2013 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 2013 and 31 December 2013 as well as consolidated income statement and consolidated statements of cash flows have been restated to reflect a change in accounting policy for joint ventures from 1 January 2014 following the introduction of IFRS 11 "Joint Arrangements". For the purposes of the adoption of the new accounting policy the comparative periods have been restated from the opening position of the earliest period presented ("the transition date") being 1 January 2013.

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, apart from the impact of IFRS 11 noted above, 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 US\$40 million equity investment of which US\$24.5 million has been drawn down to date. 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. Further information on the Directors' assessment is included in the Chairman's statement.

3. EARNINGS/(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/year.

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.

The calculation of loss per share is based on:

Six months	Six months	Year ended 31
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	ended 30 June 2014 Unaudited	ended 30 June 2013 Unaudited restated	December 2013 Audited restated
The basic weighted average number of ordinary shares in issue during the period	831,482,410	701,217,766	789,612,894
The diluted average number of ordinary shares in issue during the period	849,382,410	701,217,766	789,612,894
The profit/(loss) for the period attributable to equity shareholders (\$000s)	7,227	(2,446)	(9,637)

4. UNPROVEN OIL AND GAS ASSETS

During the six months period ended 30 June 2014 the carrying value of the Company's oil and gas assets decreased significantly (by approximately US\$20 million) due to the devaluation of Kazakhstani Tenge in February 2014 (2013: US\$3 million). Additions during the six months period ended 30 June 2014 were equal to US\$1.2 million (2013:US\$9 million). During the six months period ended 30 June 2014 due to the positive test results from the recent BNG wells the board considered the carrying value of its BNG oil and gas assets and as a result decided to partially reverse some of the previously recognized impairment. An amount of US\$25 million (\$20 net of deferred tax) was reversed in the period.

5. INVESTMENT IN EQUITY ACCOUNTED JOINT VENTURE

The Company changed its accounting policy on joint ventures from 1 January 2014 following the introduction of IFRS 11 "Joint Arrangements" which is applicable to the current year. The joint venture agreements and structure of Galaz and Company LLP provide the Company with interests in the net assets of the joint venture, rather than interests in its underlying assets and obligations. Accordingly, under IFRS 11, the group's share of the joint venture has been accounted for using the equity method rather than proportionate consolidation, from the beginning of the earliest period presented (being 1 January 2013). Comparatives have been restated accordingly using IFRS 11 transition rules.

Set out below is the summarised financial information for Galaz and Company LLP which is accounted for using the equity method. The figures represent Group's interest in Galaz and Company LLP being 58%.

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
Non-current assets	45,496	52,752	52,921
Current assets	406	582	201
Total assets	45,902	53,334	53,122
Non-current liabilities	(30,002)	(29,381)	(29,660)
Current liabilities	(8,081)	(6,629)	(7,265)
Total liabilities	(38,083)	(36,010)	(36,925)
Net assets	7,819	17,324	16,197
Expenses	(5,712)	(1,459)	(2,184)
Loss after tax	(5,712)	(1,459)	(2,184)

The reconciliation of the summarized financial information presented to the carrying amount of the group's interest in the Galaz and Company LLP joint venture is as follows:

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
Opening net assets	16,197	18,894	18,894
Loss for the period	(5,712)	(1,459)	(2,184)
Other comprehensive income	(2,666)	(111)	(513)
Closing net assets	7,819	17,324	16,197
Carrying value	7,819	17,324	16,197

6. CALLED UP SHARE CAPITAL

	Number of ordinary shares	\$'000	Number of deferred shares	\$'000
Balance at 31 December 2013	778,880,013	13,475	373,317,105	64,702
<i>Issue of shares¹</i>	<i>58,654,001</i>	<i>945</i>	-	-
Balance at 30 June 2014	837,534,014	14,420	373,317,105	64,702

¹On 8 January 2013 the Company secured a US\$40 million equity investment from Mr Kairat Satylganov. As at the reporting date US\$24.5 million of the total consideration has been received and 205,289,002 ordinary shares have been issued in respect of this facility. The share issue in the period represents a further draw down of US\$2 million under the facility resulting in the issue of 16,758,287 shares. The residual shares issued during the six months period represent shares to be issued as at 31 December 2013.

7. BORROWINGS

	Six months ended 30 June 2014 US\$'000 Unaudited	Six months ended 30 June 2013 US\$'000 Unaudited (restated)	Year ended 31 December 2013 US\$'000 Audited (restated)
Amounts payable within one year			
Other payables	1,299	1,670	1,454
	1,299	1,670	1,454

	Six months ended 30 June 2013 US\$'000 Unaudited	Six months ended 30 June 2013 US\$'000 Unaudited (restated)	Year ended 31 December 2013 US\$'000 Audited (restated)
Amounts payable after one year			
Loan from Vertom N.V. ^(a)	8,658	7,830	8,248
Interest free loan from Kuat Oraziman ^(b)	1,428	1,428	1,428
	10,086	9,258	9,676

(a) On 29 September 2011 the Company entered into the loan facility with Vertom International NV ("Vertom") whereby Vertom agreed to lend up to US\$5 million to the Company with an associated interest of 12% per annum. The Company has offered Vertom security over its investments in its operating assets in respect of this loan facility. On 30 April 2012 the Group extended the term of the loan facility

arrangement with Vertom for further two years to 30 April 2014 and at the same time increased the facility amount to US\$7 million. On 28 June 2013 the term of the loan facility was extended until 30 April 2016. The loan extension represents a substantial modification of the terms of the existing financial liability and has been accounted for as an extinguishment of the original financial liability and recognition of a new financial liability.

- (b) The principal amount of US\$1,428,000 represents an interest free loan from Mr Kuat Oraziman which is repayable on 27 June 2017. The carrying amount and fair value of the loan at 30 June 2014 were not materially different.

8. SUBSEQUENT EVENTS

Debt converted to shares

On 25 July 2014 the Company agreed to issue 3,955,438 new ordinary shares of the Company of 1p each in order to convert US\$0.5 million debt to Mrs Bukenova at a conversion price of 7.41267p per ordinary share.

Galaz contract extension

On 4 July 2015 the Ministry of Oil and Gas extended the evaluation period of Galaz field for two more years up to 14 May 2016. Galaz and Company LLP agreed to fund a minimum work program during the extended evaluation period of US\$14 million.

Company Information

Directors

Mr Clive Carver (Executive Chairman)
Mr Kuat Oraziman (Chief Executive Officer)
Mr Kairat Satyrganov (Chief Financial Officer)
Mr Jang Hyunsik (Non-Executive Director)
Edmund Limerick (Non-Executive Director)

Company Secretary

Mr Clive Carver

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