

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all your shares in the Company, you should forward this document, together with the accompanying form of proxy, immediately to the purchaser, transferee or the agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee, except that this document should not be forwarded or transmitted into the United States, Canada, Japan, Australia or the Republic of South Africa or any other jurisdiction where it would be unlawful to do so.

Application has been made for the Enlarged Share Capital to be admitted to trading on the AIM Market of the London Stock Exchange ("AIM"). **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.** The Company's existing Ordinary Shares are not admitted to trading on any recognised investment exchange and apart from the application for Admission, no such other applications have been or are intended to be made.

This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules. This document does not constitute an offer to the public in accordance with the provisions of section 85 of FSMA and is not a prospectus for the purposes of the Prospectus Rules made under section 73A of FSMA. Accordingly, this document has not been prepared in accordance with the Prospectus Rules, nor has it been approved by the Financial Services Authority (the "FSA") pursuant to section 85 of FSMA and a copy has not been delivered to the FSA under regulation 3.2 of the Prospectus Rules. The Directors, whose names appear on page 3 of this document, accept full responsibility, collectively and individually, for the Company's compliance with the AIM Rules for Companies and the Company and the Directors accept responsibility for the information contained in this document, save for the recommendations of the Independent Directors set out at page 27 of this document, for which the Independent Directors are solely responsible. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are respectively responsible (as above) is in accordance with the facts and contains no omission likely to affect its import.

The directors of Baverstock GmbH and of Vertom International N.V. and each of the members of the Concert Party, whose names are set out in Part I of this document, accept responsibility individually and collectively for the information contained in this document relating to themselves. To the best of the knowledge and belief of the directors of Baverstock GmbH and of Vertom International N.V. and each of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

PROSPECTIVE INVESTORS SHOULD READ THE WHOLE TEXT OF THIS DOCUMENT AND SHOULD BE AWARE THAT AN INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS ARE ADVISED TO READ, IN PARTICULAR, PART I "INFORMATION ON THE GROUP" AND THE RISK FACTORS SET OUT IN PART II OF THIS DOCUMENT.

ROXI PETROLEUM PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05966431)

Proposed acquisition of 59 per cent. of Eragon Petroleum plc Approval of waiver of the obligation to make a mandatory offer under Rule 9 of the City Code on Takeovers and Mergers

Application for Admission to AIM

and

Notice of General Meeting

by

W.H. IRELAND LIMITED

Nominated Adviser & Broker

SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Authorised		Issued and fully paid	
<i>Amount</i>	<i>Number</i>	<i>Amount</i>	<i>Number</i>
£100,000,000	1,000,000,000	Ordinary Shares of 10p each	£32,013,058.70 320,130,567

The Consideration Shares and the Project Management Shares issuable on Admission will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission. It is expected that Admission will become effective and that dealings will commence in the Enlarged Share Capital on 3 March 2008.

Neither the Existing Ordinary Shares nor the Consideration Shares, Consulting Option Shares, Consulting Success Shares or Project Management Shares have been, nor will they be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of the Republic of South Africa, Australia, Canada or Japan. Accordingly, subject to certain exceptions, neither the Existing Ordinary Shares nor the Consideration Shares, Consulting Option Shares, Consulting Success Shares or Project Management Shares may be offered or sold, directly or indirectly, in or into the United States, the Republic of South Africa, Australia, Canada or Japan or to or for the account or benefit of any national, resident or citizen of the Republic of South Africa, Australia, Canada or Japan or any person located in the United States. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, any Existing Ordinary Shares, Consideration Shares, Consulting Option Shares, Consulting Success Shares or Project Management Shares to or from any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law. In particular, this document should not be distributed, published, reproduced or otherwise made available in whole or in part, or disclosed by recipients to any other person, in, and in particular, should not be distributed to persons with addresses in, the United States, the Republic of South Africa, Australia, Canada or Japan. No action has been taken by the Company or by W.H. Ireland Limited that would permit an offer of Existing Ordinary Shares, Consideration Shares, Consulting Option Shares, Consulting Success Shares or Project Management Shares or possession or distribution of this document where action for that purpose is required. Persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

W.H. Ireland Limited is authorised and regulated in the United Kingdom by the Financial Services Authority and is a member of the London Stock Exchange and is acting as Nominated Adviser and Broker for the purposes of the AIM Rules exclusively for the Company in connection with Admission and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of W.H. Ireland Limited, or for advising any other person in connection with Admission. The responsibilities of W.H. Ireland Limited, as Nominated Adviser, are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Shareholders or to any other subsequent purchaser of Ordinary Shares and accordingly no duty of care is accepted in relation to them. No representation or warranty, express or implied, is made by W.H. Ireland Limited as to, and no liability whatsoever is accepted by W.H. Ireland Limited in respect of, any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of W.H. Ireland Limited at 24 Martin Lane, London EC4R 0DR from the date of this document and for a period of at least one month from Admission.

A notice convening a General Meeting of the Company to be held at the offices of College Hill Associates Limited at The Registry, Royal Mint Court, London EC3N 4QN on 29 February 2008 is set out at the end of this document. The enclosed form of proxy for use at the General Meeting should be completed and returned to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and to be valid must arrive not less than 48 hours before the time fixed for the General Meeting. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to vote at the meeting is 11.00 a.m. on 27 February 2008 or 48 hours before any adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting. Completion and return of a Form of Proxy will not preclude holders of Ordinary Shares from attending and voting in person at the General Meeting should they so wish.

The duties of W.H. Ireland Limited pursuant to the declaration in Schedule Two of the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and to no other party. W.H. Ireland Limited accepts no responsibility or liability whatsoever to any other party who relies upon that declaration.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Clive Nathan Carver (<i>Non-Executive Chairman</i>) Jean Joseph Louis Robert Schoonbrood (<i>Chief Executive Officer</i>) David Robert Barker (<i>Chief Operating Officer</i>) Duncan McDougall (<i>Technical Director</i>) Kuat Rafikuly Oraziman (<i>Non-Executive Director</i>) all of: 11 Gough Square, London EC4A 3DE
Company Secretary	Paul Benedict Puxon, Solicitor
Registered Office	11 Gough Square London EC4A 3DE
Principal Place of Business and Telephone Number	152A Karasai Batyr Street 7th Floor Almaty 050026 Kazakhstan +7727 244 0920
Website	www.roxipetroleum.com
Nominated Adviser and Broker	WH Ireland Limited 24 Martin Lane London EC4Y 0DZ
Solicitors to the Company as to English Law	McCarthy Tétrault Registered Foreign Lawyers and Solicitors 2nd Floor 5 Old Bailey London EC4M 7BA
Solicitors to the Company as to Kazakhstan Law and provider of legal opinions as to Kazakhstan Law	Chadbourne & Parke LLP 43 Dostyk Avenue Almaty 050010 Kazakhstan
Solicitors to the Nominated Adviser and Broker	Trowers & Hamblins Sceptre Court 40 Tower Hill London EC3N 4DX
Auditors and Reporting Accountant	BDO Stoy Hayward LLP Chartered Accountants 8 Baker Street London W1U 3LL
Competent Person	McDaniel & Associates Consultants Ltd. 2200, 255 5th Avenue SW Calgary, Alberta Canada T2P 3G6
Bankers	Citibank, N.A. London Branch Citigroup Centre Canada Square London E14 5LB

Consultant Environmentalist

Caspi Ecology Environmental Services LLP
93-21 Al-Farabi Avenue
Almaty 050060
Kazakhstan

Registrars

Capita Registrars plc
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

Financial Public Relations

College Hill Associates Limited
The Registry
Royal Mint Court
London EC3N 4QN

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“1985 Act”	the Companies Act 1985 (as amended)
“2006 Act”	the Companies Act 2006
“2007 Scheme”	the 2007 unapproved share option scheme of the Company, details of which are set out in paragraph 8.1 of Part VI of this document
“2008 Scheme”	the 2008 long-term incentive plan proposed to be adopted by the Company, details of which are set out in paragraph 8.2 of Part VI of this document
“Act”	together, the 1985 Act and the 2006 Act
“ADA”	Firm ADA LLP, a limited liability partnership organised under the laws of Kazakhstan with registration number 6532-1910-TOO and whose registered office is at Apartment 50, 286a Zharokova Street, Almaty, 050000, Kazakhstan, which will be a wholly owned subsidiary of Fosco and in which the Company will have a 50 per cent. indirect interest on ADA Completion
“ADA Acquisition Agreements”	means the conditional agreements in respect of the acquisition by the Company of a 50 per cent. indirect interest in ADA, by way of the acquisition by the Company of a 50 per cent. interest in Fosco and the simultaneous acquisition by Fosco of the 25 per cent. interest in ADA not already held by it, further details of which are set out in paragraph 12.8(c) of Part VI of this document
“ADA Completion”	the completion of the transactions contemplated under the ADA Acquisition Agreements and the ADA Oil Acquisition Agreements
“ADA Contract Area”	the geographic area as described in paragraph 2.2 of Part V of this document, in respect of which the ADA SSUC has been concluded
“ADA Group”	together, Kernhem, Fosco, ADA and ADA Oil
“ADA Group Acquisition”	the proposed acquisition by the Company of a 50 per cent. indirect interest in each of ADA and ADA Oil, pursuant to the ADA Acquisition Agreements and the ADA Oil Acquisition Agreements respectively
“ADA Oil”	Firm ADA Oil Kazakhstan LLP, a limited liability partnership organised under the laws of Kazakhstan, registration number 71523-1910-TOO and whose registered office is at Apartment 26, 149 Furmanova Street, Almaty 050000, Kazakhstan, which will be a wholly owned subsidiary of Kernhem and in which the Company will have a 50 per cent. indirect interest on ADA Completion
“ADA Oil Acquisition Agreements”	means the conditional agreements in respect of the acquisition of the Company of a 50 per cent. indirect interest in ADA Oil, by way of the acquisition by the Company of a 50 per cent. interest in Kernhem and the simultaneous acquisition by Kernhem of the 25 per cent. interest in ADA Oil not already held by it, further details of which are set out in paragraph 12.8(b) of Part VI of this document

“ADA Oil Contract Area”	the geographic area as described in paragraph 2.1 of Part V of this document, in respect of which the ADA Oil SSUC has been concluded
“ADA Oil SSUC”	the SSUC concluded between the MEMR and ADA Oil as contractor, registration No. 1615, dated 7 December 2004, further details of which are set out in paragraph 3(a) of Part V of this document
“ADA Option Agreement”	means the conditional agreement pursuant to which the Company has acquired an option to complete the ADA Group Acquisition, further details of which are set out in paragraph 12.8(a) of Part VI of this document
“ADA SSUC”	the SSUC concluded between the MEMR and ADA as contractor, registration No. 1616, dated 7 December 2004, further details of which are set out in paragraph 3(b) of Part V of this document
“Admission”	the admission of the Enlarged Share Capital, following the completion of the Eragon Acquisition, to trading on AIM, and such admission becoming effective in accordance with the AIM Rules
“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the AIM Rules for Companies, together with the guidance notes set out in Part Two thereof, and the Guidance Note, issued by the London Stock Exchange
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers issued by the London Stock Exchange
“Articles”	the articles of association of the Company, further details of which are set out in paragraph 5 of Part VI of this document
“Baverstock”	Baverstock GmbH, a company organised under the laws of Switzerland with a registered office c/o Acton Treuhand AG, Innere Gueterstrasse 4, 6300 Zug, Switzerland
“Baverstock Deed”	the vendor placing deed proposed to be entered into between the Company and Baverstock, relating to the proposed placing by the Company of 3,571,429 of the Consideration Shares on behalf of Baverstock to FMS, further details of which are set out in paragraph 12.16(c) of Part VI of this document
“Baverstock Shareholders”	those persons beneficially entitled to, in aggregate, the whole of the issued quotas in the capital of Baverstock, being Kuat Oraziman, Niyazbek Kurbanov, Dae Han New Pharm. Co. Ltd. and Cody Star Investment Ltd.
“Beibars B.V.”	Beibars B.V., a corporation incorporated under the laws of the Netherlands with registered number 34257786 and whose registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, being a wholly owned subsidiary of the Company (formerly Sytero B.V.)

“Beibars Contract Area”	the geographic area as described in paragraph 4.2 of Part I of this document, in respect of which the Beibars SSUC has been concluded
“Beibars Investment Agreement”	the investment agreement entered into between the participants of Beibars Munai dated 3 May 2007, further details of which are set out in paragraph 12.6(c) of Part VI of this document
“Beibars Munai”	Beibars Munai LLP, a limited liability partnership organised under the laws of Kazakhstan registration number 71135-1910-TOO-NY, and whose registered office is at 17 Kurmangaliev str., Almaty, Republic of Kazakhstan
“Beibars SSUC”	the SSUC concluded between the MEMR and Beibars Munai as contractor, registration No. 2287, dated 31 January 2007, further details of which are set out in paragraph 10.2(a) of Part I of this document
“BNG”	BNG Ltd LLP, a limited liability partnership organised under the laws of Kazakhstan, registration number 64205-1910-TOO, registered on 16 June 2006 and whose registered office is at 152 Karasai Batyr Street, Almaty, 050091, Kazakhstan, 99 per cent. of the Participation Interests of which are owned by Sytero 5
“BNG Contract Area”	the geographic area as described in paragraph 5.1 of Part I of this document, in respect of which the BNG SSUC has been concluded
“BNG SSUC”	the SSUC concluded between the MEMR and BNG as contractor, registration No. 2392, dated 7 June 2007, further details of which are set out in paragraph 10.2(d) of Part I of this document
“Central Asia”	a large landlocked region of Asia, with close historical ties to its nomadic people and the Silk Road, geopolitically covering the states of Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan, Turkmenistan and Afghanistan
“Combined Code”	the code on the principles of good governance and best practice published by the Financial Reporting Council in June 2006
“Company” or “Roxi”	Roxi Petroleum plc
“Competent Person’s Reports”	the reports dated 31 January 2008 prepared by McDaniel & Associates Consultants Ltd., a copy of each of which is reproduced at Parts III and V of this document and “Competent Person’s Report” means any of them
“Competition Law”	the law of the Kazakhstan on Competition and Restriction on Monopoly Activity of 7 July 2006
“Concert Party”	Baverstock, Vertom and each of their respective directors and each of the Baverstock Shareholders and the Vertom Shareholders as at the date of this document
“Consideration”	US\$190,000,000, of which US\$1,500,000 has been paid in cash prior to the date of this document and of which US\$188,500,000 is to be satisfied by the issue of the Consideration Shares (at a price of 65 pence per Ordinary Share, and calculated on the basis of an exchange rate of US\$2:£1), in each case to Baverstock pursuant to the Eragon Acquisition Agreement

“Consideration Shares”	the 145,000,000 new Ordinary Shares to be issued to Baverstock on Admission, credited as fully paid, pursuant to the Eragon Acquisition Agreement
“Consulting Option Shares”	the 24,000,000 new Ordinary Shares to be issued to Vertom following Admission, credited as fully paid (at a price of 65 pence per Ordinary Share, and calculated on the basis of an exchange rate of US\$2:£1), pursuant to the Consulting Services Agreement
“Consulting Services Agreement”	the agreement dated on or about 1 October 2007 as amended and restated on 30 January 2008, between Roxi Baverstock, Vertom and Mr. Oraziman, pursuant to which, at the option of Roxi, Vertom shall provide consulting services to Roxi and Baverstock in respect of granting of an extension to the BNG Contract Area, further details of which are set out in paragraph 12.7(d) of Part VI of this document
“Consulting Shares”	the aggregate of the Consulting Option Shares and the Consulting Success Shares, issuable subject to receipt of a waiver under Article 71 of the Subsoil Law from the MEMR
“Consulting Success Shares”	the 22,153,846 new Ordinary Shares to be issued to Vertom upon the extension of the BNG Contract Area under the Consulting Services Agreement, credited as fully paid (at a price of 65 pence per Ordinary Share, and calculated on the basis of an exchange rate of US\$2:£1), pursuant to the Consulting Services Agreement
“Contracts”	together, the ADA SSUC, the ADA Oil SSUC, the Beibars SSUC, the BNG SSUC, the Galaz SSUC, the Munaily SSUC, the North Karamandybas SSUC and the Ravninnoe SSUC, and “Contract” means any of them
“Contract Areas”	together, ADA Contract Area, the ADA Oil Contract Area, the Beibars Contract Area, the BNG Contract Area, the Galaz Contract Area, the Munaily Contract Area, the North Karamandybas Contract Area and the Ravninnoe Contract Area, and “Contract Area” means any of them
“CREST”	the computerised settlement system to facilitate the holding of and transfer of title to or interests in securities in uncertificated form, operated by Euroclear UK & Ireland Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
“Directors” or “Board”	the directors of the Company whose names are set out on page 3 of this document
“DTR”	the Disclosure and Transparency Rules published by the FSA from time to time
“Enlarged Group”	the Group and the Eragon Group together after completion of the Eragon Acquisition, as referred to in this document
“Enlarged Share Capital”	the Existing Ordinary Shares, the Consideration Shares and the Project Management Shares issuable on Admission
“Eragon”	Eragon Petroleum plc, a company incorporated under the laws of England and Wales with registration number 6162215 and whose registered office is at 11 Gough Square, London EC4A 3DE

“Eragon Acquisition”	the proposed acquisition by the Company of 59 per cent. of the issued and fully paid up share capital of Eragon, pursuant to the Eragon Acquisition Agreement, as described in this document
“Eragon Acquisition Agreement”	the agreement, dated 17 August 2007, between Baverstock and the Company pursuant to which the Company has conditionally agreed to acquire 59 per cent. of the issued share capital of Eragon for the Consideration, further details of which are set out in paragraph 12.7(b) of Part VI of this document
“Eragon Group”	Eragon and its subsidiary undertakings, as referred to in paragraph 2.6 of Part VI of this document
“Eragon Investment Agreement”	the investment agreement entered into between Roxi and Baverstock dated 30 January 2008, further details of which are set out at paragraph 12.7(e) of Part VI of this document
“Eragon Project Management Agreement”	the agreement, dated 2 October 2007, between Roxi and PJT, pursuant to which PJT provides project management services to the Company in respect of the Eragon Acquisition, further details of which are set out in paragraph 12.14(b) of Part VI of this document
“Existing Ordinary Shares”	the 168,207,490 issued and fully paid Ordinary Shares in issue as at the date of this document
“FMS”	Vision FMS Korea Co. Ltd., a company incorporated under the laws of the Republic of Korea with commercial registration number 110111-3154252 and with an address at 4F, 164-10 Bangyi-dong, Songpa-gu, Seoul, Republic of Korea
“FMS MOU”	the non-binding memorandum of understanding dated 12 December 2007 between the Company and FMS pursuant to which FMS indicated its intention to subscribe for the Subscription Shares at a price of US\$1.40 per share (calculated on the basis of an exchange rate of US\$2:£1) for an aggregate consideration of US\$25,000,000, and, on completion of the ADA Group Acquisition, for an additional 41,666,667 Ordinary Shares at US\$1.80 per share (calculated on the basis of an exchange rate of US\$2:£1) for an aggregate consideration of US\$75,000,000, further details of which are set out in paragraph 12.16(a) of Part VI of this document
“Form of Proxy”	the form of proxy for use at the GM which accompanies this document
“Fosco”	Fosco B.V., a corporation incorporated under the laws of the Netherlands with its address at Kernhemseweg 7, 6718 ZB Ede, the Netherlands chamber of commerce registration no. 09163314, 50 per cent. of the issued shares in which will be held, directly, by the Company, upon ADA Completion pursuant to the ADA Acquisition Agreements
“FSA”	the Financial Services Authority of the United Kingdom
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Further Enlarged Share Capital”	the Enlarged Share Capital and the Ordinary Shares that may be issued and allotted pursuant to or related to the ADA Group Acquisition (subject to the ADA Option Agreement)

“Galaz”	Galaz & Company LLP, a limited liability partnership organised under the laws of the Republic of Kazakhstan, re-registration number 6417-1933-TOO, re-registered on 14 October 2005, and whose registered address is at 13 Alleyway Dariger Aly, Kyzylorda, 120001, Kazakhstan, 85 per cent. of the Participation Interests of which are owned by Sytero 4
“Galaz Contract Area”	the geographic area as described in paragraph 5.2 of Part I of this document, in respect of which the Galaz SSUC has been concluded
“Galaz SSUC”	the SSUC concluded between the MEMR and Galaz as contractor, registration No. 593 dated 12 December 2000 with Amendment No. 1 to the SSUC being registration No. 1735 dated 13 May 2005 and Amendment No. 2 to the SSUC being registration No. 2316 dated 28 February 2007, further details of which are set out in paragraph 10.2(e) of Part I of this document
“General Meeting” or “GM”	the general meeting of the Company to be held on 29 February 2008 at the offices of College Hill Associates Limited, The Registry, Royal Mint Court, London EC3N 4QN, notice of which is set out at the end of this document
“Government”	the Government of the Republic of Kazakhstan
“Group” or “Roxi Group”	the Company and its subsidiary undertakings as at the date of this document, as referred to in paragraph 2.5 of Part VI of this document
“Guidance Note”	the guidance note dated 16 March 2006 entitled “Guidance for Mining and Oil & Gas Companies” as published by the London Stock Exchange by way of AIM Notice 16
“HMRC”	Her Majesty’s Revenue and Customs
“Independent Directors”	each of the Directors of the Company excluding Mr. Oraziman
“Independent Shareholders”	the Shareholders (excluding the members of the Concert Party)
“Initial Admission”	the admission of the Existing Ordinary Shares on AIM on 22 May 2007
“Introduction Agreement”	the agreement dated 31 January 2008 and made between the Company, the Directors and WH Ireland relating to the Admission, further details of which are set out in paragraph 12.5 of Part VI of this document
“Investment Agreements”	together, the Beibars Investment Agreement, the Eragon Investment Agreement, the Ravninnoe Investment Agreement and the RS Munai Investment Agreement, and “Investment Agreement” means any of them
“Kazakh LLPs”	together, ADA, ADA Oil, Beibars Munai, BNG, Galaz, Munaily, Ravninnoe Oil and RS Munai, and “Kazakh LLP” means any of them

“Kernhem”	Kernhem B.V., a corporation incorporated under the laws of the Netherlands with its address at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, chamber of commerce registration no. 09074911, 50 per cent. of the issued shares in which will be held, directly, by the Company upon the ADA Completion pursuant to the ADA Oil Acquisition Agreements
“KNOC”	Korea National Oil Corporation, a company organised under the laws of the Republic of Korea with a registered office at 1588-14 Gwanyang-dong, Dongon-gu, Anyang-si, Gyeonggi-do 431-060 South Korea
“KZT” or “Tenge”	Tenge, the lawful currency of Kazakhstan
“LG”	LG International Corporation, a company organised under the laws of the Republic of Korea with a registered office at 20 Yoido-dong, Youngdungpo-gu, Seoul, Republic of Korea
“LoEP”	Ecological Code of Kazakhstan No. 212-111 dated 9 January 2007
“London Stock Exchange”	London Stock Exchange plc
“MEMR”	the Ministry of Energy and Mineral Resources of the Government
“MEP”	the Ministry of Environmental Protection of the Government
“Munaily”	Munaily Kazakhstan LLP, a limited liability partnership organised under the laws of Kazakhstan, registration number 80593-1910-TOO, re-registered on 2 November 2006, and whose registered office is at the Medeo Region, Office 50, 87-B Dostyk Avenue, Almaty 050010, Kazakhstan, 99 per cent. of the Participation Interests of which are owned by Sytero 5
“Munaily Contract Area”	the geographic area as described in paragraph 5.3 of Part I of this document, in respect of which the Munaily SSUC has been concluded
“Munaily Dos”	Munaily Dos LLP, a limited liability partnership organised under the laws of the Republic of Kazakhstan, state registration number 73218-1910-100 and whose registered office is at 12 Tole bi Street, Apartment 12, Almaty, 050010, Kazakhstan
“Munaily SSUC”	the SSUC concluded between the MEMR and Munaily as contractor, registration No. 1641, dated 31 January 2005 with Amendment No. 1 dated 8 December 2006, further details of which are set out in paragraph 10.2(f) of Part I of this document
“North Karamandybas Contract Area”	the geographic area as described in paragraph 4.3 of Part I of this document, in respect of which the North Karamandybas SSUC has been concluded
“North Karamandybas SSUC”	the SSUC concluded between the MEMR and KPP Aktau JSC as contractor, registration No. 550 dated 14 October 2000 with Amendment No. 1 dated 24 February 2005 and Amendment No. 2 dated 15 June 2006, further details of which are set out in paragraph 10.2(c) of Part I of this document
“Notice of GM”	the notice of General Meeting, which is set out at the end of this document

“Official List”	the Official List of the UKLA
“Ordinary Shares”	ordinary shares of 10p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Participation Interest”	a participation interest in the charter capital of any of the Kazakh LLPs, as the case may be
“Petroleum Law”	the Law of the Republic of Kazakhstan on Petroleum dated 28 June 1995
“Pinegrove”	Pinegrove Equities Inc., a company incorporated under the laws of the British Virgin Islands
“PJT”	PJT Corporate Services Pty Ltd, a corporation incorporated under the laws of the Commonwealth of Australia ACN 126 584 754 and whose registered office is at Suite 402, 68 Alfred Street, Milsons Point NSW 2061, Australia
“Project Management Shares”	the 9,230,769 new Ordinary Shares to be issued to PJT, or as it directs, credited as fully paid, pursuant to the Eragon Project Management Agreement
“Proposals”	the Eragon Acquisition, the Waiver, the Consulting Services Agreement and the other contracts entered into by the Company in connection with the Eragon Acquisition, the approval of the 2008 Scheme, the application for Admission and the other proposals, as described in this document
“Ravninnoe B.V.”	Ravninnoe B.V., a corporation incorporated under the laws of the Netherlands with registered number 34257787 and whose registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, being a wholly owned subsidiary of the Company (formerly Sytero 3 B.V.)
“Ravninnoe Contract Area”	the geographic area as described in paragraph 4.1 of Part I of this document, in respect of which the Ravninnoe SSUC has been concluded
“Ravninnoe Investment Agreement”	the investment agreement entered into between the participants of Ravninnoe Oil dated 3 May 2007, further details of which are set out at paragraph 12.6(c) of Part VI of this document
“Ravninnoe Oil”	Ravninnoe Oil LLP, a limited liability partnership organised under the laws of Kazakhstan with registration number 60824-1910-TOO-NY, and whose registered office is at 17, Kurmangalieva str., Almaty, Kazakhstan
“Ravninnoe SSUC”	the SSUC concluded between the MEMR and Ravninnoe Oil as contractor, registration No. 1390, dated 16 April 2004 with Amendment No. 1 dated 22 April 2004, and with Amendment No. 2 dated 20 November 2007 further details of which are set out in paragraph 10.2(b) of Part I of this document
“Resolutions”	the resolutions set out in the Notice of GM and reference to a “Resolution” shall be the relevant resolution set out in the Notice of GM

“RS Munai”	RS Munai LLP, a limited liability partnership organised under the laws of Kazakhstan with registration number 81512-1910-TOO-NY and whose registered office is at 87, Dostyk av., Office 12, Almaty, Kazakhstan
“RS Munai B.V.”	RS Munai B.V., a corporation incorporated under the laws of the Netherlands with registered number 34253630 and whose registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, being a wholly owned subsidiary of the Company (formerly Sytero 2 B.V.)
“RS Munai Investment Agreement”	the investment agreement between the participants of RS Munai, further details of which are set out in paragraph 12.6(c) of Part VI of this document
“Shareholder”	a holder of Ordinary Shares
“State” or “Kazakhstan”	the Republic of Kazakhstan
“Subscription Agreement”	the agreement proposed to be entered into between the Company and FMS pursuant to the FMS MOU relating to the subscription by FMS for the Subscription Shares (at a price of 70 pence per share, and calculated on the basis of an exchange rate of US\$2:£1) for an aggregate consideration of US\$25,000,000, further details of which are set out in paragraph 12.16(b) of Part VI of this document
“Subscription Shares”	17,857,143 new Ordinary Shares, proposed to be satisfied by the issue and allotment to FMS of the 3,571,429 Consideration Shares and the 14,285,714 Consulting Option Shares pursuant to, <i>inter alia</i> , the Baverstock Deed and the Vertom Deed
“Subsoil Law”	the Law of Kazakhstan on Subsoil and Subsoil Use No. 2828 dated 27 January 1996 (as amended)
“Sub-Soil Use Contract” or “SSUC”	a contract for the exploration, production or both of hydrocarbons situated in Kazakhstan concluded between a party as contractor and the MEMR on behalf of the Government
“Sytero 4”	Sytero 4 B.V., a corporation incorporated under the laws of the Netherlands with registered number 34260382 and whose registered office is at Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands, being a wholly owned subsidiary of Eragon
“Sytero 5”	Sytero 5 B.V., a corporation incorporated under the laws of the Netherlands with registered number 34271592 and whose registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, being a wholly owned subsidiary of Eragon
“Takeover Code”	the City Code on Takeovers and Mergers issued from time to time by or on behalf of the Panel
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the United Kingdom Listing Authority, being the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA

“uncertificated” or “in uncertificated form”	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
“US\$” or “\$”	US dollars, the lawful currency of the United States
“voting rights”	all voting rights attributable to the share capital of the Company which are currently exercisable at a general meeting
“VAT”	UK value added tax
“Vertom”	Vertom International N.V., a company incorporated under the laws of the Netherlands Antilles with registered number 63904 and whose registered office is at at Schottegatweg Oost 44, Curacao, Netherlands Antilles
“Vertom Deed”	the vendor placing deed proposed to be entered into between the Company and Vertom relating to the proposed placing by the Company of 14,285,714 of the Consulting Option Shares on behalf of Vertom to FMS, further details of which are set out in paragraph 12.16(d) of Part VI of this document
“Vertom Shareholders”	Mr. Oraziman and Mr. Beisenov, in equal shares
“Waiver”	the waiver granted, subject to the passing of Resolution 3 on a poll of Independent Shareholders at the GM, by the Panel of the obligation of the Concert Party (or any member thereof) which would otherwise arise under Rule 9 of the Takeover Code upon completion of the Eragon Acquisition to make a mandatory cash offer for the Ordinary Shares not already owned by the Concert Party (or the relevant member thereof) on or after Admission, as further described in the letter from the Chairman of Roxi set out in this document
“WH Ireland”	W.H. Ireland Limited, the Company’s nominated adviser and broker, a member of the London Stock Exchange and authorised and regulated in the United Kingdom by the FSA
“£” and “p”	respectively, pounds and pence sterling, the lawful currency of the United Kingdom

GLOSSARY OF TECHNICAL TERMS

The following technical terms are used in this document. Grammatical variations of these terms should be interpreted in the same way.

"2D Seismic"	seismic data acquired in a grid of lines that is relatively broad spaced, and is processed in two dimensions
"3D Seismic"	seismic data acquired in a grid that is relatively close-spaced and dense, and is processed in three dimensions
"abandonment" (of well)	a term to describe the sealing of a well with cement plugs, and removing the wellhead with no intention of re-entering the well
"anticlinal"	a hydrocarbon trap where the reservoir has a convex geometry
"appraisal well"	a well drilled as part of an appraisal drilling programme which is carried out to determine the physical extent, reserves and likely production rate of a field
"assignment"	an instrument whereby one party sells or transfers an interest or property to another
"barrel"	a unit of volume measurement used for petroleum and its products (6.29 barrels = 1 cubic metre)
"bbl"	one barrel of oil; 1 barrel = 35 Imperial gallons (approx.), or 159 litres (approx.); 7.5 barrels = 1 tonne (approximately depending upon the oil density); 6.29 barrels = 1 cubic metre
"block"	term commonly used to describe contract areas or tract, as in "block of land"
"blow-out"	when well pressure exceeds the ability of the wellhead valves to control it, oil and gas "blow wild" at the surface
"bopd" or "b/d"	barrels of oil production per day
"bounding fault"	a fault that defines the limit of a prospect of hydrocarbon accumulation
"bubble point"	the pressure at which the first bubble of gas comes out of solution from in the oil
"Carboniferous"	geological period between 354 and 295 million years ago
"cement squeeze"	the process of setting cement in a well bore, by pumping cement under pressure in to perforations and behind casing
"clastic sequence"	rock series consisting of predominantly sedimentary rock made up of clasts (fragments) derived from pre-existing rocks transported and re-deposited before becoming lithified
"commercial discovery"	discovery of hydrocarbons which the Company determines to be commercially viable for appraisal and development
"completion"	the operation of perforating, stimulating and equipping an oil or gas well

“condensate”	hydrocarbons which are in the gaseous state under reservoir conditions and which become liquid when temperature or pressure is reduced. A mixture of pentanes and higher hydrocarbons
“contingent resources”	contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies (refer to Section 2 of Part II of this document).
“Cretaceous”	geological strata formed during the period 140 million to 65 million years ago
“datum”	an agreed and known value, such as the sea level, to which other measurements are corrected
“Devonian”	a geological strata/period depicted between 354 million and 417 million years ago
“dip”	the inclination of a horizontal structure from the horizontal
“discovery”	an exploration well which has encountered hydrocarbons
“downthrown”	relative movement of one fault block against another
“exploration drilling”	drilling carried out to determine whether hydrocarbons are present in a particular area or structure
“exploration phase”	the phase of operations which covers the search for oil or gas by carrying out detailed geological and geophysical surveys followed up where appropriate by exploratory drilling
“exploration well”	a well in an unproven area or prospect, may also be known as a “wildcat well”
“extended production test”	producing a well or formation for a long period of time in order to determine production performance
“fades”	sedimentological description of rock
“fault”	a break in the earth’s crust where there has been displacement of one side relative to the other. Sometimes a layer of non-porous rock may be next to an oil-bearing porous interval along a fault and form a trap for the oil
“field”	a geographical area under which an oil or gas reservoir lies
“formation”	a unit of rock
“formation damage”	damage done to a reservoir formation by exposure to borehole fluids such as drilling mud, brine or fresh water
“gas field”	a field containing natural gas but no oil
“gas lift”	the introduction of gas into a well to assist lifting fluids from the well bore
“geophysical”	the measurement of the earths physical properties to explore and delineate hydrocarbons, including electrical, seismic, gravity, magnetics, but not including drilling

“graben”	a normally faulted elongate trough or block of rock, down-thrown on both sides
“gross pay”	the total thickness of hydrocarbon bearing sediments
“hydrogen sulphide”	an acidic and corrosive compound found in some crude oils which in gaseous form is toxic above a concentration of 10 parts per million
“hydrocarbon”	a compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term is mainly used in a catch-all sense for oil, gas and condensate
“Jurassic”	geological strata (or period) formed during the period from 144 million to 205 million years ago
“LAS files”	“Log ASCII Standard”, a global file format for wireline log data
“mD”	milli Darcy (permeability)
“M”	thousands
“MM”	millions
“Mesozoic”	the secondary or reptilian age, from 250 million to 65 million years ago
“milling”	the process of drilling and grinding an obstacle that is lodged in the well bore
“mud”	a mixture of base substance and additives used to lubricate the drill bit and to counteract the natural pressure of the formation
“natural gas”	gas, occurring naturally, and often found in association with crude petroleum
“net pay”	the total thickness of hydrocarbon bearing sediments that is classified as reservoir
“Neocomian”	geological stages in the early Cretaceous between 145 and 130 million years ago, including the Hauterivian, Valanginian, and Berriasian stages
“oil field”	a geographic area under which an oil reservoir lies
“oil”	a mixture of liquid hydrocarbons of different molecular weights
“operator”	the company that has legal authority to undertake petroleum operations
“P 10”	as that term is defined in the Competent Person’s Report. The term used to describe the volume of reserves defined as having a better than 10 per cent. chance of being technically and economically viable
“P 50”	as that term is defined in the Competent Person’s Report. The term used to describe the volume of reserves defined as having a better than 50 per cent. chance of being technically and economically viable

“P 90”	as that term is defined in the Competent Person’s Report. The term used to describe the volume of reserves defined as having a better than 90 per cent. chance of being technically and economically viable
“packer”	a device which is run into a well bore which expands to seal and isolate one section of the well bore from another
“Palaeozoic”	geological era between 540 and 250 million years ago. Includes the Permian, Carboniferous, Devonian, Silurian, Ordovician and Cambrian periods
“paraffinnic”	a common descriptive name for crude oil containing a high proportion of paraffin wax (solid forms of alkane hydrocarbons)
“permeability”	the property of a formation which quantifies the flow of a fluid through the pore spaces and into the wellbore
“Permian”	a geological period between 250 to 295 million years ago
“Permo-Triassic”	geological period between 205 to 295 million years ago
“petroleum”	a generic name for hydrocarbons, including crude oil, natural gas liquids, natural gas and their products
“Pilot Production Project”	an early production scheme, which requires the approval of the Kazakhstan State Authorities
“plugging”	(of well) the process setting cement, or other plug in a well in order to make it safe, from any blow-out and cross flow or environmental impact
“pool”	a individual and separate accumulation of petroleum in a reservoir
“porosity”	the percentage of void in a porous rock compared to the total rock volume
“pour point”	the lowest temperature at which crude oil behaves as a fluid as set by the ASTM D-97 pour point test
“Pre-Caspian Basin”	the sedimentary basin at the North end of the Caspian extending from Astrakhan in Russia to Aktubinsk in West Kazakhstan. Sometimes called Pre-Caspian, and Peri Caspia
“probabilistic”	a method of estimating an uncertain outcome whereby a range of values is used for each parameter in a calculation. Results are generally expressed as a range with an associated probability of occurrence
“prospect”	a defined geological or geophysical feature or anomaly that has been surveyed and defined, usually by seismic data, to a degree that its configuration is fairly well established and that is considered potentially to have a hydrocarbon accumulation
“prospective resources”	prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects (refer to Section 2 of Part II of this document).
“Proterozoic”	geological era between 2,500 and 800 million years ago

“recompletion”	to repeat the initial “completion” of a well, at a later stage, to either enhance production from the existing “zone”, or to allow production from a new zone
“reserves”	reserves those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions (refer to Section 2 of Part II of this document).
“reservoir”	the underground formation where oil and gas has accumulated. It consists of a porous and permeable rock to hold the oil or gas, and a cap rock that prevents its escape
“saturated oil”	an oil at reservoir conditions that is at its “bubble point”
“sediment drape”	rock formations which appear in section to drape themselves over structural highs
“sour crude”	crude oil containing greater than one percent of hydrogen sulphide
“SPE”	Society of Petroleum Engineers
“stratigraphic trap”	a mode of trapping hydrocarbons which is not dependent on structural entrapment
“structural high”	an area where rocks have been elevated due to tectonic activity
“swabbing”	the process of mechanically producing a pressure drop in the wellbore by rapidly pulling out of the hole, usually with a cup shaped tool
“TD”	total depth of a well, when drilling has finished
“Triassic”	geological period between 250 and 205 million years ago
“up-dip”	at a structurally higher elevation within dipping strata
“under-saturated oil”	an oil at reservoir conditions that is at a pressure above its “bubble point” (compared with “saturated oil”). Reductions in pressure can cause the oil to become saturated
“well log”	a record of geological formation penetrated during drilling, including technical details of the operation
“zone”	a general term meaning an interval or unit of rock. A zone in a well would be an interval typically defined by a top and bottom depth. A fault zone would be the unit of rock associated and the area around a fault

KEY INFORMATION

ADMISSION STATISTICS

Number of Existing Ordinary Shares	168,207,490
Number of Consideration Shares	145,000,000
Price per share at which Consideration Shares issued	65p
Project Management Shares issuable on Admission	6,923,077
Number of Ordinary Shares on Admission	320,130,567
Consideration Shares and Project Management Shares issuable on Admission as a percentage of the Enlarged Share Capital	47.46%
Market capitalisation of the Company following Admission at the share price of the Consideration Shares	£208.1m
Consulting Option Shares	24,000,000
Consideration Shares, Project Management Shares issuable on Admission and Consulting Option Shares as a percentage of the then issued share capital	51.12%

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Despatch of this document and resumption of dealings in the Existing Ordinary Shares expected to commence on AIM	31 January 2008
Last time and date for receipt of proxy forms for the GM	11.00 a.m. on 27 February 2008
GM	11.00 a.m. on 29 February 2008
Completion of the Eragon Acquisition	3 March 2008
Admission of the Enlarged Share Capital and dealings expected to commence on AIM	3 March 2008
Expiry of exercise period of option under ADA Option Agreement	30 March 2008

LETTER FROM THE CHAIRMAN OF ROXI

31 January 2008

Directors:

Clive Nathan Carver (*Non-Executive Chairman*)

Jean Joseph Louis Robert Schoonbrood (*Chief Executive Officer*)

David Robert Barker (*Chief Operating Officer*)

Duncan McDougall (*Technical Director*)

Kuat Rafikuly Oraziman (*Non-Executive Director*)

To Shareholders and, for information purposes only, all option and warrant holders

Proposed acquisition of 59 per cent. of Eragon Petroleum plc

Approval of waiver of the obligation to make a mandatory offer under Rule 9 of the City Code on Takeovers and Mergers

Application for Admission to AIM

and

Notice of General Meeting

Dear Shareholder,

Introduction

On 22 August 2007, your Board announced that the Company had conditionally agreed to acquire a 59 per cent. controlling interest in Eragon, the holding company for three exploration and production assets located in Western Kazakhstan, for a consideration of US\$190 million, together with an option to acquire associated assets for US\$60 million. Details of the Eragon Acquisition are set out in Part I of this document.

The Eragon Acquisition will constitute a reverse takeover under the AIM Rules and also falls within the ambit of Rule 9 of the Takeover Code. Accordingly, completion of the Eragon Acquisition is conditional upon, *inter alia*, the publication of an admission document on the Enlarged Group, obtaining a Rule 9 waiver from the Takeover Panel, and approval of the Eragon Acquisition by Shareholders, which is being sought at the General Meeting, notice of which is set out at the end of this document.

Furthermore, as Mr. Oraziman is a Director and is interested in Ordinary Shares, and is a director and shareholder of Vertom and a beneficial owner of interests in the capital of Baverstock, section 320 of the 1985 Act and/or section 190 of the 2006 Act will also apply to certain aspects of the Eragon Acquisition. Both such sections provide that the relevant aspects of the Eragon Acquisition cannot be completed without the prior approval of Shareholders. The Company will seek this approval at the GM.

On 4 October 2007, your Board announced the purchase, for a consideration of US\$2 million, of an option to acquire a 50 per cent. indirect interest in the ADA Group, which owns a further two exploration and production assets also located in Western Kazakhstan, for an aggregate consideration of US\$425 million. This option is exercisable on or before 30 March 2008. Details of the proposed ADA Group Acquisition are set out in Part V of this document.

If Roxi exercises the option, pursuant to the ADA Option Agreement, the ADA Group Acquisition would also constitute a reverse takeover of the Company under the AIM Rules and would fall within the ambit of Rule 9 of the Takeover Code. Therefore, the ADA Completion would be conditional upon, *inter alia*, publication of an admission document on the further enlarged Company, obtaining a Rule 9 waiver from the Takeover Panel, and approval of the ADA Group Acquisition by the Shareholders in a further general meeting.

This document also provides details on the ADA Group Acquisition and the ADA Group and its assets for Shareholder information. However, at present Shareholder approval is sought only for the Eragon Acquisition. Shareholder approval of the ADA Group Acquisition is not being sought. Should the Company wish to exercise the option in respect of the ADA Group Acquisition, the Company will at that time publish a further admission document to provide any updated details on the ADA Group Acquisition and to call a general meeting to seek Shareholder approval at that time for the ADA Group Acquisition.

Background to and reasons for the Eragon Acquisition

The Company was admitted to the AIM market on 22 May 2007 to pursue a strategy of building a diversified portfolio of oil and gas assets located in Central Asia within three to five years.

The acquisition of two principal assets has been completed. The acquisition of the third principal asset, North Karamandybas, continues to be delayed pending the outcome of a legal challenge against the vendors' title and the approval of an extension to the SSUC. Further details of the North Karamandybas acquisition are set out in paragraph 4.3 of Part I of this document.

Since May 2007, the Company has received a number of potential asset acquisition opportunities. It is the opinion of the Directors that the Eragon Acquisition represents an outstanding immediate opportunity to transform the prospects of the Company in the short to medium term.

The Eragon Acquisition gives the Company a five-fold increase in exploration and development acreage. The inclusion of another unappraised discovery provides the Company with an opportunity of bringing a number of fields into production in the near future. This broad acreage base also means that the Company is better positioned to increase its reserve base through the effective management of risk in a diversified number of exploration plays.

City Code on Takeovers and Mergers

The terms of the Eragon Acquisition give rise to certain considerations under the Takeover Code.

The Takeover Code is issued and administered by the Panel. The Takeover Code applies to all takeovers and merger transactions, however effected, where the offeree company is, *inter alia*, a public company with its registered office in the UK and whose place of central management and control is in the UK. Roxi is such a company and its Shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code ("Rule 9"), when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code; or (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then such person shall make an offer, on the basis set out in Rules 9.3, 9.4 and 9.5 of the Takeover Code, to the holders of any class of equity share capital of such company, whether voting or non-voting, and also to the holders of any other class of transferable securities of such company carrying voting rights.

An offer under Rule 9 must be in cash and at the highest price paid within the preceding twelve months for any shares of that class in the company by the person required to make the offer or any person acting in concert with him. Offers for different classes of equity must be comparable.

The Panel has agreed with the Company's view that the Concert Party, the members of which are set out in Table A below, is acting in concert for the purposes of the Takeover Code. Further information on the Concert Party is provided in paragraph 11 of Part VI of this document.

On Admission, assuming the Subscription Agreement, the Baverstock Deed and the Vertom Deed have not been entered into prior to Admission, the Concert Party will be interested in 149,374,454 Ordinary

Shares in aggregate (being the Consideration Shares and interests in the Existing Ordinary Shares), representing 46.66 per cent. of the Enlarged Share Capital.

Vertom has entered into the Consulting Services Agreement with, *inter alia*, the Company whereby it has granted an option to the Company to procure that Vertom seek an extension to the BNG Contract Area. In addition to the Consulting Option Shares (which are to be issued and allotted post-Admission on the issue of an Article 71 waiver under the Subsoil Law in respect thereof), Vertom will be allotted the Consulting Success Shares, being 22,153,846 Ordinary Shares, representing approximately 6.01 per cent. of the then enlarged share capital, if the extension to the BNG Contract Area is granted.

The maximum number of Ordinary Shares held by the Concert Party on issue of the Consulting Option Shares, Consulting Success Shares and the exercise of share options held by Concert Party members would be 197,002,668 Ordinary Shares, representing 53.23 per cent. of the then enlarged share capital of the Company.

The interests in Ordinary Shares of the Concert Party are set out below:

Table A:

Name of Concert Party Member	On Admission	% of Enlarged Share Capital	Issue of Consulting Option Shares	Interest post issue of Consulting Option Shares	% of share capital post issue of Consulting Option Shares	Issue of Consulting Success Shares ⁵	Interest post Consulting Success Shares	% of share capital post Consulting Success Shares	Following the Exercise of Options over Ordinary Shares	Total interest in Ordinary Shares (including options and Consulting Success Shares)	% of share capital (including options and Consulting Success Shares)
Baverstock	145,000,000 ¹	45.29%		145,000,000	42.14%		145,000,000	39.34%		145,000,000	39.18%
Vertom	—	—	24,000,000 ²	24,000,000	6.97%	22,153,846	46,153,846	12.52%		46,153,846	12.47%
Mr K Oraziman	2,239,975 ³	0.70%		2,239,975	0.65%		2,239,975	0.61%	1,474,368 ⁴	3,714,343	1.00%
Mr D Beisenov	1,644,742 ³	0.51%		1,644,737	0.48%		1,644,737	0.45%		1,644,737	0.44%
Mr C Ferguson	489,742 ³	0.15%		489,742	0.14%		489,742	0.13%		489,742	0.13%
TOTAL CONCERT PARTY	149,374,454	46.66%	24,000,000	173,374,454	50.38%	22,153,846	195,528,300	53.05%	1,474,368	197,002,668	53.23%

¹ Consideration Shares

² Consulting Option Shares will require the issue of an Article 71 waiver prior to being issued. For more information see paragraph 9.2 of Part I of this document

³ Interest in existing share capital

⁴ 672,830 options currently held with a further 801,538 options to be issued following the Eragon Acquisition

⁵ In addition to the Consulting Success Shares to be issued to Vertom, a further 2,307,692 shares will be issued to PJT if the extension to the BNG Contract Area is granted.

The Consideration Shares, the Consulting Option Shares and the Consulting Success Shares may in due course be distributed to the shareholders of Baverstock and Vertom on a pro-rata basis to their respective holdings in these companies. The transfer of shares by Baverstock and Vertom on a pro-rata basis to its shareholders would result in the following interests in Ordinary Shares:

Table B:

Name	On Admission	% of Enlarged Share Capital	Issue of Consulting Option Shares	Interest post issue of Consulting Option Shares	% of share capital post issue of Consulting Option Shares	Issue of Consulting Success Shares ⁵	Interest post Consulting Success Shares	% of share capital post Consulting Success Shares	Following the Exercise of Options over Ordinary Shares	Total interest in Ordinary Shares (including options and Consulting Success Shares)	% of share capital (including options and Consulting Success Shares)
Mr K Oraziman	63,864,975	19.95%	12,000,000	75,864,975	22.05%	11,076,923	86,941,898	23.59%	1,474,368 ⁴	88,416,266	23.89%
Mr N Kurbanov	54,375,000	16.99%		54,375,000	15.80%		54,375,000	14.75%		54,375,000	14.69%
Dae Han New Pharm	24,650,000	7.70%		24,650,000	7.16%		24,650,000	6.69%		24,650,000	6.66%
Cody Star Investment Ltd.	4,350,000	1.36%		4,350,000	1.26%		4,350,000	1.18%		4,350,000	1.18%
Mr D Beisenov	1,644,737	0.51%	12,000,000	13,644,737	3.96%	11,076,923	24,721,660	6.71%		24,721,660	6.68%
Mr C Ferguson	489,742	0.15%		489,742	0.14%		489,742	0.13%		489,742	0.13%
TOTAL	149,374,454	46.66%	24,000,000	173,374,454	50.38%	22,153,846	195,528,300	53.05%	1,474,368	197,002,668	53.23%

⁴ 672,830 options currently held with a further 801,538 options to be issued following the Eragon Acquisition

⁵ In addition to the Consulting Success Shares to be issued to Vertom, a further 2,307,692 shares will be issued to PJT if the extension to the BNG Contract Area is granted.

On 12 December 2007, the Company entered into the FMS MOU with FMS pursuant to which FMS indicated its interest in purchasing the Subscription Shares at a price of 70 pence per share, calculated on

the basis of an exchange rate of US\$2:£1, for aggregate subscription proceeds of US\$25 million. Subject to, *inter alia*, FMS performing certain due diligence investigations on the Company, it is proposed that the Company and FMS would enter into the Subscription Agreement and that, contemporaneously, the parties thereto would enter into the Baverstock Deed and the Vertom Deed, in respect of, in aggregate, the Subscription Shares, in each case prior to Admission.

If the Subscription Agreement and the Baverstock Deed are entered into prior to Admission, on Admission the Concert Party will be interested in 145,803,025 Ordinary Shares in aggregate, representing 45.54 per cent. of the Enlarged Share Capital.

If the Vertom Deed is entered into prior to Admission, following Admission FMS would be entitled to 14,285,714 shares pursuant to the Vertom Deed on issue of an Article 71 waiver under the Subsoil Law in respect of the issue of the Consulting Option Shares.

Following the issue of the Consulting Option Shares, Consulting Success Shares and the exercise of share options held by Concert Party members, the maximum number of shares held by members of the Concert Party would be 179,145,525 Ordinary Shares representing 48.41 per cent. of the then enlarged share capital of the Company.

Following subscription by FMS and the completion of the Baverstock Deed and the Vertom Deed, the interests in Ordinary Shares of the Concert Party would be as set out below:

Table C:

Name of Concert Party Member	On Admission	% of Enlarged Share Capital	Issue of Consulting Option Shares	Interest post issue of Consulting Option Shares	% of share capital post issue of Consulting Option Shares	Issue of Consulting Success Shares ⁶	Interest post Consulting Success Shares	% of share capital post Consulting Success Shares	Following the Exercise of Options over Ordinary Shares	Total interest in Ordinary Shares (including options and Consulting Success Shares)	% of share capital (including options and Consulting Success Shares)
Baverstock	141,428,571 ¹	44.18%		141,428,571	41.10%		141,428,571	38.37%		141,428,571	38.22%
Vertom	—	—	9,714,286 ²	9,714,286	2.82%	22,153,846	31,868,132	8.65%		31,868,132	8.61%
Mr K Oraziman	2,239,975 ³	0.70%		2,239,975	0.65%		2,239,975	0.61%	1,474,368 ⁴	3,714,343	1.00%
Mr D Beisenov	1,644,737 ³	0.51%		1,644,737	0.48%		1,644,737	0.45%		1,644,737	0.44%
Mr C Ferguson	489,742 ³	0.15%		489,742	0.14%		489,742	0.13%		489,742	0.13%
TOTAL CONCERT PARTY	145,803,025	45.54%	9,714,286	155,517,311	45.19%	22,153,846	177,671,157	48.20%	1,474,368	179,145,525	48.41%

¹ Consideration Shares

² Consulting Option Shares will require the issue of an Article 71 waiver prior to being issued. For more information see paragraph 9.2 of Part I of this document

³ Interest in existing share capital

⁴ 672,830 options currently held with a further 801,538 options to be issued following the Eragon Acquisition

⁵ In addition to the Consulting Success Shares to be issued to Vertom, a further 2,307,692 shares will be issued to PJT if the extension to the BNG Contract Area is granted.

The transfer of shares by Baverstock and Vertom on a pro-rata basis to its shareholders would result in the following interests in Ordinary Shares:

Table D:

Name	On Admission	% of Enlarged Share Capital	Issue of Consulting Option Shares	Interest post issue of Consulting Option Shares	% of share capital post issue of Consulting Option Shares	Issue of Consulting Success Shares ⁶	Interest post Consulting Success Shares	% of share capital post Consulting Success Shares	Following the Exercise of Options over Ordinary Shares	Total interest in Ordinary Shares (including options and Consulting Success Shares)	% of share capital (including options and Consulting Success Shares)
Mr K Oraziman	62,347,118	19.48%	4,857,143	67,204,261	19.53%	11,076,923	78,281,184	19.41%	1,474,368 ⁴	79,755,552	21.55%
Mr N Kurbanov	53,035,714	16.57%		53,035,714	15.41%		53,035,714	14.39%		53,035,714	14.33%
Dae Han New Pharm	24,042,857	7.51%		24,042,857	6.99%		24,042,857	6.52%		24,042,857	6.50%
Cody Star Investment Ltd.	4,242,857	1.33%		4,242,857	1.23%		4,242,857	1.15%		4,242,857	1.15%
Mr D Beisenov	1,644,737	0.51%	4,857,143	6,501,880	1.89%	11,076,923	17,578,803	4.68%		17,578,803	4.75%
Mr C Ferguson	489,742	0.15%		489,742	0.14%		489,742			489,742	0.13%
TOTAL	145,803,025	45.54%	9,714,286	155,517,311	45.19%	22,153,846	177,671,157	48.20%	1,474,368	179,145,525	48.41%

⁴ 672,830 options currently held with a further 801,538 options to be issued following the Eragon Acquisition

⁵ In addition to the Consulting Success Shares to be issued to Vertom, a further 2,307,692 shares will be issued to PJT if the extension to the BNG Contract Area is granted.

Further information on the members of the Concert Party is set out below and in Part VI of this document.

Accordingly, the issue of Consideration Shares to the Concert Party on Admission and Consulting Option Shares on the issue of an Article 71 waiver would normally give rise to an obligation on the Concert Party to make a Rule 9 offer to all other Shareholders to acquire their Ordinary Shares. In addition, assuming the

Subscription Agreement, the Baverstock Deed and the Vertom Deed are entered into, the issue of the Consulting Success Shares and the exercise of the options held by the Concert Party would also trigger a Rule 9 Offer.

The Panel has agreed, however, to waive this obligation on the Concert Party to make a general offer to all other Shareholders that would otherwise arise as a result of the Proposals subject to the passing on a poll by the Independent Shareholders of Resolution 3 set out in the Notice of General Meeting at the end of this document.

Following Admission, the members of the Concert Party will between them be interested in shares carrying 30 per cent. or more of the Company's voting share capital but will not hold shares carrying more than 50 per cent. of such voting rights and (for so long as they continue to be treated as acting in concert) any further increase in that aggregate interest in shares, other than the issue of the Consulting Success Shares and the exercise of options already held by the Concert Party members, will be subject to the provisions of Rule 9.

Following Admission and the issue of the Consulting Option Shares, assuming the Subscription Agreement, the Baverstock Deed and the Vertom Deed are not entered into, the members of the Concert Party will hold more than 50 per cent. of the Company's voting share capital and (for so long as they continue to be treated as acting in concert) may accordingly increase their aggregate interest in Ordinary Shares without incurring any obligation under Rule 9 to make a general offer, although individual members of the Concert Party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold without Panel consent.

Members of the Concert Party also have interests in ADA and ADA Oil. In the event that Roxi wishes to exercise the option to acquire an interest in the ADA Group a further waiver of the obligation under Rule 9 to make a general offer may be requested from the Panel and the approval of independent shareholders may be sought at that time.

Directors and senior management incentives

Subject to the completion of the Eragon Acquisition and ADA Group Acquisition, additional options will be issued to the members of the Company's board and senior management team on a pro rata basis to the options they already hold with exercise prices equal to the prices at which new Ordinary Shares will be issued in connection with these acquisitions. These additional options will be issued under the new 2008 Scheme.

The vesting of a proportion of the additional options will be conditional upon reaching agreed daily production levels from these assets. Further details of the 2008 Scheme and the option awards are set out in paragraphs 6.4 and 8.2 of Part VI of this document.

General Meeting

You will find set out at the end of this document a notice convening the General Meeting of the Company to be held at 11.00 a.m. on 29 February 2008 at College Hill Associates Limited, The Registry, Royal Mint Court, London EC3N 4QN to consider and, if thought fit, approving the following resolutions:

1. Resolution 1 is an ordinary resolution to approve the Eragon Acquisition for the purposes of the AIM Rules and to approve the 2008 Scheme;
2. Resolution 2 is an ordinary resolution to approve certain aspects of the Eragon Acquisition for the purposes of section 320 of the 1985 Act and section 190 of the 2006 Act;
3. Resolution 3 is an ordinary resolution to approve the Waiver;
4. Resolution 4 is an ordinary resolution to authorise the directors of the Company under section 80 of the 1985 Act to allot relevant securities up to an aggregate nominal amount of £36,379,378;
5. Resolution 5 is a special resolution to disapply statutory pre-emption rights in respect of equity securities up to an aggregate nominal amount of £36,379,378.

In accordance with the requirements of the Panel, Resolution 3 to approve the Waiver will be taken on a poll of Independent Shareholders.

Related Party Transactions, Section 320 of the 1985 Act and Section 190 of the 2006 Act

The Eragon Acquisition comprises certain related party transactions under the AIM Rules. In particular, the following agreements constitute related party transactions:

Eragon Acquisition Agreement – Mr. Oraziman, a Director, has a beneficial interest in 42.5 per cent. of the issued capital of Baverstock (the vendor of the 59 per cent. interest in Eragon under the Eragon Acquisition Agreement). The Independent Directors consider, having consulted with WH Ireland, that the terms of the transaction are fair and reasonable in so far as Shareholders are concerned.

Consulting Services Agreement – Mr. Oraziman, a Director, is a director of and holds 50 per cent. of the issued capital of Vertom (the provider of consulting services under the Consulting Services Agreement). The Independent Directors consider, having consulted with WH Ireland, that the terms of the transaction are fair and reasonable in so far as Shareholders are concerned.

Facilitation Agreement – Mr. Oraziman, a Director, is a director of and holds 50 per cent. of the issued capital of Vertom (the party to the Facilitation Agreement, details of which are set out in paragraph 12.14(a) of Part VI of this document, under which Vertom is to receive \$500,000 for the performance of certain services for the Company). The Independent Directors consider, having consulted with WH Ireland, that the terms of the transaction are fair and reasonable in so far as Shareholders are concerned.

Baverstock Deed – Mr. Oraziman, a Director, has a beneficial interest in 42.5 per cent. of the issued capital of Baverstock (the party to the Baverstock Deed relating to the placing by the Company of Consideration Shares on behalf of Baverstock). The Independent Directors consider, having consulted with WH Ireland, that the terms of the proposed transaction are fair and reasonable in so far as Shareholders are concerned.

Vertom Deed – Mr. Oraziman, a Director, is a director of and holds 50 per cent. of the issued capital of Vertom (the party to the Vertom Deed relating to the placing by the Company of Consulting Option Shares on behalf of Vertom). The Independent Directors consider, having consulted with WH Ireland, that the terms of the proposed transaction are fair and reasonable in so far as Shareholders are concerned.

Furthermore, by reason of the relationships that Mr. Oraziman has as set out above, section 320 of the 1985 Act and section 190 of the 2006 Act (depending on the date on which the relevant agreement was entered into) will also apply to the following transactions, each of which transactions represents a substantial property transaction with the Company:

1. the Eragon Acquisition; and
2. the entry into the Consulting Services Agreement.

Further details of the above agreements are set out in paragraph 12 of Part VI of this document.

Directors' Intentions

No Independent Directors or persons connected with them are holders of Ordinary Shares.

Action to be Taken

A Form of Proxy is enclosed for use at the General Meeting. Whether or not you intend to attend the General Meeting, you are requested to complete, sign and return the Form of Proxy to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 11.00 a.m. on 27 February 2008. The completion and return of a Form of Proxy will not preclude you from attending the GM and voting in person should you subsequently wish to do so.

Further information

Your attention is drawn to Parts I to VI of this document, which provide additional information on the Proposals. In particular, your attention is drawn to Part II of this document which contains certain risk factors relating to the Group and Enlarged Group.

Taxation

Information regarding taxation is set out in paragraph 16 of Part VI of this document.

Recommendation

The Independent Directors, who have been so advised by WH Ireland, consider the Proposals to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole and fair and reasonable as far as Independent Shareholders are concerned. Mr. Oraziman does not express an opinion due to a conflict of interest arising from his interest, in Baverstock and Vertom as described above. In providing advice to the Independent Directors, WH Ireland has taken into account the Independent Directors' commercial assessments.

Accordingly:

- 1. the Independent Directors unanimously recommend the Shareholders to vote in favour of Resolutions 1 and 2; and**
- 2. the Directors unanimously recommend the Shareholders to vote in favour of Resolutions 3 to 5 (inclusive).**

Yours faithfully,

Clive Carver
Chairman

PART I

INFORMATION ON THE ROXI GROUP AND THE ERAGON GROUP

1. Introduction

On Initial Admission Roxi raised £38.9 million from institutional investors to pursue a strategy of building a diversified portfolio of oil and gas exploration and production assets located in Central Asia within three to five years.

At the time of the Initial Admission, the Company had agreements to buy three principal assets, Ravninnoe, Beibars, and North Karamandybas. Since the Initial Admission, and as disclosed in its recent interim statement, completion of the acquisitions of Ravninnoe and Beibars has occurred as planned but, as reported at the time of Initial Admission, the Board resolved to await the outcome of a legal challenge regarding the ownership of the vendors' title in the North Karamandybas asset before completing its acquisition. The dispute has yet to be resolved on the North Karamandybas SSUC, which is the third principal asset Roxi wished to acquire at the time of the Initial Admission.

The North Karamandybas SSUC has now expired. Nevertheless, the Board still believes the acquisition of the North Karamandybas SSUC may be possible should the dispute be resolved in favour of the North Karamandybas vendors and the SSUC be extended by the relevant government authorities. Funding raised at the time of the Initial Admission in May 2007, which was intended to fund the acquisition and development of the North Karamandybas assets, is now proposed to be used to help fund the development of the Eragon assets. Accordingly, should Roxi acquire the North Karamandybas asset, additional funding would be required. **There can be no assurance that the acquisition of the North Karamandybas asset will be completed.**

The Company currently has interests in the following areas:

The Beibars Contract Area covers approximately 167 km² and is located on the coastline of the Caspian Sea approximately 40 kilometres south of Aktau in the Mangistau Oblast of Kazakhstan.

The Ravninnoe Contract Area covers approximately 121 km², and is located approximately 100 km northeast of the Tengiz field in the south Emba sub-basin of the Pre-Caspian Basin, in the Atyrau Oblast of West Kazakhstan.

Should the Company complete the North Karamandybas acquisition, the Company will have an interest in the North Karamandybas Contract Area which covers approximately 7.2 km² and is located approximately 100 km east of the township of Aktau.

The Eragon Acquisition

On 22 August 2007, the Board announced that the Company had entered into the Eragon Acquisition Agreement to acquire, for an aggregate purchase price of US\$190 million, a 59 per cent. controlling interest in Eragon which, through its subsidiaries, has controlling interests in three Contract Areas, the BNG Contract Area, the Galaz Contract Area and the Munaily Contract Area, which are located in Western Kazakhstan in the Pre-Caspian and Turgai Basins. Each of these assets is at a different stage in its respective exploration cycle.

US\$188.5 million of the Consideration is to be satisfied by the issue of 145,000,000 new Ordinary Shares at a fixed price of 65 pence per share. The Consideration Shares and the Project Management Shares issuable on Admission in aggregate will represent approximately 47.46 per cent. of the Enlarged Share Capital.

The Company and FMS have entered into the FMS MOU, pursuant to which FMS has indicated its intention to subscribe for the Subscription Shares prior to Admission, pursuant to the Subscription Agreement, at a price per share of US\$1.40 (calculated on the basis of an exchange rate of US\$2:£1) for an aggregate Subscription of US\$25 million. The Company will release an announcement via RNS and on its website by 19 February 2008 to confirm whether or not FMS has entered into the Subscription Agreement.

The Company has also agreed with Baverstock that, should the Subscription Agreement be entered into by FMS, 3,571,429 of the Consideration Shares shall be subscribed for by FMS under the Subscription Agreement issuable to Baverstock under the Eragon Acquisition Agreement, as provided in the Baverstock Deed, such that the Company would remit the proceeds of such subscription, in the amount of US\$5 million, to Baverstock and that the number of Consideration Shares issuable to Baverstock on Admission would be reduced accordingly.

On 30 January 2008 the Company entered into the Consulting Services Agreement with Vertom and others, which amended and restated an earlier consulting agreement dated 1 October 2007, pursuant to which the extension to the BNG Contract Area may be sought by Vertom, at the option of Roxi (exercisable on or before 30 April 2008) on behalf of Baverstock and Roxi. The option fee of US\$31,200,000 payable by Roxi to secure the option to oblige Vertom to provide such services will be satisfied by the issue of the Consulting Option Shares, which will represent 6.97 per cent. of the then enlarged share capital following such issue. The issue of the Consulting Option Shares and the Consulting Success Shares is subject to receipt of a waiver from the Government under Article 71 of the Subsoil Law. In aggregate, the Consideration Shares, the Project Management Shares issuable on Admission and the Consulting Option Shares will represent approximately 51.12 per cent. of the enlarged share capital following the issue of the Consulting Option Shares.

The Company has also agreed with Vertom that, should the Subscription Agreement be entered into by FMS, 14,285,714 of the Consulting Option Shares issuable to Vertom under the Consulting Services Agreement shall be subscribed for by FMS under the Subscription Agreement, as provided in the Vertom Deed, such that the Company would remit the proceeds of such subscription, in the amount of US\$20 million, to Vertom and that the number of Consulting Option Shares issuable to Vertom would be reduced accordingly.

Following Admission, the Company expects that it will exercise its option to request that Vertom provide such services. Should the services be provided and the BNG Contract Area extension granted, the Company has agreed to pay Vertom a consulting services fee of US\$28,800,000, to be satisfied by the issue of the Consulting Success Shares, which will represent up to 6.01 per cent. of the then enlarged share capital (assuming ADA Completion has not occurred).

The Company has agreed, pursuant to the Eragon Project Management Agreement, to pay a fee of US\$12.5 million to PJT, which is acting as facilitator and project manager in relation to the Eragon Acquisition. The fee is to be satisfied by the payment of US\$500,000 in cash over the period leading to Admission, by the issue of 6,923,077 of the Project Management Shares upon Admission and by the issue of the balance of 2,307,692 Project Management Shares upon completion of the provision of services by Vertom pursuant to the Consulting Services Agreement, as described below.

The Eragon Acquisition will constitute a reverse takeover under the AIM Rules for Companies and also fall within the ambit of Rule 9 of the Takeover Code. Accordingly, completion of the Eragon Acquisition is conditional upon, *inter alia*, obtaining a Rule 9 waiver from the Panel, and approval by the Company's Shareholders at the GM.

The Eragon Assets

The BNG Contract Area covers an area of over 1,422 km², and is located approximately 40 km from the Tengiz oilfield in the Pre-Caspian basin of West Kazakhstan. The BNG Contract Area is considered by the Directors to be highly prospective in both the Jurassic sandstone at depths of 2,500-3,000m and in the pre-salt Carboniferous sandstones and carbonates at depths of 4,000-5,000m. Exploration in this area since the 1980s has resulted in the development of several Jurassic discoveries in the surrounding acreage.

The proposed extension of the BNG Contract Area has been identified as being a continuation of the existing exploration trends in the block. The extension covers an area of approximately 139 km² and contains two Jurassic and two Pre-salt prospects which in the view of the Directors represent excellent exploration potential. The extension to the BNG Contract Area will help to consolidate the exploration strategy in the Contract Area and in the opinion of the Directors significantly increases the potential for early exploration success, the addition of reserves and early trial production.

The Galaz Contract Area is located in the Turgai Basin near the town of Kyzylorda in central Kazakhstan. The Galaz Contract Area contains proven and probable reserves, in Jurassic sandstones, on a wrench fault structural trap. There are four wells on the block with three delineating the oil-water contact and one well drilled higher on the structure tested at rates of up to 70m³/d (440bopd).

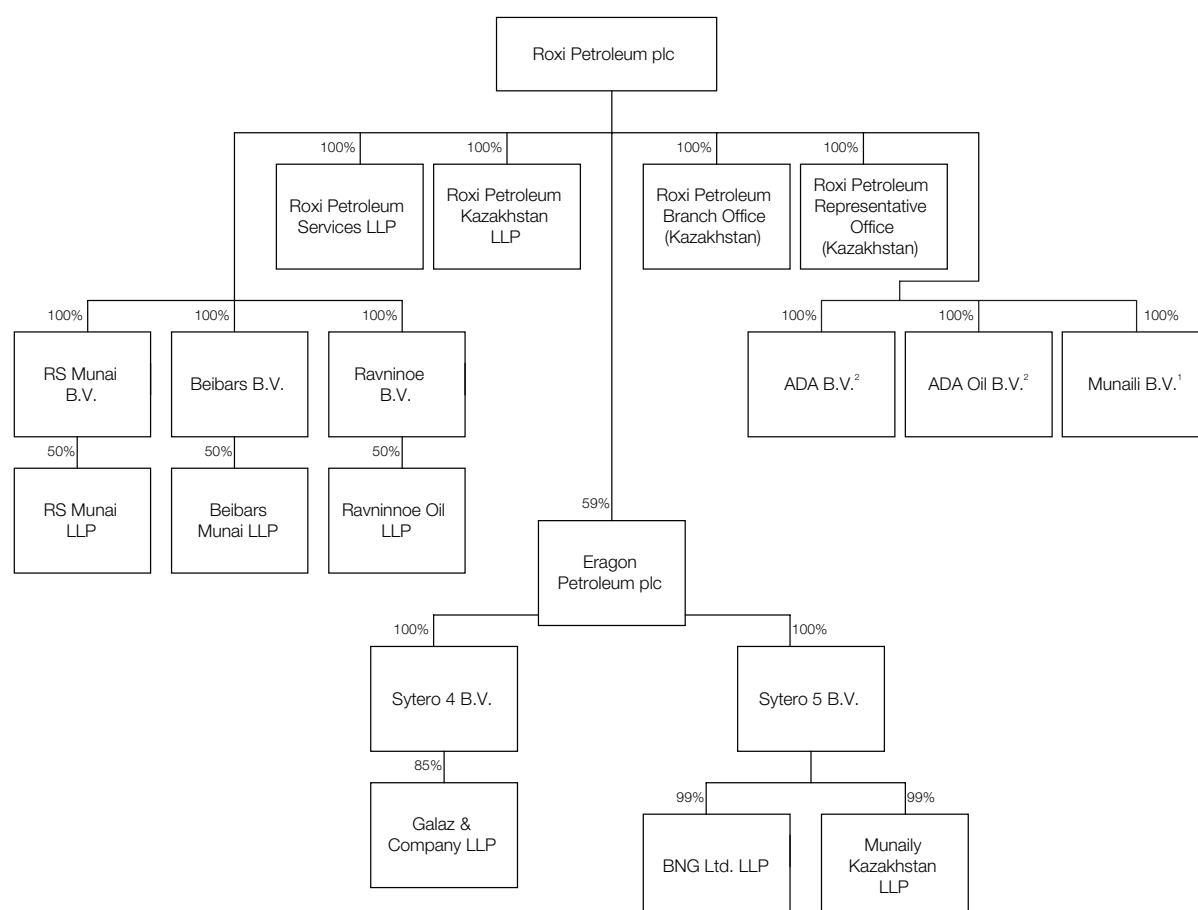
The Munaily Contract Area comprises the rehabilitation of an old oilfield located in the southern Pre-Caspian basin. The field produced at low rates with high water cut from Cretaceous and Jurassic sands at depths of 500-1,200m. The field was re-licensed in 2004. A full evaluation of remaining reserves will need to be undertaken.

In aggregate, on completion of the Eragon Acquisition, the Contract Areas cover approximately 1,453 km². The Eragon Acquisition follows the Company's strategy of acquiring further assets located in Central Asia. On completion of the Eragon Acquisition, the Company's management will have operational and financial control of these additional three oil and gas assets.

Additional Information on the assets of Eragon is provided below and in Part III of this document.

Group Structure

Assuming the completion of the Eragon Acquisition, the Company's structure will be as shown below:



¹ Please note that the Company is currently intending to dispose of Munaili B.V. and it is expected that such sale would occur shortly following publication of this document

² Dormant companies

The Directors believe there are significant opportunities to acquire additional interests in further fields in Central Asia and aim to take advantage of their management, operational and transportation expertise in addition to the Directors' growing acquisition experience in the region to become a significant oil and gas concern.

Map of Kazakhstan showing the location of the Contract Areas in Kazakhstan



2. Strategy

The Company's strategy is to build, within three to five years, a diversified portfolio of oil and gas exploration and production assets in Central Asia which, in the opinion of the Directors, have potential for near term production and substantial increases in the stated reserves. The Company's focus is currently on Kazakhstan as a result of numerous niche onshore opportunities available under the prevailing contract regime and the extensive operational experience of the management of the Company in the country. The Company intends to enlarge the portfolio on an ongoing basis to become a significant sized oil and gas concern. To date, the Company has reviewed more than 30 assets.

The key components of the Company's strategy are summarised as follows:

- The Company seeks to optimise the value of its strong management team which has extensive and diverse experience in the oil and gas sector. The management team has a commercial and operational track record worldwide including Kazakhstan, the former Soviet Union, the Middle East, Russia, the United States and Europe;
- The Company will interact with Kazakh joint venture partners which are well established in the country, and who have excellent local connections, to obtain exposure to acquisition opportunities and who can assist in commercial, operational and regulatory matters;
- The Company will continuously evaluate and aim to accumulate other under-developed oil and gas assets located in Central Asia;
- The Company will maintain a flexible corporate structure which can be easily expanded to accommodate other acquisition opportunities and is designed to protect each of its assets; and
- Through the acquisition and accumulation of a number of oil and gas fields, the Company will seek to diversify its geologic and operational risks in respect of the development of individual oil and gas fields.

The Company intends to use conservative criteria for choosing additional fields to add to the portfolio to help to generate attractive cashflows including:

- Acquiring fields with relatively low acquisition costs compared to the upside potential of the field;
- Acquiring fields that are close to the end of their appraisal phases and can be placed into long term production in the near future to accelerate investment payback;
- Acquiring fields with significant upside in the development of the reserve base;

- Entering into joint ventures, typically with local owners who will have an interest up to 50 per cent. of each field; and
- Retaining control over the development and the operations of the joint ventures.

The Group's near-term strategy in relation to the Contract Areas following Admission includes:

- Re-entering 6 previously drilled wells on the Ravninnoe Contract Area and Galaz Contract Area to test the reserve base and to add test production in a relatively short time frame at low costs compared to drilling new wells;
- Re-evaluating existing seismic and acquiring new 2D Seismic and 3D Seismic on all five Contract Areas; and
- Drilling between 4 and 8 new wells dependent on the results of the re-entries and the evaluation of new and existing seismic data.

3. Area of Operation – Kazakhstan

3.1 Introduction

Kazakhstan, located south of Russia, northwest of China and east of the Caspian Sea, is the world's ninth largest country with a total area of over 1.049 million square miles and is approximately the size of Western Europe. Kazakhstan is an ethnically diverse republic which gained political independence from the Soviet Union on 16 December 1991. Kazakhstan has a population of approximately 15.3 million citizens and is bordered by Russia, China, Kyrgyzstan, Uzbekistan and Turkmenistan.

Kazakhstan is Central Asia's largest developed economy that is politically stable and influential throughout the region. GDP is expected to double by 2008 from its 2000 level and to treble by 2015. Average growth of real GDP has exceeded 9 per cent. per annum for the past five years. In 2000, Kazakhstan was the first of the former Soviet republics to repay all of its debts to the IMF, and in 2002 it was the first CIS country to receive an investment grade credit rating and became a "market economy" according to US trade law. The Government's monetary policy is considered well managed and the economy exhibits strong macro-economic performance and financial health with Government debt as a ratio to GDP declining significantly in the past few years.

Kazakhstan has introduced large-scale political and economic reforms together with the Government's policies aimed at seeking to attract foreign investment by creating a stable, transparent and consistent investment environment.

Since 1993, the development of petroleum and natural gas, and mineral extraction, have attracted most of the \$40 billion in foreign investment in Kazakhstan and account for some 57 per cent. of the nation's industrial output (including 20.2 per cent. oil and gas, 8.6 per cent. ferrous metallurgy and 11.6 per cent. non ferrous metallurgy). In terms of exports, Kazakhstan's main trading partners in 2006 included Germany (12.4 per cent.), Russia (11.6 per cent.), China (11 per cent.), France (7.5 per cent.), and Romania (5 per cent.).

Kazakhstan's leading economic sector is energy which in 2003 accounted for 65 per cent. of total exports and 24 per cent. of GDP. Apart from oil and gas, Kazakhstan also has significant and diverse deposits of minerals and raw materials. Nearly 500 hundred fields presently exist which contain 1,225 kinds of minerals. Kazakhstan is ranked second in the world in respect of its reserves of uranium, chromium, lead and zinc, third in respect of manganese, fifth in terms of copper and in the top ten in regards to coal, iron and gold.

In 2005 Kazakhstan produced approximately 1.29 million barrels of oil per day and consumed approximately 222,000 barrels of oil leaving approximately 1 million barrels of oil per day for export. This figure is expected to grow to 3.5 million barrels of oil per day by 2015 placing Kazakhstan in the top ten crude oil export countries in the world alongside Iran, Mexico, Norway and Venezuela, with revenues exceeding US\$12 billion. Most of this additional production will come from offshore fields in the North Caspian Sea, principally Kashagan which is the world's largest field outside the Middle East and the fifth largest field in the world. The Pre-Caspian Basin, in which the Group's interests are located, has 4 super-giant oil fields including Tengiz (estimated recoverable crude oil reserves of between six and nine billion

barrels), Kashagan (estimated reserves in excess of seven billion barrels) and Kurmangazy (estimated recoverable reserves of in excess of seven billion barrels). At present there are over two hundred producing fields in Kazakhstan with recoverable reserves of oil estimated to be approximately 7.8 billion tonnes and 7.1 billion cubic metres of gas.

4. Current Roxi Assets

4.1 Ravninnoe Contract Area

Map of North East Caspian Sea Region and Location of Ravninnoe Contract Area



4.1.1 Introduction

The Ravninnoe Contract Area covers 121 km² and is located approximately 100 km north east of the Tengiz field in the south Emba region of the Pre-Caspian Basin, in the Atyrau Oblast of West Kazakhstan. The Ravninnoe field was discovered in the early 1980s when twelve wells were drilled in and around the Ravninnoe Contract Area to depths of between 3,500 and 4,000 metres.

The Ravninnoe Contract Area is located approximately 30 km from existing infrastructure at the nearby town of Opornaya. The infrastructure includes electricity, water, oil and gas pipelines and railway. The transportation of oil from Opornaya would be via rail or ultimately the KazTransOil pipeline located at Opornaya.

Geologically, the Ravninnoe Contract Area sits on the southern edge of the Pre-Caspian Basin in a string of structures running north east from the Tengiz field. The stratigraphy is typical of the pre and post-salt sequences of the South Emba region. Overlying Permian (Kungurian) salt overlies the Carboniferous sequence, thinning significantly to the south. Undrilled Devonian sequences underlie the Carboniferous at depths of up to 5,500 metres. No potential has been identified in the flat-lying post-salt clastic sequences of the Permo-Triassic, Jurassic and Cretaceous.

The Middle Carboniferous reservoir is at a depth of some 3,000-3,500 metres within the Ravninnoe Contract Area. Existing data acquired in the 1980s are insufficient to fully evaluate this reservoir sequence. The Company intends to establish that the reservoir parameters and pressures are sufficient to enable commercial production rates from a naturally fractured reservoir. Once good quality log, core and test data have been acquired, the potential for high angle and horizontal drilling will then be assessed.

There are potentially five useable wells within the Ravninnoe Contract Area, each drilled before 1987. All of these wells currently show oil from the well heads, and the Directors believe that, given the lack of data, it is reasonable to expect a 50 to 60 per cent. success rate on such work.

The Directors believe there is significant opportunity for reserves growth within the Ravninnoe Contract Area through the reactivation of wells and the drilling of new wells with modern exploration and production technologies.

4.1.2 Contract

The Ravninnoe SSUC was issued on 16 April 2004 and is valid for a period of 25 years until 15 April 2029. The original three year exploration period granted under the Ravninnoe SSUC was due to expire in April 2007. On 21 March 2007 Ravninnoe Oil was granted a two year extension to the Ravninnoe SSUC's exploration period which will now expire on 16 April 2009. If a commercial discovery is made, Ravninnoe Oil will have an exclusive right to amend the SSUC and enter into an oil production contract for 25 years, the terms of which would be separately negotiated with the MEMR at the time of such discovery.

Pursuant to amendment No. 2 of the Ravninnoe SSUC on 20 November 2007, the MEMR agreed to extend the period for exploration under the SSUC for a period of 2 years until 16 April 2009 and the work programme cost was also increased to a total of US\$14,644,400.

The Directors expect that the work programme contributions under the Ravninnoe SSUC prior to amendment No. 2 will be required to be spent over the next 12 months with the increased work programme commitment being spent over 2008 and 2009.

Under the Ravninnoe Investment Agreement, Ravninnoe B.V., a wholly owned subsidiary of the Company, is liable for contributions to the work programme of up to US\$15 million. Following such expenditures, the other participants of Ravninnoe Oil collectively and Ravninnoe B.V. will then be responsible on a 50/50 basis for any other work programme expenditures required including those additional expenditures to be incurred under the SSUC as a result of amendment No. 2 to the SSUC.

4.1.3 Reserves

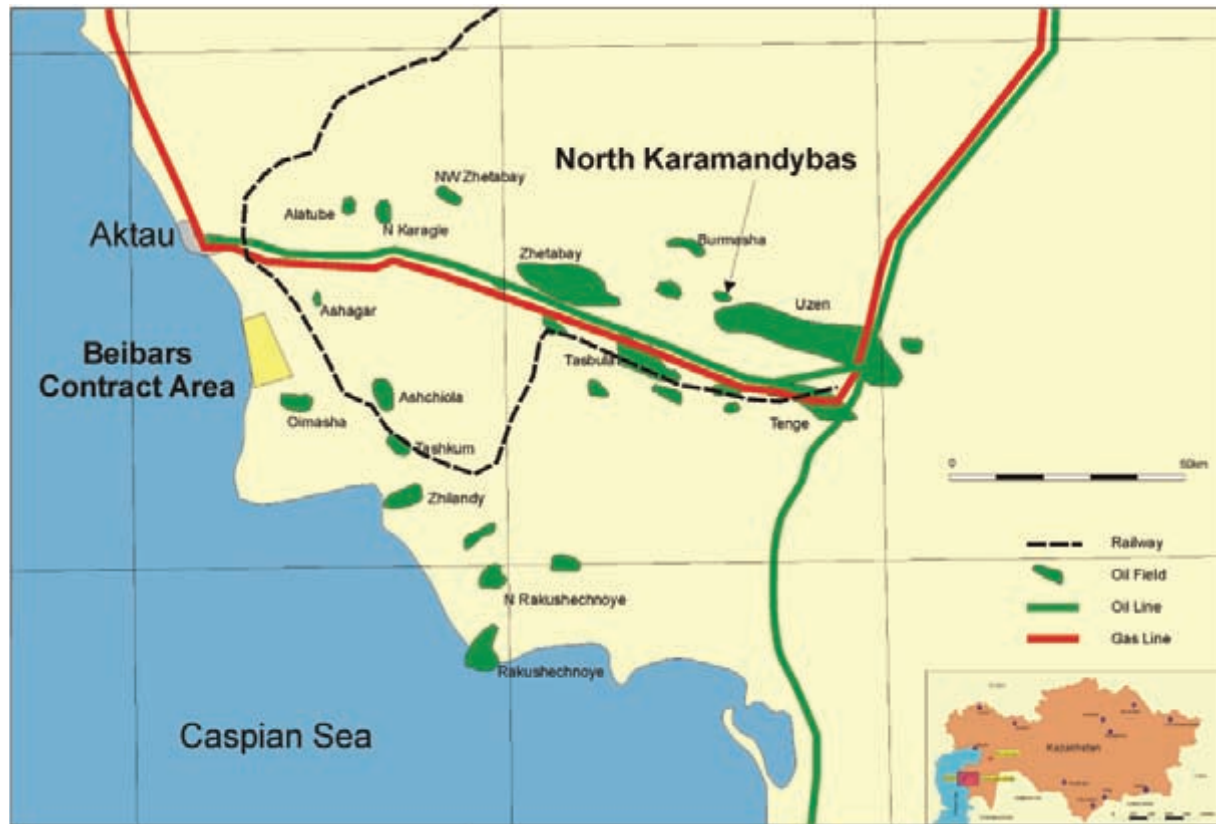
Based on existing data acquired in the 1980s, the Competent Person's Report provides an estimate of gross probable reserves of 1.3 MMbbls, and gross possible reserves of 2.4 MMbbls for the Ravninnoe Contract Area. The Competent Person's Report also provides best estimate gross contingent resources of 4.9 MMbbls but given the poor quality of such data and the lack of evaluation, the Directors believe that the Ravninnoe Contract Area has significant further exploration potential. Kazakh Institute reserves are estimated at 2.6 MMbbls C1 reserves and 4.0 MMbbls of C1 and C2 reserves for the Ravninnoe Contract Area.

4.1.4 Appraisal and Development

The Company has commenced re-entering the existing five wells showing hydrocarbons at surface, to provide the initial test production from the Ravninnoe Contract Area. 3D Seismic data is currently being acquired to plan further appraisal on the Ravninnoe Contract Area. Once sufficient reserves have been proven, the Company intends to apply for a Pilot Production Project.

4.2 Beibars Contract Area

Map of Mangyshlak Basin showing the location of the Beibars Contract Area and the North Karamandybas Contract Area



4.2.1 Introduction

The Beibars SSUC was granted on 31 January 2007 to Beibars Munai. The Beibars Contract Area covers approximately 167 km² on the Caspian Sea coastline approximately 40 km south of the industrial town of Aktau.

Geologically, the Beibars Contract Area lies on a Palaeozoic high directly north of the producing Oimasha field. The Palaeozoic section is composed of a weathered granite intrusion with surrounding thermal metamorphics, which extend westward under the Caspian Sea.

Kazakh state publications describe Oimasha wells flowing at tested rates of up to 1,500 bopd. Rates of up to 750 bopd are also reported from Triassic fractured limestones and volcanic tuffs. In addition the nearby Alatube field, 70 km to the north east of Beibars Munai, has reported rates of 1,100 bopd from dolomitised Triassic limestones which are likely to be fractured.

The Beibars Contract Area is close to good infrastructure served by the town of Aktau, including operational services, oil storage, export pipelines, a port and a railway.

Structurally, the Mesozoic (Jurassic and Triassic) is draped in low relief over the weathered granite intrusion. All the surrounding fields are associated with long north-south faults which swing southwest-northeast into the Beibars Contract Area and the Oimasha field. This faulting is postulated to be the source of related fracturing in the reservoirs, which gives rise to improved reservoir productivity.

Although not extensively explored, the Beibars Contract Area is adjacent to the Oimasha oil field where the key elements of hydrocarbon entrapment (source rock, migration, reservoir, flap and seal) are proven.

The Directors note that two wells have been drilled on the Beibars Contract Area. The data for the first indicates that well encountered oil shows in the Triassic. The data for the second well is still being sought.

The Directors consider the highly productive Triassic and Palaeozoic reservoirs as attractive exploration targets within the Beibars Contract Area.

4.2.2 Contract

The Beibars SSUC is an exploration contract that expires on 31 January 2012 with the potential for two further extensions, each of two years, until January 2016. If a commercial discovery is made on the Beibars Contract Area, Beibars Munai will have an exclusive right to amend the SSUC and enter into an oil production contract for 25 years, the terms of which would be separately negotiated with the MEMR at the time of such discovery.

The Beibars Munai SSUC provides for work programme contribution to be made by Beibars Munai of US\$22.36 million over the initial exploration period.

Under the Beibars Munai Investment Agreement, Beibars B.V., a wholly owned subsidiary of the Company, is liable for contributions to the work programme on a 50/50 basis, with the remaining participants of Beibars Munai collectively of up to US\$18.5 million, with the remaining participants of Beibars Munai being responsible for the residual US\$3.86 million the contribution to which is spread out over the initial exploration period.

Following such expenditures, the other participants of Beibars Munai collectively and Beibars BV will then be responsible on a 50/50 basis for any other work programme expenditures required.

4.2.3 Reserves

The Beibars Contract Area is an exploration block, and therefore no reserves have been assigned to the Beibars Contract Area.

4.2.4 Exploration, Appraisal and Development

The Company has awarded a contract to acquire 3D Seismic and geophysical surveys, prior to commencing exploration drilling.

4.3 North Karamandybas Contract Area – Acquisition not completed

4.3.1 Introduction

The North Karamandybas Contract Area is located in the South Mangishlak sub-basin, approximately 100 km east of Aktau, and covers an area of approximately 7.2 km². The North Karamandybas Contract Area is served by existing infrastructure owned by the operators of the Karamandybas and Uzen fields including roads, oil and gas transport, waste disposal and utilisation facilities. In addition, the regional centre of Aktau, with its oil exporting port and railway, is approximately 2 hours away by tarmac road.

Geologically, the North Karamandybas Contract Area is a gentle compressional anticline similar to surrounding fields on the Uzen-Zhetabay Terrace. The field was discovered with the No. 3 well in 1987, which encountered pay in stacked Middle Jurassic deltaic sandstones between 1,400m and 2,000m depth and was tested on pump at commercial rates of approximately 200 bopd.

The North Karamandybas Contract Area is typical of surrounding oilfields in the Mangishlak Basin. The sandstones are normally pressured, have low permeability and do not flow naturally to the surface at commercial rates. The oil is heavily gas under-saturated and very waxy (with a pour point of 34°C). It will therefore be necessary to install artificial lift for any production well and treat the oil with a pour point depressant. It is also likely that pressure maintenance will be required. These characteristics will be addressed by standard industry techniques of hot water injection, heating and additives, and would not significantly affect the development of the North Karamandybas Contract Area.

4.3.2 Contract

The North Karamandybas SSUC expired on 4 December 2007. The North Karamandybas subsoil use rights arise from a previous regime operated by the Government until 1999 whereby both a licence and a SSUC were issued to the contractor. The North Karamandybas licence was issued on 4 December 1997 with a SSUC being issued on 14 October 2000 which was subsequently amended on 24 February 2005 and again on 15 June 2006 and expired on 4 December 2007. The vendors of the SSUC are currently involved in a court case in relation to a dispute of title. Subject to a favourable outcome of this dispute, the Directors believe that the North Karamandybas SSUC may be restored beyond its current expiry date by

the MEMR. However, prior to the completion of the acquisition of the North Karamandybas assets, the Directors will require confirmation of the resolution of all disputes and that the SSUC is in good standing.

There can be no assurance that either the title dispute will be resolved in favour of the North Karamandybas vendors or that the North Karamandybas SSUC will be restored.

Under the North Karamandybas Investment Agreement, RS Munai B.V., a wholly owned subsidiary of the Company, is liable for 50 per cent. of all contributions to the amended work programme.

4.3.3 Reserves

The Competent Person's Report has estimated that the North Karamandybas Contract Area has gross probable reserves of 9.3 MMbbls and gross possible reserves of 11.8 MMbbls and total probable and possible reserves of 21.1 MMbbls. Kazakh Institute reserves are estimated at 5.3 MMbbls C1 reserves and 8.0 MMbbls C1 and C2 reserves.

The Directors believe that the lack of official documentation of long term production from well No. 3 has resulted in the reserves being categorised as probable and possible by the Competent Person. However, the Directors believe it is reasonable to assume that the productivity of the North Karamandybas reservoir is similar to surrounding fields, and that early appraisal and development of the North Karamandybas Contract Area is justified.

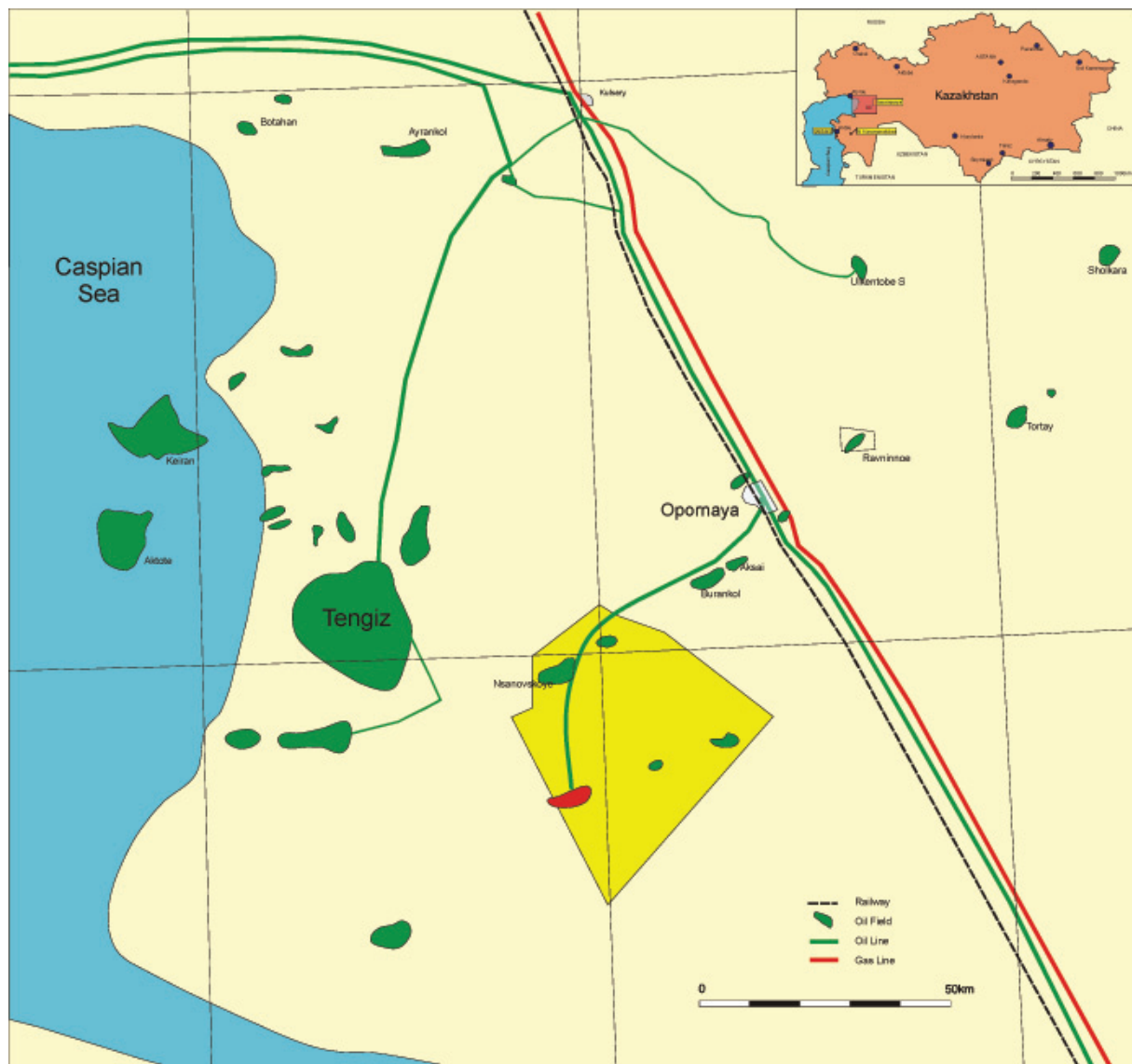
4.3.4 Appraisal and Development

If the Company acquires the North Karamandybas Contract Area, the Company intends to appraise the North Karamandybas Contract Area by re-entering well No. 3, drilling three wells and acquiring 3D Seismic. Following a successful appraisal the Company intends to apply for a Pilot Production Project. As part of Competent Person's Report, a total of 25 wells (including 8 injectors) have been modelled over a 4 year period. The initial average production per well is estimated at just under 200 bopd. The depth is between 1,400 and 2,000 metres.

5. Eragon Group Assets

5.1 BNG Contract Area

Map of the South Pre-Caspian Basin showing location of the BNG Contract Area (Ayrshagyl block) and fields and infrastructure in the surrounding area



5.1.1 Introduction

The BNG Contract Area covers approximately 1,422 km² in the Beineuskiy Region approximately 40 km south east of the Tengiz field in the Mangistau Oblast in Western Kazakhstan.

The BNG Contract Area sits in the South Emba Sub-basin of the Pre-Caspian Basin on the major tectonic boundary between the Pre-Caspian and North Ustyurt Basins. The stratigraphy is typical of the Pre-Caspian pre-salt and post-salt sequences. There are proven reservoirs in the Middle Jurassic, and potential clastic and carbonates reservoirs in the Lower Permian, and Carboniferous. The Kungurian salt sequence is only present over the northern half of the block.

The BNG Contract Area is part of a regional Palaeozoic high which started forming at the end of the Carboniferous, and has a large catchment area for migrated hydrocarbons. Earlier evaluations included in the state tender information pack predict that up to 700 MMbbls (95MMtons) of oil may be trapped on the block.

The Palaeozoic (Carboniferous – Devonian) sequence is a proven source rock in the Pre-Caspian basin.

5.1.2 Contract

The BNG SSUC is an exploration contract that expires on 7 June 2011 and can be extended in accordance with the Subsoil Law, not more than twice, with the duration of each extension not to exceed two years. If a commercial discovery is made on the BNG Contract Area, BNG will have an exclusive right to amend the SSUC and enter into an oil production contract for 25 years, the terms of which would be separately negotiated with the MEMR at the time of such discovery. The BNG SSUC provides for a work programme contribution to be made by BNG of US\$61.2 million over the initial exploration period of four years.

5.1.3 Reserves

The BNG Contract Area is an exploration block, and no reserves have been assigned to it. However, the Company has so far identified 21 exploration leads and prospects from the limited 2D and 3D Seismic currently available.

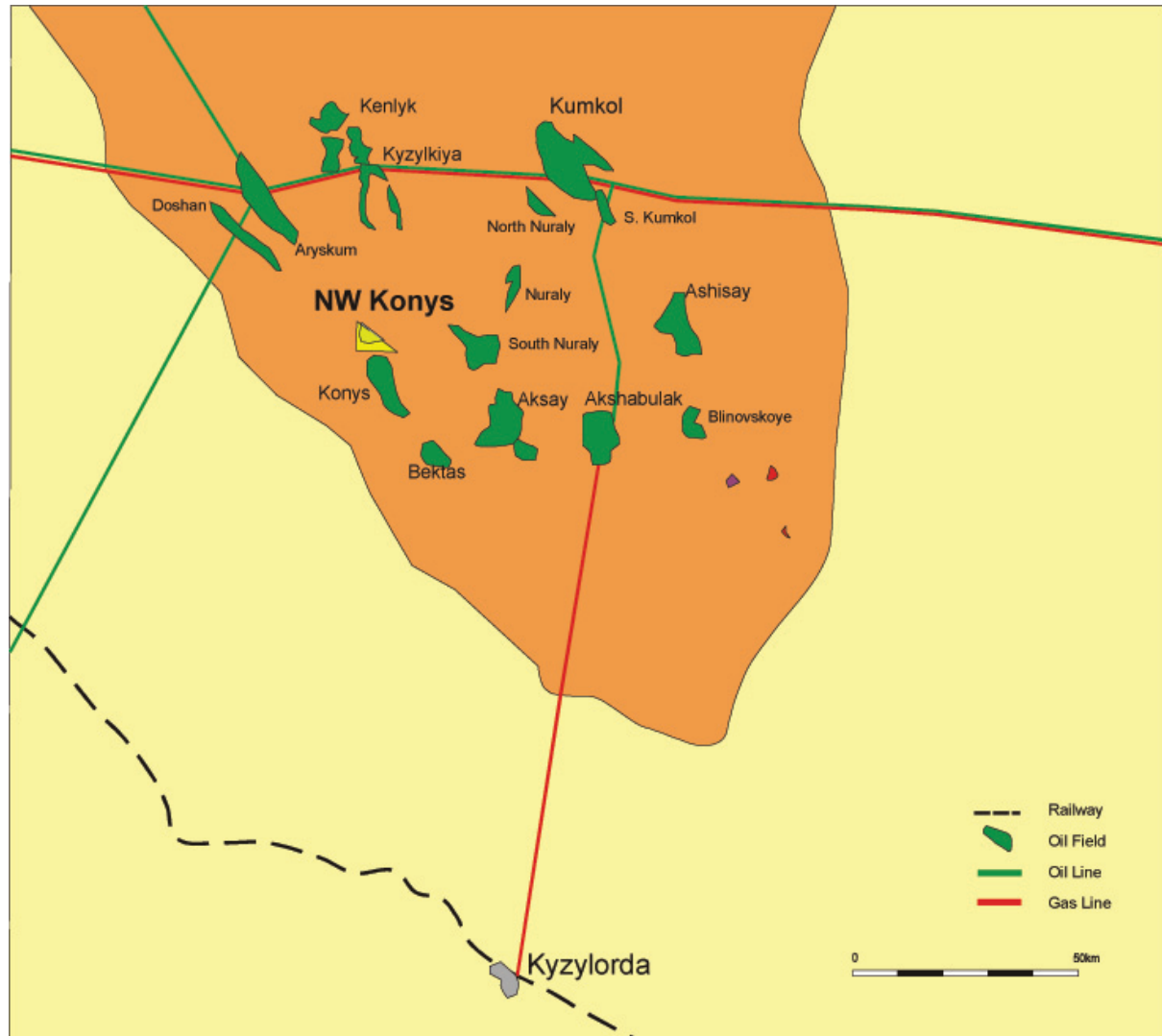
5.1.4 Exploration, Appraisal and Development

BNG plans to carry out a four to eight year exploration programme, which will include collection and evaluation of existing data in 2008, followed by exploration 2D and 3D Seismic in 2008-2009, prior to exploration drilling in 2010-2015.

Under the Eragon Acquisition Agreement, the Company is liable for contributions to Sytero 5 for 59 per cent. of the work programme expenditures required under the BNG SSUC. In addition, under the Eragon Investment Agreement, the Company will make contributions of up to US\$61.2 million to Sytero 5 for the work programme under the BNG SSUC for all immediately anticipated work programme expenditures required. In the event that the Company is unable to provide such contribution, the Company and Baverstock will seek alternative financing on commercial terms from a third party lender.

5.2 Galaz Contract Area

Map of Galaz Contract Area showing the location of the block in the Turgai Basin and the surrounding oilfields

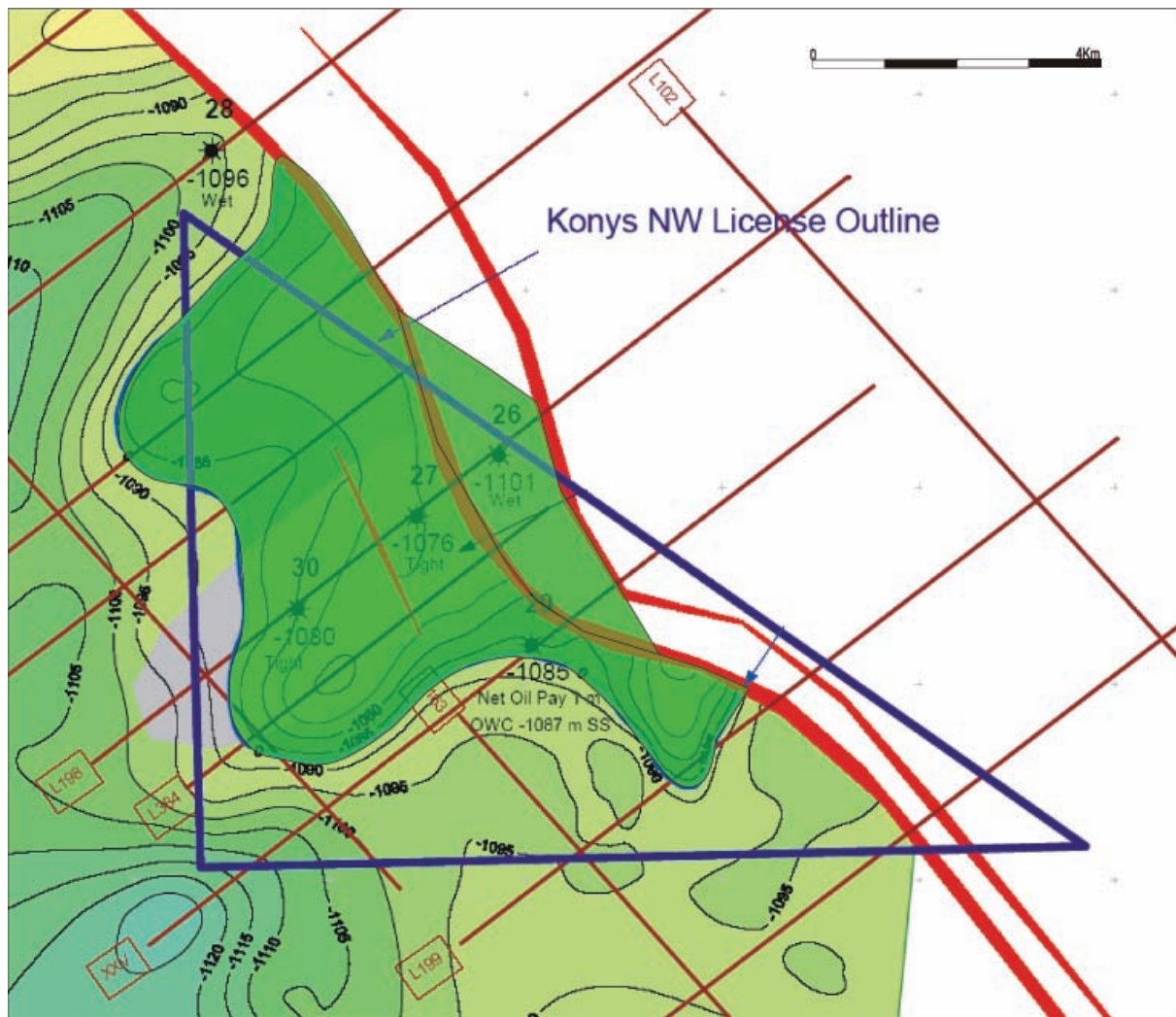


5.2.1 Introduction

The Galaz Contract Area covers approximately 30 km² and is located in the Turgai Basin, approximately 120 km north of Kyzylorda, in the heart of the petroleum producing fields of that region.

The Galaz Contract Area contains the NW Konys field. Discovered in 1992, it lies directly north west of the Konys field. Four wells were drilled on the Galaz Contract Area in the early 1990s, however, it was never developed. Well 26 encountered 3 metres of pay. Fluid inflow was used to estimate a rate of 4 bopd. Well 27 has been tested and has pumped paraffinic 40° API oil on test, from 8m of net Jurassic sands in well 27. Well 27 produced at rates up to 310 bopd from a depth of approximately 1,310m (measured depth) for a period of one month. Indications of an oil accumulation in the Lower Cretaceous Neocomian sandstones were encountered in well 29, which needs to be confirmed with further drilling. Both reservoirs are producing in surrounding fields.

Galaz has recently recommenced work-over operations on the field, on wells 27 and 26, to test the Jurassic reservoir.



Map of Galaz Contract Area showing depth structure to the top of the Neocomanian reservoir and potential field outline at both Jurassic and Neocomian

5.2.2 Contract

The Galaz SSUC is an exploration contract that expires on 14 May 2009. The Galaz SSUC has been extended twice and cannot, under the Subsoil Law, be extended again. If a commercial discovery is made on the Galaz Contract Area, Galaz will have an exclusive right to amend the SSUC and enter into an oil production contract for 25 years, the terms of which would be separately negotiated with the MEMR at the time of such discovery.

The Galaz SSUC provides for work programme contributions to be agreed with the regional authorities. The total minimum work programme commitment under the Galaz SSUC is approximately US\$17 million.

Under the Eragon Acquisition Agreement, the Company is liable for contributions to Sytero 4 for 50.15 per cent. of the work programme expenditures required under the Galaz SSUC. In addition, under the Eragon Investment Agreement, the Company will make contributions of up to US\$17 million to Sytero 4 for the work programme under the Galaz SSUC for all immediately anticipated work programme expenditures required. In the event that the Company is unable to provide such contribution, the Company and Baverstock will seek alternative financing on commercial terms from a third party lender.

5.2.3 Reserves

There are currently 12.5 MMbbls of C2 reserves estimated for the NW Konys field according to Kazakh Institute estimates. A recalculation of reserves has been carried out to SPE standards. Proven, probable and possible reserves of 7.9 MMbbls are detailed in the Competent Person's Report. Additional prospective resources have been identified by the Company in the Lower Cretaceous reservoir.

5.2.4 Exploration, Appraisal and Development

The Company intends to shoot a 3D Seismic survey over the field in 2008 to confirm the structure and reservoir distribution and also to commence appraisal/development drilling 2008.

5.3 Munaily Contract Area

Map showing location of Munaily Contract Area in the Atyrau Oblast



5.3.1 Introduction

The Munaily Contract Area covers 0.69 km², and lies approximately 60 km southeast of the town of Kulsary in Atyrau oblast. The block contains the old Munaily field with 59 old wells and some surface facilities.

The Munaily field was discovered in 1946. By 2002, the field had produced a cumulative of 10 MMbbl of 24° to 41° API oil, from 11 shallow Cretaceous, Jurassic and Triassic aged sands between 500m and 1650m.

5.3.2 Contract

The Munaily SSUC is an exploration and production contract that expires on 31 January 2030, with an initial three year period of exploration and a twenty two year period of production. The exploration period may be extended twice, in accordance with the Subsoil Law, with each extension period not to exceed two years. The initial exploration period has expired under the Munaily SSUC and was extended by Amendment No. 1 to the Munaily SSUC dated 8 December 2006.

The Munaily SSUC provides for work programme contributions to be made by Munaily of US\$17 million over the years 2005, 2006 and 2007. A work programme obligation of US\$1.491 million was agreed for 2007.

Under the Eragon Acquisition Agreement, the Company is liable for contributions to Sytero 5 for 59 per cent. of the work programme expenditures required under the Munaily SSUC. In addition, under the Eragon Investment Agreement, the Company will make contributions of up to US\$17 million to Sytero 5 for the work programme under the Munaily SSUC for all immediately anticipated work programme expenditures required. In the event that the Company is unable to provide such contribution, the Company and Baverstock will seek financing on commercial terms from a third party lender.

The Company has entered into a Guarantee and Indemnity Agreement, further details of which are provided in paragraph 12.6(c) of Part VI of this document, whereby the Company has the right to limit its obligation to make expenditures on this asset to US\$2 million for the period of 12 months from Admission.

5.3.3 Reserves

No reserves have been attributed to the Munaily Contract Area.

5.3.4 Appraisal and Development

There is an eight well drilling programme and a multiple well work-over programme on the block, which has been commenced by the operator. The Company plans to complete the existing drilling and work-over programme and re-evaluate the potential of the field.

6. Company's Operations and Work Programme

6.1 Operational Matters

On the Ravninnoe Contract Area, the Company is currently acquiring approximately 130 km² of 3D Seismic, due to be completed in February 2008. The Company is also mobilising a work-over rig to begin the re-entry of well 5 (the first in a five well re-entry programme is expected to be completed in Q3 2008).

On the Beibars Contract Area, the Company has awarded the contract to acquire 3D Seismic over the block and is finalising the programme prior to mobilising a crew to the Beibars Contract Area in February 2008.

6.2 Work Programme

The Group's near term strategy in relation to the Contract Areas is designed to maximise reserves growth and early production.

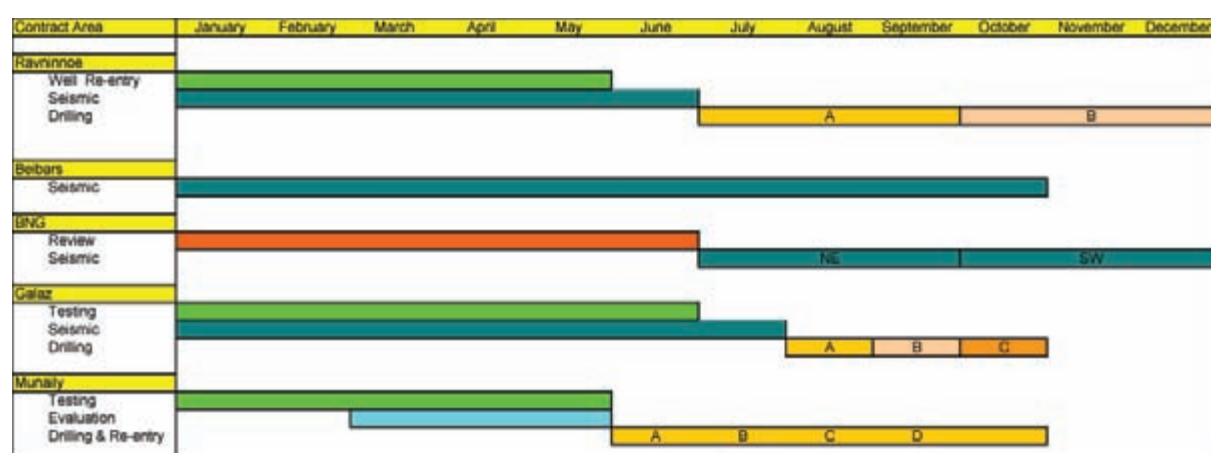
The Company will pursue accelerated seismic programmes in 2008 to appraise the Beibars Munai and Ravninnoe Contract Areas and, following Admission, the BNG and Galaz Contract Areas.

In 2008, two appraisal wells are planned to commence drilling on the Ravninnoe Contract Area. Following Admission, appraisal wells are planned on the Galaz Contract Area.

The Company will continue the five well re-entry programme on the Ravninnoe Contract Area, and, following Admission, will re-enter wells 28 and 29 on the Galaz Contract Area. Further well re-entries will also be considered on the Munaily Contract Area depending upon the results of evaluation work done in the first half of 2008.

Work Programme Timeline 2007-2008

The following is a timeline of the intended work programme for the Enlarged Group:



Notes: A, B, C, D denote different oil wells.
NE denotes North East.
SW denotes South West.

7. Summary of the Competent Person's Report for Roxi and Eragon SSUCs

The Competent Person's Report assigned crude oil reserves to the Ravninnoe and Galaz Contract Areas as follows:

		Operator	Working Interest	Proved	Probable	Proved Plus Probable	Possible	Proved Plus Probable Plus Possible
Crude Oil Reserves								
Property Gross, Mbbl								
Roxi Group Assets								
Ravninnoe	Ravninnoe Oil		50%	–	1,284	1,284	2,369	3,653
Eragon Assets								
Galaz (NW Konys)	Galaz		50.15%	684	2,825	3,509	4,343	7,852
Roxi Gross, Mbbl ⁽¹⁾								
Roxi Group Assets								
Ravninnoe	Ravninnoe Oil		50%	–	642	642	1,184	1,826
Eragon Assets								
Galaz (NW Konys)	Galaz		50.15%	343	1,417	1,760	2,178	3,938
Roxi Net, Mbbl ⁽²⁾								
Roxi Group Assets								
Ravninnoe	Ravninnoe Oil		50%	–	629	629	1,161	1,790
Eragon Assets								
Galaz (NW Konys)	Galaz		50.15%	336	1,389	1,725	2,134	3,859

(1) Roxi Gross reserves are based on the working interest share of the reserves for each property before deductions of royalties.

(2) Roxi Net reserves are based on the working interest share of the reserves after the deduction of royalties.

Contingent Resources

In addition to crude oil reserves, Contingent Resource estimates were also assigned to the Ravninnoe Contract Area (working interest – 50%).

	<i>Property Gross Mbbbl</i>	<i>Roxi Gross Mbbbl</i>
Low Estimate	1,051	526
Best Estimate	2,595	1,298
High Estimate	10,597	5,298

Net Present Value

The net present values of the reserves were based on future production and revenue analyses. No value has been assigned to Contingent Resources. Roxi's share of the net present values of the reserves based on forecast prices and costs assumptions as of 30 September 2007 were estimated to be as follows:

Roxi Group Contracts (Ravninnoe):

	Net Present Values at 30 September 2007 (US\$1000)				
	Discounted At				
	0%	5%	10%	15%	20%
Before Income Taxes ^{(1) (2)}					
Proved Reserves	–	–	–	–	–
Probable Additional Reserves	2,154	754	(146)	(753)	(1,176)
Total Proved + Probable Reserves	2,154	754	(146)	(753)	(1,176)
Possible Reserves	14,112	6,446	2,209	(239)	(1,698)
Total Proved + Probable + Possible Reserves	16,266	7,200	2,063	(992)	(2,874)
After Income Taxes ^{(1) (2)}					
Proved Reserves	–	–	–	–	–
Probable Additional Reserves	1,763	448	(388)	(947)	(1,334)
Total Proved + Probable Reserves	1,763	448	(388)	(947)	(1,334)
Possible Reserves	10,114	3,875	458	(1,487)	(2,621)
Total Proved + Probable + Possible Reserves	11,877	4,323	70	(2,433)	(3,954)

(1) The net present values may not necessarily represent the fair market value of the reserves.

(2) The value of all wells and facilities are included in the net present value estimates.

Eragon Contracts (North West Konys):

Net Present Values at 30 September 2007 (US\$1000) Discounted At

	0%	5%	10%	15%	20%
Before Income Taxes ^{(1) (2)}					
Proved Reserves	5,618	4,551	3,763	3,168	2,708
Probable Additional Reserves	21,630	16,626	13,091	10,522	8,608
Total Proved + Probable Reserves	27,248	21,177	16,854	13,690	11,316
Possible Reserves	35,215	25,592	19,041	14,458	11,173
Total Proved + Probable + Possible Reserves	62,463	46,768	35,895	28,148	22,490
After Income Taxes ^{(1) (2)}					
Proved Reserves	4,131	3,327	2,740	2,301	1,964
Probable Additional Reserves	11,533	8,257	6,032	4,481	3,374
Total Proved + Probable Reserves	15,664	11,584	8,773	6,782	5,338
Possible Reserves	20,915	14,635	10,452	7,593	5,592
Total Proved + Probable + Possible Reserves	36,579	26,219	19,225	14,375	10,930

(1) The net present values may not necessarily represent the fair market value of the reserves.

(2) The value of all wells and facilities are included in the net present value estimates.

Details of reserves and net present value for North Karamandybas is not shown here due to the dispute over title to this asset and the additional requirement for an extension to the licence that expired on 4 December 2007. A Competent Person's Report on this asset is shown for illustrative purposes in Part III.

8. Management Group Structure

8.1 The Board

Brief biographies of the Directors are set out below. Paragraph 9 of Part VI of this document contains further details of the current and past directorships and certain other important information regarding the Directors of the Company on Admission.

Clive Nathan Carver, non-executive Chairman, age 47

Clive Carver qualified as a chartered accountant with Coopers and Lybrand in London in 1986. Since then he has focused on the corporate finance and corporate broking arena, including working for Kleinwort Benson and Price Waterhouse Corporate Finance.

He spent five years at Seymour Pierce, where he was a director and head of corporate finance, and five years at Williams de Broë, where he was head of corporate finance and corporate sales. At Williams de Broë he led the team floating and fund raising for a number of natural resource companies. Mr. Carver is a qualified corporate treasurer.

Jean Joseph Louis Robert Schoonbrood, Chief Executive Officer, age 63

Rob Schoonbrood has 40 years energy sector experience, primarily in oil and gas, having spent the first 30 years of his career with the Royal Dutch Shell Group. He has held a variety of positions including Business Development Manager of Oil Products East for Shell International Petroleum Company in London and Chief Executive of Shell Markets Middle East/Shell Trading Middle East in Dubai.

Mr. Schoonbrood left the Royal Dutch Shell Group in 1999 and since then has acted as an independent business consultant, advising on a number of deals and for a variety of companies in Kazakhstan. This includes initiating and implementing a Crude Oil swap agreement between Kazakhstan and Iran on behalf of CJSC Munai Impex and acting as a Senior Advisor to the management of PetroKazakhstan, with an emphasis on business with Iran, Kazakhstan and China.

He was President of Unioil AG, an independent oil transport and trading company focusing on niche business around the Caspian Sea, from 2002-2003 and was Operations Director of Cobalt Energy Group, a US based wholesale company, from 2004-2005.

David Robert Barker, Chief Operating Officer, age 52

David Barker has 30 years experience in the oil and gas industry. His early career included petroleum operations and production engineering positions with Mobil Oil Corporation and Mitchell Energy Corporation. He has served in senior management positions in publicly traded companies for over 15 years, including as president of an oil and gas company in the United States.

More recently he has direct experience in Kazakhstan initially as an oil and gas consultant advising the Kazakh government in improving its management of natural resources. He has also served as the General Director of Operations in Kazakhstan and as the director of the local subsidiaries for Big Sky Energy Corporation.

Duncan McDougall, Technical Director, age 48

Duncan McDougall has 26 years international experience of exploration, appraisal and development of oilfields in a variety of environments. He began his career in the North Sea with Charterhouse Petroleum and BP Exploration as an exploration and development geologist. For the past 15 years, he has been advising, through his firm Saxford Limited, a large variety of companies on the purchase and development of oil and gas assets in Africa, Europe, the Far East and Asia, with the large majority in the former Soviet Union.

Kuat Rafikuly Oraziman, non-executive Director, age 45

Kuat Oraziman has 20 years of business experience in Kazakhstan and abroad and nearly 10 years of oil and gas experience in Kazakhstan. His experience has included the operation of import and export businesses, the establishment and operation of an international brewery in Kazakhstan, and acting as the Kazakhstan representative of Phillips and Stork. Since 1991 Mr. Oraziman has been a director of ADA. Mr. Oraziman also holds a doctorate in science and is a trained geologist.

8.2 Other Senior Management

Brian Martin Paul Garvey CIMA, Group Financial Manager, age 56

Brian Garvey is a member of the Chartered Institute of Management Accountants (C.I.M.A). He has over 30 years of financial and management accounting experience. Over the last 12 years he has worked in Kazakhstan, Russia and other areas of the former Soviet Union as Financial Controller/Director of publicly traded and private companies.

9. Regulation of Oil and Gas Industry in Kazakhstan

9.1 Regulatory Matters In Kazakhstan

The main regulatory bodies that are relevant to the Enlarged Group's operations in Kazakhstan will include:

- *Ministry of Energy and Mineral Resources.* MEMR is the central executive body of the Government with responsibility for the regulation of the energy industry, including mineral resources and the petrochemical industries. MEMR's functions include regulating the exploration, development and use of subsoil resources including the preparation of contracts for subsoil use and monitoring the production, transportation and processing of hydrocarbons and sales of oil products. There is additional regulation through MEMR's Committee of Geology and Subsoil Use, as well as through the organisational and territorial departments of MEMR and its committees.
- *Ministry of Environmental Protection.* MEP is the central executive body of the Government performing intra-industry coordination and the functions of state regulation and control in the area of environmental protection. Its functions include approving or coordinating requirements, establishing limits on discharges of polluting substances, disposal of production and consumption waste and issuing permits and licences for certain ecologically dangerous activities and nature use.
- *Ministry of Labour and Social Protection.* The Ministry of Labour and Social Protection is the central executive body of the Government regulating and coordinating industry in the areas of labour and social protection.

Other

Other regulatory requirements which the Enlarged Group will be subject to include:

- Import and export of goods with customs authorities;
- Inflows and outflows of capital with the currency authorities;
- Land use and construction permits with regional authorities;
- Statistical reporting with the Statistical Agency; and
- Licensed activities associated with operating mining facilities.

9.2 Article 71 of the Subsoil Law

Article 71 of the Subsoil Law ("Article 71") provides, amongst other things, that, in respect of both newly concluded SSUCs and SSUCs concluded before the coming into effect of Article 71 (other than contracts in respect of underground water and commonly occurring minerals), the State has a priority right over the other party to the contract or over participants in a legal entity which possesses the subsoil right, and over other persons, to acquire (on conditions no worse than those offered to other buyers): (i) all or any part of a subsoil right which is being alienated; and/or (ii) the shares in the legal entity possessing a subsoil right and also in a legal entity which can directly and/or indirectly determine the decisions and/or influence decisions to be taken by the subsoil user, if the main business of the latter is connected with subsoil use in Kazakhstan.

The Company applied for Article 71 waivers in respect of any rights the Government may have in respect of the placing of Ordinary Shares at the time of the Initial Admission. The Government issued its waiver of any such rights on 16 May 2007.

Ravninnoe Oil applied for and was granted an Article 71 waiver in respect of any rights the Government may have in respect of the acquisition by Ravninnoe B.V. of Participation Interests in Ravninnoe Oil. The Ravninnoe Oil waiver was issued by the Government on 23 April 2007. No such waiver was required in respect of the acquisition by Beibars B.V. of Participation Interests in Beibars Munai. If the Company acquires the North Karamandybas SSUC, Article 71 waivers will also be required to be obtained prior to the completion of such acquisition.

The Company applied for Article 71 waivers in respect of any rights the Government may have in respect of the issue of the Consideration Shares and the Project Management Shares pursuant to the Eragon Acquisition. Under the Eragon Acquisition Agreement, it was also necessary for the vendor to apply for Article 71 waivers as well as governmental permissions associated with Article 14 of the Subsoil Law and Article 53 of the Petroleum Law. MEMR provided the required waivers and permissions by separate letters to the Company and the vendors under the Eragon Acquisition Agreement on 14 December 2007.

Prior to issuing the Consulting Option Shares and the Consulting Success Shares it will also be necessary to seek a waiver under Article 71. If the Company in the future also seeks to issue further Ordinary Shares it will be necessary to seek a waiver under Article 71.

9.3 Competition Law

Under various articles and threshold tests associated with the Competition Law, completion of the Eragon Acquisition required anti monopoly approvals from the *Committee for the Protection of Competition under the Ministry of Industry and Trade* of Kazakhstan. On 6 December 2007 this Committee issued separate approvals to the Company and to the vendors under the Eragon Acquisition Agreement in accordance with the Competition Law.

10. Sub-soil Use Contracts

10.1 Overview

The State owns the crude oil and gas in the subsoil of Kazakhstan. It grants hydrocarbon contracts, being SSUCs, in the form of exploration, production or exploration and production contracts for fixed periods of time. Although exploration may be conducted without an exploration contract, an explorer that does not possess an exploration contract does not have exclusive rights to conduct exploration activities within the

explored area and is not entitled to enter into negotiations with MEMR for a production contract until an exploration contract is obtained. When commercial discoveries are made, the holder of an exploration contract has an exclusive right to obtain a production contract through direct negotiations with MEMR. Hydrocarbons may only be extracted and sold if the producer has entered into a production contract with MEMR, except for limited production made for trial purposes. The production contract defines the subterranean zones (for example, the Triassic Zone) from which the holder may extract hydrocarbons. Production contracts may govern the production rights for more than one block or field.

The negotiation of a SSUC is a complex process requiring the agreement of a number of governmental ministries, including MEMR, and requires the preparation of economic models with financial expenditure commitments. In the event a SSUC cannot be negotiated, an explorer or producer risks losing all rights to its exploration or production (or both) for the geography in question. In addition, the explorer or producer and a department of the Government, known as a research and design institute, must formulate a development plan for each field specifying detailed drilling and production targets once commercial discovery is made. The development plan may be periodically modified with the approval of MEMR in order to reflect changing circumstances. Default by a producer under the terms of a SSUC or development plan can result in the loss of a SSUC and, accordingly, all production rights.

Prior to 1999, subsurface use rights in Kazakhstan were granted through issuance of an exploration or production licence (or both) and a related contract which was negotiated after the issuance of a licence. A contract would set forth the specific terms of the exploration or production activities (or both) based upon the licence terms. Contract terms could not contradict the licence as the latter had prevailing force over the contract. In 1999, Kazakhstan law changed such that licences were no longer required. Licences granted prior to the change in law remain in force until they expire. Since 1999, exploration or production rights (or both) are granted pursuant to a contract only.

Recent Amendments – Subsoil Law

In October 2007 Kazakhstan adopted certain amendments to the Subsoil Law. These amendments apply retroactively to all subsoil use contracts granting production or combined exploration and production rights. The amendments do not apply to exploration contracts entered into before the amendments became effective on 3 November 2007. These amendments provide that in the event that the actions of a subsoil user in respect of subsoil properties of strategic significance result in a material change to the economic interests of Kazakhstan, threatening its national security, MEMR is entitled to demand amendment of the terms of the subsoil use contract to restore the economic interests of Kazakhstan. If parties fail to negotiate, introduce, and sign amendments to a subsoil use contract covering subsoil properties of strategic significance within a certain timeframe, MEMR may unilaterally terminate the contract.

These recent amendments are indicative of a general shift in the regulatory stance of the Government in regards to operations conducted under SSUCs and in particular towards a growing intolerance of non-compliance in respect of activities conducted under such contracts and the Government's willingness in certain circumstances to intervene, suspend, amend terms, threaten to terminate and in exceptional circumstances terminate such contracts.

10.2 Summary of the Group's and the Eragon Group's SSUCs

The following is a summary of the key terms of the SSUCs that govern the Contract Areas:

(a) Beibars SSUC

Contract Type:	Exploration
Date of Grant/Amendment:	31 January 2007
Registration Number:	2287
Contract Area:	Within Block XXXVII-10 (partially) in the Mangistau Oblast of Kazakhstan covering approximately 167 km ²
Percentage held by Beibars Munai:	100 per cent.

Term:	31 January 2012, two possible extensions each of two years' duration with consent of MEMR
Work Programme:	US\$22,361,690 over the Term: year 1 US\$3,035,000, year 2 US\$3,350,000, year 3 US\$5,352,230, year 4 US\$5,282,230 and year 5 US\$5,342,230. The Group's share of the work programme is 50 per cent. of \$18.5 million based upon the obligations under the Beibars Investment Agreement
Signing Bonus:	US\$1,500,000 paid in March 2007 by Beibars Munai
Commercial Discovery:	Commercial discovery gives Beibars Munai the exclusive right to proceed with Production following the execution of a Production Contract between the MEMR and Beibars Munai
Commercial Discovery Bonus:	In accordance with the Tax Code of Kazakhstan 0.1 per cent. of the calculation base payable in the event of commercial discovery in accordance with the Tax Code of Kazakhstan and the SSUC and to be valued on the volume of approved recoverable reserves calculated based on stock exchange prices of minerals on the London Stock Exchange and is payable within ninety (90) days from the date the reserves are approved
Royalties:	In accordance with the Tax Code of Kazakhstan sliding scale depending on annual production: 0.5 million tons 2 per cent., 0.5 to 1 million tons 2.5 per cent., 1 to 1.5 million tons 3 per cent., 1.5 to 2 million tons 3.5 per cent., 2 to 2.5 million tons 4 per cent., 2.5 to 3.5 million tons 4.5 per cent., 3.5 to 4.5 million tons 5 per cent., 4.5 to 5 million tons 5.5 per cent. and over 5 million tons 6 per cent. for crude oil and also for gaseous hydrocarbons based on 1,000 cubic metres of gas being equal to 0.857 tons of crude oil
Customs Duties:	Pursuant to the customs legislation of Kazakhstan in effect at the time of accrual of payment liabilities
Training:	Not less than five per cent. of the annual capital expenditure on Exploration per annum
Social Programmes:	US\$2,000,000; US\$200,000 per annum over the Term and US\$1,000,000 in year 2 to the Astana Budget
Pilot Production:	One hundred per cent. of oil produced from pilot production must be supplied to local refineries
Employment:	One hundred per cent. local Kazakhstani personnel for all works performed under the SSUC
Environment:	Obligations pursuant to SSUC, international treaties to which Kazakhstan is a party and legislation of Kazakhstan
Termination:	Failure to fulfil material obligations under SSUC or associated work program; failure to cure any breach of SSUC or associated work program where SSUC has been suspended; failure to comply with provisions of the Subsoil Law of Kazakhstan and bankruptcy of contractor
Language:	Kazakh and Russian, with the latter to prevail
Historical Costs:	US\$1,426,499.79, of which 1.5 per cent. must be paid within 30 days of signing an agreement to acquire such information and the

balance to be paid pursuant to future production contract if a commercial delivery is made

Relinquishment Contract Area: Relinquishment of the Contract Area, except for territory where a Commercial Discovery has been made, will be done according to the following schedule:

- by the end of the third Contract Year – 30%;
- by the end of the fourth Contract Year – 20%;
- by the end of the fifth Contract Year – all of the remaining Contract Area, except for territory where a Commercial discovery was made

(b) Ravninnoe SSUC

Contract: Exploration and Production

Date of Grant/Amendment: 16 April 2004, Amendment No 1 to Contract 22 April 2004 (reg. No. 1401) and Amendment No 2 to Contract 20 November 2007 (reg. No. 2490)

Registration Number: 1390

Contract Area: The Ravninnoe Oil deposit situated within the scopes of block XXVIII-17D (partially) E (partially); XXIX-17A (partially) B (partially) Atyrau Oblast, Kazakhstan covering approximately 88 km² (December 2001) and according to extended Geological allotment – 121 km² (December 2006)

Percentage held by Ravninnoe: 100 per cent.

Term: 25 years commencing 16 April 2004, 3 years exploration (expired on 16 April 2007 with two extension periods possible each of two years duration; first extension was granted on 21 March 2007 for 2 years now expires on 16 April 2009) and 22 years production

Work Programme: Exploration 3 years US\$17,350,000. Year 1 US\$350,000; year 2 US\$8,000,000; year 3 US\$9,000,000; Extension to SSUC by virtue of Amendment No.2 further US\$14,466,400 being year 4 US\$3,100,100; and year 5 US\$11,544,400

Signing Bonus: US\$500,000 was paid in February 2005 by Ravninnoe Oil

Commercial Discovery: Gives Ravninnoe Oil exclusive right to carry out production. Terms and conditions of production shall be determined in a supplemental agreement to the SSUC, to be entered into by the parties to the SSUC upon approval of the reserves

Commercial Discovery Bonus: In accordance with the Tax Code of Kazakhstan 0.1 per cent. of the calculation base payable in the event of commercial discovery in accordance with the Tax Code of Kazakhstan and the SSUC and to be valued on the volume of approved recoverable reserves calculated based on stock exchange prices of minerals on the London Stock Exchange and is payable within ninety (90) days from the date the reserves are approved

Royalties: In accordance with the Tax Code of Kazakhstan sliding scale depending on production per annum: 2 million tons 2 per cent., 2 to 3 million tons 3 per cent., 3 to 4 million tons 4 per cent., 4 to 5 million tons 5 per cent., and over 5 million tons 6 per cent. for

	Crude Oil and also for gaseous hydrocarbons based on 1000 cubic metres of gas being equal to 0.857 tons of crude oil
Customs Duties:	Pursuant to the customs legislation of Kazakhstan in effect at the time of accrual of payment liabilities
Training:	Not less than one per cent. of the annual capital expenditure on exploration and production per annum
Social Programmes:	During exploration period US\$300,000 to Atyrau Oblast Budget, US\$300,000 to Astana Budget
Pilot Production:	One hundred per cent. of oil produced from pilot production and twenty per cent. during production period must be supplied to local Kazakhstan refineries
Employment:	Priority to be afforded to local Kazakh personnel for all works performed under the SSUC
Environment:	Obligations pursuant to SSUC, international treaties to which Kazakhstan is a party and Kazakhstan legislation
Termination:	Failure to fulfil material obligations under SSUC or associated work program; failure to cure any breach of SSUC or associated work program where SSUC has been suspended; failure to comply with provisions of the Subsoil Law of Kazakhstan and bankruptcy of contractor
Language:	Kazakh and Russian, with the latter to prevail
Historical Costs:	US\$12,146,030.00 less US\$60,730 (which was paid in 2005 by Ravninnoe Oil) with the balance payable only if a commercial discovery occurs and then subject to further agreement with the MEMR through a production agreement. When a joint venture with foreign participation is established, the historical cost shall be increased from 0.05 to 5 per cent. from previous sum. Pursuant to Amendment No. 1 Historical Costs were increased by an additional US\$3,713,560.00 of which 0.5 per cent. (US\$18,568.00) was paid and the balance is payable if a commercial discovery is made
Relinquishment Contract Area:	Relinquishment the Contract Area, except for territory where a Commercial Discovery has been made, is carried out after the Exploration phase of the Contract has been completed. As the Exploration program advances, the Contractor undertakes to relinquish, according to the Contract and Work Programme, the Contract Area, except for the territory where there has been a Commercial Discovery
(c) North Karamandybas SSUC	
Contract:	Exploration
Date of Grant/Amendment:	4 December 1997 (No. MG 971 Licence) 14 October 2000 (SSUC) Amendment No.1 to SSUC 24 February 2005 (reg. no. 1679) Amendment No.2 to SSUC 15 June 2006 (reg. no 2072)
Registration Number:	550
Contract Area:	The Severny Karamandybas oil deposit situated within the block XXXVII-13A (partially), Mangystau Oblast, Kazakhstan covering approximately 7.2 km ²

Percentage held by RS Munai:	Zero per cent., pending resolution of legal proceedings over title and extension of SSUC
Term:	4 December 2007 (under amendment No. 2)
Work Programme:	2006 – US\$1,720,000 2007 – US\$1,250,000
Signing Bonus:	US\$500,000
Commercial Discovery:	Contractor under the SSUC has exclusive right to obtain production agreement if a commercial discovery is made
Commercial Discovery Bonus:	0.1 per cent. of the calculation base payable in the event of commercial discovery in accordance with the Tax Code of Kazakhstan and 0.05 per cent. according to the SSUC and to be valued on the volume of approved recoverable reserves and payable within thirty (30) days from the date the reserves are approved
Royalties:	Under the SSUC, shall be specified in a contract for the production. In the event of a test production of oil, it should be paid at the rate of 2 per cent. of the volume of produced oil
Custom Duties:	Pursuant to the customs legislation of Kazakhstan in effect at the time of accrual of payment liabilities
Training:	Not less than one per cent. of the annual work program according to Amendment No. 1 to the SSUC
Social Programmes:	Not applicable
Pilot Production:	Allowed to undertake pilot production and dispose of the oil at the discretion of the contractor
Employment:	Priority shall be afforded to local Kazakhstani personnel
Environment:	Obligations pursuant to SSUC, international treaties to which Kazakhstan is a party and Kazakhstan legislation
Termination:	Failure to rectify grounds for suspension of the SSUC; invalidation of the SSUC in accordance with the subsoil use laws, violation of Kazakhstan law in the signing and registration of the SSUC, transfer of rights under the SSUC in violation of the applicable terms and conditions of the SSUC and law; provision of knowingly false information to MEMR or other state authority, taking of actions which would result in a further suspension of the SSUC; suspension of operations for more than 180 days except in <i>force majeure</i> cases; breach of confidentiality provisions, repudiation of the SSUC by the contractor
Language:	Kazakh and Russian, with the latter to prevail
Historical Costs:	Total amount is US\$1,110,140 of which 0.5 per cent. (US\$5,551) payable. The balance will be payable within production period under a new subsoil use contract for production.
Relinquishment Contract Area:	In the course of Exploration, the Contractor may relinquish all or any part of the Contract Area at any time at its discretion, provided it has fulfilled the requirements set out in the Licence and this Contract. Upon expiry of the Exploration Phase, the Contractor

shall relinquish to the Republic the entire Contract Area, except for those sections where evaluation work is expected to be carried out. In the absence of a Commercial Discovery at the Contract Area, the Contractor shall return one hundred per cent (100%) of the Contract Area

(d) BNG SSUC

Contract:	Exploration
Date of Grant/Amendment:	7 June 2007
Registration Number:	2392
Contract Area:	At the Ayrshagyl acreage within blocks XXIX-15-E (Partially), F (Partially), XXIX-16-D (Partially), E (Partially), XXX-15-B (Partially), C (Partially), E (Partially), F (Partially), XXIX-16-A, B (Partially), C (Partially), E (Partially), F (Partially), XXXI-15-C (Partially), 16-A (Partially), B (Partially) in the Mangistau Oblast of Kazakhstan and covering approximately 1,422 km ²
Percentage held by BNG:	100 per cent
Term:	Four years expires 7 June 2011 with two extensions periods each for two years with MEMR consent
Work Programme:	Exploration 4 years US\$61,200,000: Year 1 US\$1,700,000; year 2 US\$7,615,000; year 3 US\$15,900,000; and year 4 US\$35,985,000
Signing Bonus:	US\$21,700,000 was paid in July 2007 by BNG
Commercial Discovery:	Commercial discovery gives the exclusive right to BNG to proceed with the execution of the Oil Production Contract by way of direct negotiations
Commercial Discovery Bonus:	0.1 per cent. of the calculation base payable in the event of commercial discovery in accordance with the Tax Code of Kazakhstan and the SSUC and to be valued on the volume of approved recoverable reserves calculated based on stock exchange prices of minerals on the London Stock Exchange and is payable within ninety (90) days from the date the reserves are approved
Royalties:	In accordance with the Tax Code of Kazakhstan sliding scale depending on production per annum: 0.5 million tons 2 per cent., 0.5 to 1 million tons 2.5 per cent., 1 to 1.5 million tons 3 per cent., 1.5 to 2 million tons 3.5 per cent., 2 to 2.5 million tons 4 per cent., 2.5 to 3.5 million tons 4.5 per cent., 3.5 to 4.5 million tons 5 per cent., 4.5 to 5 million tons 5.5 per cent. and over 5 million tons 6 per cent. for crude oil and also for gaseous hydrocarbons based on 1,000 cubic metres of gas being equal to 0.857 tons of crude
Customs Duties:	Pursuant to the customs legislation of Kazakhstan in effect at the time of accrual of payment liabilities
Training:	Not less than one per cent. of the annual capital expenditure on exploration per annum
Social Programmes:	During exploration US\$2,500,000 for social programmes of the Mangistau Oblast being year 1 US\$625,000; year 2 US\$625,000;

year 3 625,000; and year 4 US\$625,000. Further during exploration but by not later than the end of the second year of the first exploration period under the SSUC US\$2,500,000 for the development of the City of Astana. During the production phase of the SSUC US\$2,500,000 for social programs for the Mangistau Oblast region

Pilot Production:	In accordance with approved project documentation
Employment:	Priority to be afforded to local Kazakh personnel for all works performed under the SSUC including all senior and middle managers as well as specialists and qualified workers
Environment:	Obligations pursuant to SSUC, international treaties to which Kazakhstan is a party and Kazakhstan legislation
Termination:	Failure to fulfil material obligations under SSUC or associated work program; failure to cure any breach of SSUC or associated work program where SSUC has been suspended; failure to comply with provisions of the Subsoil Law of Kazakhstan and bankruptcy of contractor
Language:	Kazakh and Russian, with each having equal legal weight
Historical Costs:	Not specified
Relinquishment Contract Area:	<p>The Contract Area, except any areas in which Commercial Discovery was made, shall be relinquished as follows:</p> <ul style="list-style-type: none"> – after 2 years – 20%; – after 3 years – 20%; – by the end of the fourth year of the Contract term – the whole of the remaining Contract Area, except for any areas in which Commercial Discovery was made
(e) Galaz SSUC Contract:	Exploration
Date of Grant/Amendment:	12 December 2000 (SSUC), Amendment No.1 to SSUC 13 May 2005; Amendment No. 2 to SSUC 28 February 2007
Registration Number:	593
Contract Area:	North West Konys Field in the Kyzylorda Oblast of Kazakhstan and covering approximately 30.007 km ²
Percentage held by Galaz:	100 per cent.
Term:	14 May 2009, no further extension of the exploration period are permitted by the Subsoil Law

Work Programme:	Original Minimum Work Programme US\$8,920,000: year 1 US\$70,000; year 2 US\$2,055,000; year 3 US\$2,430,000; year 4 US\$2,380,000; year 5 US\$1,985,000 Specified Minimum Work Programme US\$8,920,000: year 1 US\$881,000; year 2 US\$3,045,000; year 3 US\$2,400,000; year 4 US\$1,900,000; year 5 US\$694,000
Signing Bonus:	US\$1,500,000 paid in March 2005 plus a penalty of KZT 118,820,185 for late payment
Commercial Discovery:	Commercial discovery gives Galaz an exclusive right to enter into a contract for production
Commercial Discovery Bonus:	Established in exploration and production contract or production contract in respect of fields located in the Contract Area
Royalties:	Established in exploration and production contract or production contract in respect of fields located in the Contract Area. Any pilot production will attract a royalty of 2 per cent. of the hydrocarbon volume produced
Customs Duties:	Pursuant to the customs legislation of Kazakhstan in effect at the time of accrual of payment liabilities
Training:	Not less than 1 per cent. of the annual total investment expenditure on exploration per annum incurred under the SSUC
Social Programmes:	3 per cent. of investment expenditure on exploration incurred under the SSUC to the social development of the region and 2 per cent. of investment expenditure on exploration incurred under the SSUC to the development of social infrastructure. Further an allocation of US\$120,000 for the region's social programmes in the second extension period
Pilot Production:	100 per cent. of all production during any pilot production to be provided to local refineries
Employment:	Priority to be afforded to local Kazakh personnel during exploration
Environment:	Obligations pursuant to SSUC, international treaties to which Kazakhstan is a party and Kazakhstan legislation
Termination:	Material breach of terms of SSUC and associates works programme; violations of Kazakhstan laws on subsoil use, environmental protection, or occupational safety, suspension of work programme without cause for more than ninety (90) days, bankruptcy, and failure to remedy breach of SSUC within stipulated time frame will result in rescission of SSUC according to Subsoil Laws
Language:	Kazakh and Russian, with the latter to prevail
Historical Costs:	US\$198,795 of which 0.5 per cent. (US\$994) is payable upon execution of SSUC with the balance payable only if a commercial discovery occurs and then subject to further agreement with the MEMR through a production agreement. In the event that a joint venture with foreign interest is formed, Galaz will be obliged to pay 5 per cent. of the total value of the historical costs for the right to use the information

Relinquishment Contract Area:	Upon expiry of the period of Exploration, subject to possible extensions, the Contractor undertakes to surrender the Contract Area, except for the Commercial Discovery and evaluation area
(f) Munaily SSUC	
Contract:	Exploration and Production
Date of Grant/Amendment:	31 January 2005 (SSUC), Amendment No.1 to SSUC 8 December 2006
Registration Number:	1646
Contract Area:	Munaily field in the Atyrau Oblast covering approximately 0.69 km ²
Percentage held by Munaily:	100 per cent.
Term:	31 January 2030, initial exploration period of three years can be extended twice each extension for a period of up to 2 years and 22 years of production
Work Programme:	<p>According to Section 8.3 of the SSUC US\$17,000,000: year 1 US\$700,000; year 2 US\$7,300,000; year 3 US\$9,000,000</p> <p>But according to Minimum Work Programme US\$17,000,000: year 1 US\$400,000; year 2 US\$900,000; year 3 US\$15,700,000</p>
Signing Bonus:	US1,000,000 paid in October 2006 plus a penalty of KZT 44,156,536 for late payment
Commercial Discovery:	Gives Munaily the exclusive right to carry out production. Terms and conditions of production shall be determined in a supplemental agreement to the SSUC, to be entered into by the parties to the SSUC upon approval of reserves
Commercial Discovery Bonus:	<p>Not specified in Munaily SSUC</p> <p>In accordance with the Tax Code of Kazakhstan 0.1 per cent. of the calculation base payable in the event of commercial discovery and to be valued on the volume of approved recoverable reserves calculated based on stock exchange prices of minerals on the London Stock Exchange and is payable within ninety (90) days from the date the reserves are approved</p>
Royalties:	<p>Production: Sliding scale depending on production per annum: 0 to 0.1 million tons 3 per cent., 0.1 to 0.3 million tons 5 per cent., 0.3 to 0.4 million tons 6 per cent., 0.5 to 0.7 million tons 8 per cent., 0.7 and over 0.7 million tons 12 per cent. for oil</p> <p>Exploration phase: 3 per cent. on all production amounts</p>
Customs Duties:	Pursuant to the customs legislation of Kazakhstan in effect at the time of accrual of payment liabilities
Training:	Not less than 1 per cent. of the annual total investment expenditure on exploration and production per annum incurred under the SSUC
Social Programmes:	Social projects in the Atyrau US\$250,000 during Exploration and US\$150,000 during Production. Investment in the Astana fund US\$250,000 during Exploration and US\$150,000 during Production

Pilot Production:	100 per cent. of all production during any pilot production to be provided to local refineries
Employment:	Priority to be afforded to local Kazakh personnel during exploration
Environment:	Obligations pursuant to SSUC, international treaties to which Kazakhstan is a party and Kazakhstan legislation
Termination:	Failure to fulfil material obligations under SSUC or associated work program; failure to cure any breach of SSUC or associated work program where SSUC has been suspended; failure to comply with provisions of the Subsoil Law of Kazakhstan and bankruptcy of contractor
Language:	Kazakh and Russian, with the latter to prevail
Historical Costs:	US\$1,612,010 of which 2.0 per cent. (US\$32,240) was payable when SSUC was signed with the balance payable only if a commercial discovery occurs and then subject to further agreement with the MEMR through a production agreement
Relinquishment Contract Area:	The Contract Area, except for the territory in which there has been a Commercial Discovery, shall be relinquished after the Exploration phase of the Contract has been completed

11. Environmental Matters

11.1 Introduction

The Company has commissioned the Consultant Environmentalist to prepare preliminary environmental social baseline assessments for each of the Contract Areas. A summary of these assessments are as follows:

Ravninnoe Contract Area: Overall the environmental and social conditions of the Ravninnoe Contract Area do not raise any significant concerns. There are five wells with oil showing at the surface. This will not be viewed by the authorities as non compliant provided Ravninnoe Oil can show continuous improvement effort. The treatment of historically contaminated ground is manageable and inexpensive. The only significant capital investment suggested by the report is a properly engineered and monitored landfill for hazardous waste.

Beibars Contract Area: Overall the environmental and social conditions of the Beibars Contract Area are within a manageable level of risk. The most significant issue is the presence on site of the southern portion of the comparatively minor sized Aktau city waste water lagoon which has, in total, recently been declared a state nature game reserve (SNGR) due to its increased use by wildlife. A SNGR is a territory with restricted economic activity; currently the SNGR passport does not impose any restriction beyond general legislation (Law on Territory Designated for Protection) on the protected area. State expertise of the 2D-3D Seismic EIA that is currently underway will dictate the extent of potential restrictions. In keeping with previous approaches by the state, it is expected that neither seismic work nor oil production will be prohibited in the lagoon area but the latter is likely to be altered in a manner that best reduces the impact on wildlife.

BNG Contract Area: The key environmental issues which were identified associated with the BNG Contract Area were possible degradation of soil and vegetation which were not considered significant. Whilst this issue will not create any significant problems, it was recommended that it would be good practice to consider and monitor this issue on an ongoing basis and to commence this from the start of the development of the block. It was also recommended to repair and extend the existing dam located on the southern part of the block to ensure that wind induced surges that could bring water from the sea into the block would be effectively minimised. It will also be necessary to ensure that proper monitoring of all environmental factors occur including imported air pollution. No significant problems are expected in pursuing these objectives.

Galaz Contract Area: The key environmental issues which were identified associated with the Galaz Contract Area were (a) current non-compliance with environmental legislation in that an environmental impact assessment for the planned work has yet to be submitted and is required to be completed, (b) soil, vegetation and wildlife will be affected from their association with direct roads as a result of increased use of such roads, (c) shallow groundwater of potable quality recharges from rain and thaw water at the field and discharges into a depression. The water flows within shallow underground streams with unsorted sediments and high permeability, one of which passes under Wells 27 and 30. It is likely that some oil and production water spilled at Well 27 entered the shallow groundwater and has been transported some way towards the Depression and (d) the close proximity to Saksaul Forest. It has been recommended that the Company should ensure that responsibility for environmental protection is assigned to the existing Galaz company structure and an external consultant be engaged and preparing an environmental impact assessment associated with well drilling, testing and re-entry. The Company intends to adopt this recommendation and seek to urgently rectify this issue. It has been recommended that a more systematic approach to the field's development will enable management to plan wells and infrastructure positions to minimise the need for dirt roads. An improved surface road with branches to field components will effectively bring the impact of this risk to a minimum. It has also been recommended that a compulsory ground water monitoring program be adopted and a shallow ground water monitoring well should be installed in the stream below the camp and Wells 27 and 30 to determine if oil and production water has entered into shallow groundwater. It has been recommended that the Company should ensure that responsibility for environmental protection (compliance issues) is assigned to the existing Galaz company structure in the form of a responsible person and an external consultant is engaged to prepare the EIA associated with well drilling, testing, and re-entry.

Munaily Contract Area: Overall the environmental and social conditions of the Munaily Contract Area are within a manageable level of risk. The most significant issues identified were the absence of requisite nature use permits which management is currently addressing in particular with planned activities associated with well re-entry, testing and drilling. Some soil contamination surrounding several legacy wells has also been identified with some oil leaking to surface which is presently not controlled. It is proposed to implement a remedial plan to address such legacy concerns. The treatment of historically contaminated ground is manageable and inexpensive. The absence of a well made and tarmac access road is also currently having an environmental impact to the areas surrounding the current access road. It is proposed to construct a sealed access road in the near future which will address such problems. Finally, the construction of a sewerage treatment facility associated with the present camp on site is also proposed to address some sewerage spills which may have contaminated shallow ground water.

11.2 Compliance with Kazakhstan Requirements

The Enlarged Group will be subject to a variety of Kazakhstan environmental laws, regulations and requirements that govern air emissions, water use and disposal, waste management and impact on wildlife as well as land use and reclamation. In addition, the Enlarged Group's SSUCs will require that all its operations be carried out in conformity with applicable environmental laws and regulations. SSUCs may be suspended and/or cancelled if these requirements are not addressed.

Environmental regulations in Kazakhstan remain at a developmental stage, and accordingly, current regulations may be amended, changed or re-interpreted. The Company will monitor these changes to the extent possible and seek to adjust its operations to ensure continual compliance with the regulations. To this end the Company entered into a master service agreement in 2007 with a responsible environmental company that works extensively with both local and western clients. MEP, at a national level, conducts inspections on an annual basis and, if violations are found, issues orders requiring that corrective actions be taken. Regional MEP environmental authorities also conduct inspections on a regular basis.

Under LoEP, the Enlarged Group will be obliged to obtain an annual permit in respect of the contamination of the environment and will be required to observe all requirements set out in such permit.

Pursuant to the LoEP and the resolution of the Government "On the Approval of the Rules for Issuing Environmental Contamination Permits", the Enlarged Group will be required to apply to the MEP for an environmental permit specifying maximum levels of air emissions, waste water disposal and municipal and industrial waste permitted to be discharged by the Enlarged Group.

12. Current Trading and Prospects

The Company and the Group were established on 13 October 2006 in order to acquire the SSUCs associated with the Beibars, North Karamandybas and Ravninnoe Contract Areas. Since then the Company has received no revenue. Accordingly Roxi reported a loss before taxation of £4.4 million for the period from 13 October to 30 June 2007. Similarly no revenue was received by the Company in the six month period ended 31 December 2007. The Directors are focused on seeking early production from the Contract Areas and from other properties which meet the investment criteria outlined in paragraph 2 of Part I.

13. Key Strengths

The Directors believe that the Company's strengths will enable it to pursue a strategy to become a significant independent oil company in Central Asia. The Directors believe the Company's key strengths include:

● ***Experienced Team***

The Company benefits from an experienced team of proven oil and gas executives who also have in-depth experience of operating in Kazakhstan and who have extensive contacts in the region. The Company intends to utilise these contacts through their joint venture partners to maximise the benefit to the Company's operations and acquisitions.

● ***Significant near term production***

The Directors believe the Company's existing reserves can be exploited to achieve near term production that will drive early cashflows and will allow the business to achieve profitability and the continued expansion of the Group's business.

● ***Significant possibility of additional reserves***

In addition to existing reserves, the Directors consider there is a high chance that the actual recoverable reserves prove to be significantly higher, and that the Contract Areas have historically been inadequately and/or poorly explored, and moreover that the Contract Areas offer outstanding development potential.

● ***Further acquisition opportunities***

The Directors consider that the establishment of the Group, the Eragon Acquisition and the ADA Group Acquisition demonstrates the capabilities of the Directors to access and successfully negotiate interests in oil and gas assets in Kazakhstan at competitive prices. The Directors believe that there is significant opportunity for the Group to further add to its portfolio of oil assets in the short to medium term.

14. Reasons for Admission

The Directors believe that Admission will be beneficial to the Group as it will:

- Provide access to the capital markets.
- Provide the Company with the ability to offer shares as acquisition consideration.
- Maintain the profile of the business and enable the Group to attract and retain key personnel.

15. Dividend Policy

The Directors do not intend to declare or pay a dividend in the immediate foreseeable future but, subject to the availability of sufficient distributable profits, intend to commence the payment of dividends when it becomes commercially prudent to do so and will adopt a progressive dividend policy thereafter.

16. Share Options and Warrants

The Directors consider that an important part of the Group's remuneration policy should include equity incentives through the grant of share options to Directors and employees. At Initial Admission, options over 13,456,600 Ordinary Shares, representing approximately 8 per cent. of the Existing Ordinary Shares, were granted to the Board and the senior management team under the 2007 Scheme.

The summary of the 2007 Scheme set out in the admission document issued in connection with Initial Admission was incorrect in that there is no restriction on the number of shares than can be granted to an eligible participant of the 2007 Scheme.

Additional options are proposed to be granted to the Board and senior management team under the 2008 Scheme on a pro rata basis, conditional upon completion of the Eragon Acquisition, the extension to the BNG Contract Area and the ADA Group Acquisition, and exercisable at the same prices as the shares issued in connection with these acquisitions.

It is proposed that such grants of options shall be over an aggregate of 41,590,577 Ordinary Shares, representing approximately 6.4 per cent. of the then issued share capital assuming the Company elects to pay for the ADA Group Acquisition wholly in Shares.

Vesting of the additional options to the Board and the senior management team are, in part, conditional upon reaching agreed production volumes at the assets to be acquired under the Eragon Acquisition and ADA Group Acquisition.

Following Admission, further options are proposed to be granted under the 2008 Scheme to certain employees over an aggregate of 1,500,000 Ordinary Shares, representing approximately 0.5 per cent. of the Enlarged Share Capital, exercisable at a price of 65p per share.

Further details of the option schemes and grants made under them are set out in Part VI of this document.

The Company has issued warrants over 2,523,112 Ordinary Shares, representing approximately 0.73 per cent. of the Enlarged Share Capital, to WH Ireland.

Additionally, the Company has granted warrants over an aggregate of 7,500,000 Ordinary Shares representing approximately 2.18 per cent. of the Enlarged Share Capital, as set out in paragraph 6.6 of Part VI of this document.

17. Lock-in and Orderly Market Arrangements

Upon Admission, assuming the Subscription Agreement and the Baverstock Deed is not entered into, Baverstock will hold 145,000,000 Ordinary Shares which represent approximately 45.3 per cent. of the Enlarged Share Capital.

After Admission, and conditional on the issue of an Article 71 waiver under the Subsoil Law in respect thereof, assuming the Subscription Agreement is not entered into, Vertom will hold 24,000,000 Ordinary Shares which will represent approximately 6.97 per cent. of the then issued share capital.

Upon Admission, assuming the Subscription Agreement is not entered into, the Directors and senior management will have interests in an aggregate of 64,018,822 Ordinary Shares representing approximately 20 per cent. of the Enlarged Share Capital, and will have options over an aggregate of 51,587,370 Ordinary Shares representing 16.11 per cent. of the Enlarged Share Capital.

Baverstock, Vertom and the Directors (and certain of their connected persons) and senior management of the Company have undertaken to the Company and WH Ireland that they will not sell or dispose of, and will procure that no associated party will sell or dispose of, except in certain circumstances, any of their respective interests in Ordinary Shares at any time before the first anniversary of Admission. For the period of 12 months immediately following the expiry of such 12 month period, except in certain circumstances, the Directors and their associated parties will not make any such sale or disposal except through the broker of the Company for the time being, who may in its discretion, acting reasonably, refuse or impose restrictions with a view to maintaining an orderly market in the Ordinary Shares.

Mr David Slater, to whom the Project Management Shares (other than the 153,847 to be issued to Saxford) will be issued, has also undertaken to the Company and to WH Ireland that he will not, and will procure that persons associated with him will not, sell or dispose of, except in certain circumstances, their respective interests in Ordinary Shares for a period of 24 months from Admission except through the broker of the Company for the time being, who may, in its discretion, acting reasonably, refuse or impose restrictions with a view to maintaining an orderly market in the Ordinary Shares.

Certain other existing Shareholders had undertaken to the Company and WH Ireland that they will not sell or dispose of, except in certain circumstances, their respective interests in Ordinary Shares for a period of 12 months from Initial Admission except through the broker of the Company for the time being, who may in its discretion, acting reasonably, refuse or impose restrictions with a view to maintaining an orderly market in the Ordinary Shares. On the Initial Admission, an aggregate of 60,500,000 Ordinary Shares were subject to such orderly market arrangements.

In the event that FMS enters into the Subscription Agreement, it will also enter into similar lock-in and orderly market arrangements as Baverstock and Vertom. Further details on the lock-in and orderly market arrangements are provided in paragraph 12.12 of Part VI.

18. Corporate Governance and Internal Controls

The Directors recognise the importance of sound corporate governance and the guidelines set out in the Combined Code. Whilst AIM companies are not obliged to comply with the Combined Code, the Directors do intend to comply with the Combined Code so far as is appropriate having regard to the size and nature of the Group and the size and constitution of the Board.

The Group also intends to comply with the principles of the Corporate Governance Guidelines for AIM Companies published by the Quoted Companies Alliance in 2005, so far as it is practical for a Company of Roxi's size.

The Company has two non-executive Directors. The Board retains full and effective control over the Company. The Company intends to hold quarterly Board meetings at which financial and other reports are considered and, where appropriate, voted on. Apart from regular meetings, additional meetings will be arranged when necessary to review strategy, planning, operational, financial performance, risk and capital expenditure and human resource and environmental management. The Board is also responsible for monitoring the activities of the executive management.

The Directors have established an audit committee and a remuneration committee with formally delegated duties and responsibilities to operate with effect from Admission. The Board intend to appoint a qualified finance director in the next few months.

The audit committee, which comprises Clive Carver and Kuat Oraziman with Clive Carver acting as chairman, will determine and examine any matters relating to the financial affairs of the Company including the terms of engagement of the Group's auditors and, in consultation with the auditors, the scope of the audit. The audit committee will receive and review reports from the management and the external auditors of the Group relating to the annual and interim amounts and the accounting and internal control systems of the Group. In addition it will consider the financial performance, position and prospects of the Company and ensure they are properly monitored and reported on.

The remuneration committee, which comprises Clive Carver, Rob Schoonbrood and Kuat Oraziman, with Clive Carver acting as chairman, will review the performance of the executive Directors and senior management and set and review their remuneration and the terms of their service contracts, determine the payment of bonuses to the executive Directors and consider the Group's bonus and option schemes.

The Directors will comply with Rule 21 of the AIM Rules relating to directors' dealing and will take all reasonable steps to ensure compliance by the Company's applicable employees. The Company has adopted and will operate a share dealing code for directors and employees in accordance with the AIM Rules.

19. Admission, Settlement and Dealings

Application will be made to the London Stock Exchange for the Consideration Shares and the Project Management Shares (excluding those issuable on the extension of the BNG Contract Area) to be issued in connection with the Eragon Acquisition to be admitted to trading on AIM on completion of the Proposals. Subject to the completion of the Proposals, trading in the Enlarged Share Capital is expected to commence on 3 March 2008. No application has or will be made for the Ordinary Shares to be admitted to trading or to be listed on any other stock exchange.

No temporary documents of title will be issued. All documents sent by or to a Shareholder, or at a Shareholder's direction, will be sent through the post at the Shareholder's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

The Existing Ordinary Shares were admitted to CREST with effect from the admission of the Existing Ordinary Shares to trading on AIM on 22 May 2007. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any individual Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

20. Taxation

Information regarding UK taxation with regard to certain holders of the Ordinary Shares is set out in paragraph 16 of Part VI of this document. That information is intended only as a general guide to the current tax position under UK law. If you are in any doubt as to your tax position, you should contact your independent professional adviser.

21. Further information

Your attention is drawn to Part II of this document which contains certain risk factors relating to any investment in the Company and to Parts III to VI of this document which contain further additional information on the Company and the Enlarged Group.

PART II

RISK FACTORS

The Directors believe that the following risk factors should be considered.

If any of the circumstances identified in the risk factors, together with possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Company's business, were to materialise, the Company's business, financial condition and results of operation could be materially and adversely affected. It should be noted that this list is not exhaustive and that certain other risk factors may apply.

An investment in the Company may not be suitable for all recipients of this document. Investors are accordingly advised to consult an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

Risk Factors Relating to the Enlarged Group

(a) *Obligations under the SSUCs*

Operations must be carried out in accordance with the terms of each SSUC, field development plans and annual working programmes and budgets agreed with MEMR. The law provides that fines may be imposed and SSUCs may be suspended, amended or terminated if a contractor fails to comply with its obligations under such agreements or fails to make timely payments of levies and taxes for the sub-soil use, provide the required geological information or meet other reporting requirements. Failure to comply may also lead to suspension, revocation or termination of a SSUC.

There is a possibility that past technical breaches by previous owners of a SSUC may also lead to suspension, revocation or termination of a particular SSUC that the Company has an interest in. The Directors, having received advice from their legal advisors in respect of such risks for each SSUC, believe on the basis of such advice and their experience in Kazakhstan that any such breaches are unlikely to be considered material, are unlikely to lead to a suspension of a SSUC any member of the Enlarged Group has an interest in and represent a remote risk that such breaches will lead directly to the termination of any such SSUC. However, there can be no absolute assurances of this position, especially given recent developments in the law as set out in paragraph 10.1 of Part I of this document.

In addition, the relevant member of the Enlarged Group and its Joint Venture Partners have obligations to develop the Contract Areas in accordance with the specific requirements under the SSUCs. The obligations under the SSUCs are summarised in paragraph 10.2 of Part I. If such obligations with respect to a Contract Area are not satisfied, the SSUC for that Contract Area may be suspended, revoked or terminated. There can be no assurance that the views of the Government agencies regarding the development of the Contract Areas or compliance with the terms of the respective SSUCs will coincide with the Company's views, which might lead to disagreements that cannot be resolved between the Company and the Government.

(b) *Title Matters*

Title to oil and gas assets in jurisdictions such as Kazakhstan can be complex, and may be disputed. The Group has investigated title to each of the Contract Areas, and the following matters have come to the Company's attention:

- A. **North Karamandybas Contract Area:** the SSUC expired on 4 December 2007. As at the date of this document, legal proceedings concerning title to the North Karamandybas Contract Area, as referred to in paragraph 4.3 of Part I of this document, have not been resolved. There can be no certainty that they will be resolved in favour of the vendors of the North Karamandybas asset or that the SSUC will be extended or restored.

- B. **Ravninnoe Contract Area:** a number of documents evidencing the tender process, approvals of transfers of interests and changes to ownership of the property are missing. Further, the original applicant for the SSUC was a Kazakhstan joint stock company, whilst the SSUC was granted to a Kazakhstan limited liability partnership of the same name. The Directors believe, following legal advice, that it is reasonable to assume that the LLP was the legal successor to the joint stock company but it cannot be ruled out that these are separate legal entities, which could potentially jeopardise the chain of title. In addition the SSUC was registered after the period stipulated by the authorities. The Directors, having regard to such legal advice, consider that the risk of a successful challenge to the ownership of this SSUC is low; however, ownership cannot be guaranteed.
- C. **Galaz Contract Area:** A number of documents evidencing the transfer of participation interests in Galaz by previous owners were not located and some technical procedural requirements relating to limited liability partnerships and best practices regarding obtaining spousal consents appear not to have been adhered to and could possibly found the basis of a challenge to the ownership of this SSUC. The Directors, having taken legal advice, consider that the risk of a successful challenge is remote; however, ownership cannot be guaranteed.

The terms and conditions of the licence and the Galaz SSUC are inconsistent, as a result of a change in the licensing regime in 1999 as described generally in paragraph 10.1 of Part I, and the registration of the SSUC taking longer than prescribed under the applicable licence could also be found to be the basis of a possible challenge to the Galaz SSUC. The Directors, having taken legal advice, consider that the risk of a successful challenge to the Galaz SSUC is remote, that such risks are low and have been mitigated by: the passage of time; the fact the change in the licensing regime is not a unique issue to the Galaz SSUC but applies to a significant number of SSUC's issued during and after the end of such regime; and that such extensions were approved by the MEMR; however, ownership cannot be guaranteed.

The Galaz SSUC was extended for a second period of time, the duration of such extension being for a period in excess of that permitted by the Petroleum Law. However, the Directors, having regard to legal advice, again, consider that the risk of a successful challenge to title of this property is remote; however, ownership cannot be guaranteed.

- D. **BNG Contract Area:** After BNG won the tender for the SSUC and prior to the signing of the BNG SSUC, the participants of BNG changed. Although there is no explicit requirement to notify the MEMR of a change in participants there is a remote risk that this might be a ground under which ownership to the SSUC could be challenged. The Directors consider, having taken legal advice, that such risk is remote; however ownership cannot be guaranteed.

There have been some potential past failures by previous participants of the BNG LLP to comply with Kazakh LLP law as regards participants' right of first refusal and not obtaining spousal consent for transfers of interest.

The Directors, having regard to legal advice they have received, consider the risk of a successful challenge to the title of this asset, as a result of these potential failures, to be low; however, title cannot be guaranteed.

(c) **Investment Agreements**

The Company has entered into a number of agreements with other participants in its assets that may be challenged on the basis that certain provisions have not been in compliance with Kazakhstan law as regards, *inter alia*, the choice of the governing law, the language of the contract and the provision for the removal of directors of LLPs. The Directors, having taken legal advice, consider the risk of any challenge on these matters is low.

(d) **Competition Approvals**

Some previous owners of interests in the Group's assets and the Eragon Group's assets did not obtain the necessary consents required by Competition Law to certain earlier transfers of those interests. As noted in paragraph 9.3 of Part I, Competition Law is evolving rapidly and is complex and uncertain. On certain transactions related to the earlier transfers of interests in the Group's assets and

the Eragon Group's assets, such consents may possibly have been required. If such consent were required, such acquisition may be invalidated by proceedings brought by the relevant Government agency which could lead to the setting aside of previous acquisition transactions. However, the Directors, having taken legal advice, believe that the obtaining of the requisite consents as described in paragraph 9.3 of Part I, whilst in essence after the fact, significantly reduces this possible risk to the extent that the Directors believe that such risk is now remote.

(e) ***Environmental Liabilities***

The Company and its predecessors could have generated environmental liabilities that the Company is required to remediate at its cost. The Company's operations are subject to the environmental risks inherent in the oil and gas exploration and production industries.

The Company is unable to accurately predict the extent of any potential environmental liabilities under current legislation or the effect of any additional laws or regulations that may be adopted in the future, including whether any such laws or regulations would increase its environmental costs. Although the measures taken by the Company in relation to environmental regulations for its ongoing operations have not had a material adverse effect on its financial condition and results of operations to date, no assurance can be given that the costs of such measures in the future and liability due to any environmental damage that may be caused by the Company will not be material. Moreover, future actions and fines imposed upon the Company by the environmental protection agencies in Kazakhstan or by the Government cannot be predicted and could have a material adverse effect on the Company's business, prospects, financial condition or results of operations. In particular, the legal framework for environmental protection and operational safety is not yet fully developed in Kazakhstan and it is expected that stricter environmental requirements will be adopted in the near future, such as those governing discharges to air and water, the handling and disposal of solid and hazardous wastes, land use and reclamation and remediation of contamination, and that the environmental authorities may move towards a stricter interpretation of existing legislation.

Although the Company is obliged to comply with all applicable environmental laws and regulations, it cannot, given the changing nature of environmental regulations, guarantee that it will be in compliance at all times. Any failure to comply with these environmental requirements could subject the Company to, among other things, civil liabilities and penalty fees and possibly temporary or permanent shutdown of the Company's operations. The Company can provide no assurance that it will not be required to strictly comply with the current environmental legislation or that future fines will not be higher than historical amounts, which could materially adversely affect the Company's business, prospects, financial condition or results of operations.

(f) ***Requirement for further funding***

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission. However, it is very likely that the Company will need to raise further funds in the future for working or development capital for its existing assets. It is very likely that the Company will need to raise further funds to complete an acquisition or acquisitions of further assets. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the then current market price.

(g) ***Further issue of shares***

Under Article 71 of the Subsoil Law, as described in paragraph 9.2 of Part I, the Company is required to obtain consent from the relevant Kazakh government authority for the further issue of Ordinary Shares, including those under the Consulting Services Agreement. There can be no assurance such consent will be forthcoming such that the Company's prospects may be entirely effected.

(h) ***Loan Agreements Indemnity***

As described in paragraph 12.7(i) of Part VI the Company has entered into an agreement with Baverstock pursuant to which Baverstock would *inter alia* observe and perform the respective obligation of Sytero 4 and Sytero 5 in relation to loan obligation to Dae Han New Pharm Co. Ltd.

Should Baverstock not meet its obligations under this agreement the Roxi Group via Sytero 4 and Sytero 5 would remain liable for this debt.

(i) ***Dependence on key employees***

The Company's future success is substantially dependent on the continued services and performance of its senior management and other key personnel in the various areas of the Group's business. The loss of the services of certain key employees, or the inability to recruit personnel of the appropriate calibre, could have a significant adverse effect of the business of the Group.

(j) ***Growth management***

The Directors anticipate that further expansion will be required to address the anticipated growth in the business. The Group's future success will depend, in part, on its ability to manage this anticipated expansion. Such expansion is expected to place significant demands on management, support functions, accounting, sales and marketing and other resources of the Group. If the Group is unable to manage its expansion effectively, its business and financial results could suffer.

(k) ***Price of crude oil***

The sale of oil is likely to be the Company's primary source of revenue and such revenues are linked to the price of crude oil which is affected by a variety of factors beyond the Company's control. Therefore the Company's business, prospects, financial condition and results of operations are heavily dependent on prevailing crude oil prices. Historically, crude oil prices have been highly volatile. Any declines in oil prices could adversely affect the Company's business, prospects, financial condition and results of operations.

Lower crude oil prices may reduce the amount of oil that the Company is able to produce economically or may reduce the economic viability of the production levels of specific wells or of projects planned or in development because production costs would exceed anticipated income from such production.

Prices for oil are subject to large fluctuations in response to a variety of factors beyond the Company's control, including:

- changes in the supply of and demand for oil;
- market uncertainty and speculative activities by those who buy and sell oil on the world markets;
- effects of the world economy and of geo-political events;
- general economic conditions;
- the actions of the Organisation of Petroleum Exporting Countries;
- governmental regulation;
- political stability in Kazakhstan, neighbouring countries and other oil producing regions; and
- the availability of alternate fuel sources.

(l) ***Oil reserve estimates***

The oil reserves data contained in this document are taken from the Competent Person's Report. There are numerous uncertainties inherent in estimating the quantity and the quality of reserves and in projecting future rates of production, including many factors beyond the Company's control. Estimating the amount and quality of oil and gas reserves is a subjective process and estimates made by different experts often vary significantly. In addition, results of drilling, testing and production subsequent to the date of an estimate may result in revisions to that estimate. Accordingly, reserves estimates may be different from the quantity or quality of crude oil and gas that is ultimately recovered and, consequently, the revenue therefore could be less than that currently expected. The significance of such estimates is highly dependent upon the accuracy of the assumptions on which they are based, the quality of the information available and the ability to verify such information against industry standards.

The reserves data contained herein are estimates only and should not be construed as representing exact quantities. These estimates are based on production data, prices, costs, ownership, geological and engineering data, and other information assembled by the Company. These assumptions may prove to be incorrect and potential investors should not place undue reliance on the forward-looking statements contained herein concerning the Company's reserves or future production levels.

If the assumptions upon which the estimates of the Company's reserves of crude oil or gas have been based are wrong, the Company may be unable to produce the estimated levels or quality of crude oil or gas set out in this document and the Company's business, prospects, financial condition or results of operations could be materially and adversely affected. In addition, if oil prices fall, some of the Company's reserves may not be commercially viable to extract.

(m) ***Drilling and production risks***

The Company's future success will depend, in part, on its ability to develop existing oil reserves in a timely and cost-effective manner using secondary, enhanced recovery and well stimulation techniques.

The Company's drilling activities may be unsuccessful and the actual costs incurred of drilling, operating wells and completing well workovers may exceed budget. The Company may be required to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. The occurrence of any of these events could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company's production operations are also subject to all the production hazards typically associated with the production of crude oil and gas resources. These risks include natural catastrophe, fire, explosion, blowouts, encountering formations with abnormal pressure, the use of secondary recovery techniques, the level of water cut, cratering and oil spills, each of which could result in substantial damage to oil wells, producing facilities, other property and the environment or in personal injury. Any of these risks could result in loss of crude oil and gas or could lead to environmental pollution and other damage to the Company's properties or surrounding areas and increase costs.

(n) ***Government Procurement Risk***

The Government has the ability to require additional deliveries of crude oil to domestic refineries and these may be at prices that are materially below international market prices. The Government has the power to require producers to supply a portion of their crude oil production to domestic refineries to meet domestic energy requirements.

(o) ***Royalties and taxes***

The Company is required under general law and the terms of its SSUCs to pay royalties (whether in cash or in kind) and various taxes, including excess profit tax, corporate income tax and VAT, to the Government, and in certain cases incur costs in respect of social infrastructure expenditure. There is also a possibility that the Government may increase taxes as oil prices increase.

An increase in any of these costs could materially and adversely affect the Company's business, prospects, financial condition or results of operations.

(p) ***Transportation Risks and Access***

The crude oil to be produced by the Company is expected to be transported via infrastructure owned or operated by third parties.

Kazakhstan has no direct access to the open sea, and any crude oil to be exported must use routes through other countries. Kazakhstan crude oil for export must be transported through pipelines, by rail or by the Caspian Sea. The Company is therefore dependent upon the enforcement of the

intergovernmental agreement between Kazakhstan and Russia on the supply of crude oil through such pipelines and upon the maintenance of stable relations between Kazakhstan and Russia. Any reduction or cessation in the availability of these pipelines, whether due to serious malfunctions, security issues, political developments or “acts of God”, could impair the ability of the Company to export its crude oil.

Crude oil production in Kazakhstan is increasing, which means that access to export routes is increasingly competitive. The Company cannot guarantee that it can agree with the operators for the use of its pipelines and this could have a material adverse effect on the Company’s business, prospects, financial condition and results of operations.

(q) ***Exchange rate risk***

The majority of the Group’s revenue is expected to be in US dollars. However certain of the Group’s revenue and expenses are to be incurred in Tenge. If the value of the US dollar falls against the Tenge, then the Company will have less Tenge available to pay its Tenge expenses and its results as expressed in Tenge will be adversely affected, as will all financial assets denominated in US dollars. This could have a material and adverse affect on the Company’s financial condition or results of operations. There is no significant forward market in the Tenge and as a result the Company does not enter into hedging contracts to protect against its exposure to fluctuations in the US dollar/Tenge exchange rate.

(r) ***Social programmes***

The Company is required to invest in social programmes for the benefit of local communities, the costs of which may increase.

As a condition of certain of its subsoil use contracts and pursuant to certain agreements with local authorities, the Company is obliged to maintain certain social programmes for the benefit of local communities. Such obligations include those amounts summarised in paragraph 10.2 of Part I of this document. Furthermore, the Company is obliged under its subsoil use contracts to invest in training the local workforce, upgrade the qualifications of its employees and provide educational grants.

(s) ***Tax risks***

The Company is subject to local and national tax regimes in Kazakhstan. The local and national tax environment in Kazakhstan changes frequently and the rules implementing those changes are usually not established on a timely basis. Non-compliance with Kazakhstan tax laws and regulations can lead to the imposition of substantial penalties and interest.

(t) ***VAT, excess profit and social taxes***

The Company is exposed to VAT, excess profits tax (“EPT”) and social tax risks resulting from uncertain provisions of tax legislation. Risks related to VAT, EPT and social taxes are uncertain because of the nature of the relevant legislation.

(u) ***Insurance coverage***

The Company believes the level of its insurance to be appropriate based on the cost of cover, the risks associated with its business and industry practice. The Company’s insurance currently includes certain production assets, insurance for control of wells (including coverage of environmental damage caused thereby), insurance for environmentally hazardous activities for third party liability coverage (including employer’s liability insurance, hazardous facilities and motor vehicles owners’ insurance) and directors and officers liability insurance. The Company does not carry business interruption, key-man, terrorism or sabotage insurance. The Company can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover increased expenses relating to these losses or liabilities. Accordingly, the Company may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage.

(v) ***Risk Factors Relating to the Republic of Kazakhstan***

All of the Company's assets are currently located in Kazakhstan and the Company is therefore susceptible to country specific risk factors such as political, social and economic instability.

Kazakhstan's creation as an independent state in 1991 resulted from the break-up of the Soviet Union. As such, it has a relatively short history as an independent nation. All of the Company's assets are currently located in Kazakhstan and the Company is therefore susceptible to social, political, economic, legal and fiscal instability and civil disturbance.

The occurrence of any such events could have a material adverse effect on the business, prospects, financial condition and results of operations of the Company.

Kazakhstan has actively pursued a programme of economic reform and inward foreign investment designed to establish a free market economy, but there can be no assurance that in the future such reforms and other reforms will continue.

Emerging markets such as Kazakhstan change rapidly and, therefore, the information set out in this document may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significant risks involved. Investors are urged to consult their own legal and financial advisers before making an investment in the Company's securities.

As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Kazakhstan and adversely affect the Kazakhstan economy. In addition, during such times, emerging market companies can face severe liquidity constraints as foreign funding resources are withdrawn. Thus, even if the Kazakhstan economy remains relatively stable, financial turmoil in any emerging market country, in particular countries in the Caspian Sea or Central Asian regions, which recently have experienced significant political instability (including terrorism or internal conflicts), could seriously disrupt the Company's business, which would have a material and adverse effect on the Company's business, prospects, financial condition and results of operations.

(w) ***Political and country risks***

The oil and gas industry is central to Kazakhstan's economy and its future prospects for development, and thus can be expected to be the focus of continuing political and social attention and debate. In other developing countries, petroleum companies have faced the risks of expropriation or re-nationalisation, breach or abrogation of project agreements, application to such companies of laws and regulations from which they were intended to be exempt, denials of required permits and approvals, increases in royalty rates and taxes that were intended to be stable, application of exchange or capital controls, and other risks. In addition, the Company faces risks arising from political instability in the region and the difficulties of operating in a political, legal and business environment characterised by rapidly changing law, inconsistent application of law and regulation, corruption and an unpredictable judicial system.

Since independence in 1991, Kazakhstan has had only one president and the country has been largely free from political violence. The Company could face enhanced risk and uncertainty in the event of a change in Government, including the possibility that a successor Government would seek to reopen or challenge the tax, legal or other arrangements affecting the Company's operations.

Any of the foregoing risks could have a material adverse effect on the Company's business, prospects, financial condition and results of operations or the Company's ability to operate its business in line with its strategy. Any changes in the existing policies of the Government, or a change in the Government or the president of Kazakhstan, may adversely affect the Company's ability to operate its business.

(x) ***The laws and regulations of Kazakhstan***

The laws and regulations of Kazakhstan relating to foreign investment, subsoil use, licensing, companies, customs, currency, capital markets, banking, taxation and competition are still developing. Many such laws provide regulators and officials with substantial discretion in their application, interpretation and enforcement. Furthermore, the judicial system may not be fully independent of social, economic and political forces. Court decisions can be difficult to predict and enforce, and the Company's best efforts to comply with applicable law may not always result in compliance as determined by regulators and/or the courts. Furthermore, because the Subsoil Law does not define the course of action available to the Government by reference to the gravity of a breach, a minor breach could conceivably lead to harsh consequences, such as suspensions or termination of the subsoil use rights. Because of the relative newness of the Subsoil Law, there are few precedents that would make the consequences of a breach more predictable.

Given Kazakhstan's short legislative, judicial and administrative history, it is not possible to predict the effect of current and future legislation on the Company's business. The ongoing rights of the Company under its subsoil contracts and other agreements may be susceptible to revision or cancellation, and legal redress in relation to such revocation or cancellation may be uncertain.

As tax legislation in Kazakhstan has been in force for only a relatively short time, Kazakhstan's tax laws may not always be clearly determinable, which means that they are not always applied in a consistent manner. In addition, the tax laws continue to evolve. Instances of divergent opinions among local, regional and national tax authorities are not unusual. Tax legislation is evolving and is subject to different and changing interpretations, as well as inconsistent enforcement. The uncertainty of application and the evolution of tax laws create a risk of additional and substantial payments of tax by the Company, which could have a material adverse effect on the Company's business, prospects, financial position and results of operations. Tax regulation and compliance is subject to review and investigation by the authorities who may conceivably impose material fines, penalties and interest charges which could be disputed unsuccessfully by the Company either with the tax authorities or through the courts.

The Company is required to obtain, on an ongoing basis, all permits as required by the laws of Kazakhstan. Failure to obtain all such permits could materially and negatively impact the Company's production, its business, financial condition or results of operations.

Risks associated with the Shares

(y) ***Investment in AIM securities***

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List and traded on the London Stock Exchange's market for listed securities. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

(z) ***Potentially volatile share price and liquidity***

The share price of quoted emerging companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price at which investors may realise for their Ordinary Shares may be influenced by a significant number of factors, some specific to the Company and its operations and some which affect quoted companies generally. These factors could include the performance of the Group, large purchases or sales of Ordinary Shares, legislative changes and general, economic, political or regulatory conditions.

PART III
COMPETENT PERSON'S REPORT

ROXI PETROLEUM PLC

Competent Person's Report

Roxi Group and Eragon Petroleum PLC Contracts

January 2008

ROXI PETROLEUM PLC

Competent Person's Report

Roxi Group and Eragon Petroleum PLC Contracts

Prepared For:

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APPENDIX – GLOSSARY OF TERMS

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Reference: **Roxi Petroleum PLC**
Competent Persons Report as of September 30, 2007
Roxi Group and Eragon Petroleum PLC Contracts

Dear Sirs:

Pursuant to your request we have prepared an evaluation of the crude oil reserves and an assessment of the crude oil resources for certain interests of Roxi Petroleum PLC ("Roxi") within the Republic of Kazakhstan as of September 30, 2007. This report includes Roxi's interests in two existing Contracts as well as three Contracts that Roxi is, subject to shareholder approval, seeking to acquire through the acquisition of an interest in Eragon Petroleum PLC ("Eragon").

This evaluation was prepared to support a re-admission by Roxi to the AIM market in London. The future net revenues and net present values were calculated using forecast prices and costs using McDaniel & Associates ("McDaniel") opinion of future crude oil prices at September 30, 2007 and are presented in United States dollars. The reserves and resource estimates and future net revenue forecasts have been prepared in accordance with the 2007 SPE/WPC/AAPG/SPEE Petroleum Resource Management System. The format and content of this report follows the guidance set out in the March 2006 Guidance Note for Mining, Oil and Gas Companies published by the London Stock Exchange.

Roxi has advised McDaniel that Mr. Oraziman, a director of Roxi, has an interest in the assets that are the subject of this report. However, it should be pointed out that McDaniel has not conducted any review of the ownership of the assets or shares of Roxi and has accepted all ownership and interest information as presented to McDaniel by Roxi.

This evaluation was prepared during the period from September 2007 to January 2008 and was based on technical and financial data to the end of September 2007. Roxi has provided McDaniel with written representation that no new data or information has been acquired between September 30, 2007 and the date of this report which might materially impact our opinions in this report. All of the basic information employed in the preparation of this report was obtained from Roxi. The data was generally of fair quality, consistent with the type and quality of information usually available in Kazakhstan. McDaniel personnel visited the offices of Roxi in Almaty, Kazakhstan at the end of September 2007 to gather all available technical data and to review geological interpretations with company engineers and geologists. A field visit was not conducted since there is very limited development in the properties to date.

1 EXECUTIVE SUMMARY

A summary of the Contract Areas owned or being acquired by Roxi in Kazakhstan are summarized below:

Contract	Operator	Interest	Status	Contract Expiry	Contract Area	Comment
Roxi Group Assets						
Beibars	Beibars Munai	50%	Exploration	Jan 31, 2012	167 km ²	Acquiring seismic 2007
Ravninnoe	Ravninnoe Oil	50%	Appraisal	Apr 15, 2029	121 km ²	Re-enter and drill wells in 2008
Assets being acquired through the 59 per cent. purchase of Eragon						
BNG	BNG	59%	Exploration	Jun 7, 2011	1,422 km ²	New Contract
Galaz	Galaz	50.15%	Appraisal	May 14, 2009	30 km ²	Plan to Shoot Seismic in 2008 and drill
Munaily	Munaily	59%	Rehabilitation	Jan 31, 2030	0.7 km ²	Drilling infill wells

Roxi will acquire the above interests in the BNG, Galaz and Munaily Contract Areas through the purchase of 59 per cent. of Eragon on Admission and subject to shareholder approval.

The Contract Areas are all located in Kazakhstan as shown in Figure 1.



Figure 1 – Location Map showing the Roxi Petroleum Contracts

1.1 Reserves

Crude oil reserves were assigned in this report to the Ravninnoe field within the Ravninnoe Contract Area and the North West Konys field within the Galaz Contract Area. Roxi's share of the remaining crude oil reserves assigned to these areas as of September 30, 2007 was estimated to be as follows:

	Operator	Proved	Probable	Proved Plus Probable	Possible	Proved Plus Probable Plus Possible
Crude Oil Reserves						
Property Gross, Mbbl						
Roxi Group Assets						
Ravninnoe	Ravninnoe Oil	-	1,284	1,284	2,369	3,653
Eragon Assets						
Galaz (NW Konys)	Galaz	684	2,825	3,509	4,343	7,852
Roxi Gross, Mbbl (1)						
Roxi Group Assets						
Ravninnoe	Ravninnoe Oil	-	642	642	1,184	1,826
Eragon Assets						
Galaz (NW Konys)	Galaz	343	1,417	1,760	2,178	3,938
Roxi Net, Mbbl (2)						
Roxi Group Assets						
Ravninnoe	Ravninnoe Oil	-	629	629	1,161	1,790
Eragon Assets						
Galaz (NW Konys)	Galaz	336	1,389	1,725	2,134	3,859

- (1) Roxi Gross reserves are based on the working interest share of the reserves for each property before deductions of royalties.
(2) Roxi Net reserves are based on the working interest share of the reserves after the deduction of royalties.

1.2 Net Present Values of the Reserves

The net present values of the reserves were based on future production and revenue analyses. Roxi's share of the net present values of the reserves based on forecast prices and costs assumptions as of September 30, 2007 were estimated to be as follows:

Roxi Group Contracts (Ravninnoe):

	Net Present Values at September 30, 2007 (US\$1000)				
	Discounted At				
	0%	5%	10%	15%	20%
Before Income Taxes (1) (2)					
Proved Reserves	-	-	-	-	-
Probable Additional Reserves	2,154	754	(146)	(753)	(1,176)
Total Proved + Probable Reserves	2,154	754	(146)	(753)	(1,176)
Possible Reserves	14,112	6,446	2,209	(239)	(1,698)
Total Proved + Probable + Possible Reserves	16,266	7,200	2,063	(992)	(2,874)
After Income Taxes (1) (2)					
Proved Reserves	-	-	-	-	-
Probable Additional Reserves	1,763	448	(388)	(947)	(1,334)
Total Proved + Probable Reserves	1,763	448	(388)	(947)	(1,334)
Possible Reserves	10,114	3,875	458	(1,487)	(2,621)
Total Proved + Probable + Possible Reserves	11,877	4,323	70	(2,433)	(3,954)

(1) The net present values may not necessarily represent the fair market value of the reserves.

(2) The value of all wells and facilities are included in the net present value estimates

Eragon Contracts (North West Konys):

	Net Present Values at September 30, 2007 (US\$1000)				
	Discounted At				
	0%	5%	10%	15%	20%
Before Income Taxes (1) (2)					
Proved Reserves	5,618	4,551	3,763	3,168	2,708
Probable Additional Reserves	21,630	16,626	13,091	10,522	8,608
Total Proved + Probable Reserves	27,248	21,177	16,854	13,690	11,316
Possible Reserves	35,215	25,592	19,041	14,458	11,173
Total Proved + Probable + Possible Reserves	62,463	46,768	35,895	28,148	22,490
After Income Taxes (1) (2)					
Proved Reserves	4,131	3,327	2,740	2,301	1,964
Probable Additional Reserves	11,533	8,257	6,032	4,481	3,374
Total Proved + Probable Reserves	15,664	11,584	8,773	6,782	5,338
Possible Reserves	20,915	14,635	10,452	7,593	5,592
Total Proved + Probable + Possible Reserves	36,579	26,219	19,225	14,375	10,930

(1) The net present values may not necessarily represent the fair market value of the reserves.

(2) The value of all wells and facilities are included in the net present value estimates

1.3 Contingent Resources

Contingent resource estimates were assigned to the Ravninnoe field within the Ravninnoe Contract Area, which is an existing Roxi asset. Contingent resources are assigned to those areas of the field where wells were unable to test oil, but oil shows and wellhead leaks suggest there are additional resources. A summary of the resource estimates is presented below:

Contingent Resources	Operator	Property Gross (Mbbbl) (1)			Net Interest (Mbbbl) (2)		
		1C Low Est.	2C Best Est.	3C High Est.	1C Low Est.	2C Best Est.	3C High Est.
Ravninnoe Contract	Ravninnoe Oil	1,051	2,586	10,597	526	1,293	5,298

(1) Property Gross resources are before deductions of royalties payable to others.

(2) Net Interest is Roxi's share of the resources before deduction of royalties payable to others.

1.4 Prospective Resources

A number of the Contract Areas in which Roxi has an interest, or is acquiring an interest, have exploration potential. All of the areas have been reviewed as part of this evaluation to determine if the potential is sufficiently well defined to assign prospective resources.

In general the data available is too limited at this time to be able to define drillable prospects. In some cases plays have been identified and the early identification of leads is underway, however, this is not sufficiently advanced to be able to assign prospective resources. A cursory review of the exploration potential has therefore been presented for those contract areas where it is appropriate.

The existing Roxi assets all may have exploration potential. The Beibars Contract Area requires the acquisition of more seismic data to determine the exploration potential. The Oimasha field is located just to the south of Beibars and it maybe that the reservoirs in this field extend into the Beibars Contract Area. The exploration potential for the Ravninnoe Contract Area lies in improved quality of marginal zones elsewhere on the Contract Areas or in deeper, un-penetrated pools.

Two of the assets to be acquired through the purchase of Eragon may have exploration potential. The BNG Contract Area has a number of exploration leads that have been identified. Further work is required before any of these can be classified as prospects. The main exploration potential within the Galaz Contract Area relates to possible Cretaceous and Jurassic stratigraphic traps.

2 RESERVES AND RESOURCES DEFINITIONS

The definitions employed in this evaluation conform to the 2007 Petroleum Resource Management System jointly published by the Society of Petroleum Engineers (“SPE”), World Petroleum Council (“WPC”), American Association of Petroleum Geology (“AAPG”) and the Society of Petroleum Evaluation Engineers (“SPEE”).

2.1 Resources

The term “resources” is intended to encompass all quantities of petroleum naturally occurring on or within the Earth’s crust, discovered and undiscovered (recoverable and unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered “conventional” or “unconventional.”

The resources classification framework is summarized in Figure 2 and a summary of the definitions are given below.

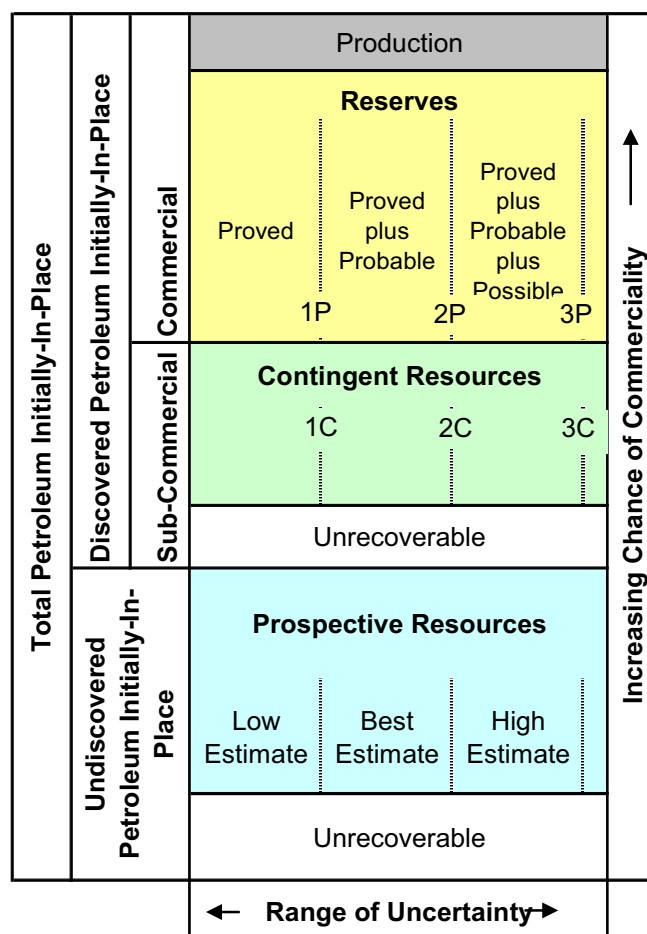


Figure 2 – Resource Classification Framework

The “Range of Uncertainty” reflects a range of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the “Chance of Commerciality”, that is, the chance that the project that will be developed and reach commercial producing status.

The quantities estimated to be initially-in-place are defined as Total Petroleum-initially-in-place, Discovered Petroleum-initially-in-place and Undiscovered Petroleum-initially-in-place, and the recoverable portions are defined separately as Reserves, Contingent Resources, and Prospective Resources. Reserves constitute a subset of resources, being those quantities that are discovered (i.e. in known accumulations), recoverable, commercial and remaining.

Reserves

Reserves those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

The reserve classification system is covered in Section 2.3.

Contingent Resources

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

Prospective Resources

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

2.2 Range of Uncertainty

The range of uncertainty of the recoverable and/or potentially recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

- There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental (risk-based) approach, quantities at each level of uncertainty are estimated discretely and separately.

These same approaches to describing uncertainty may be applied to Reserves, Contingent Resources, and Prospective Resources. While there may be significant risk that sub-commercial and undiscovered accumulations will not achieve commercial production, it is useful to consider the range of potentially recoverable quantities independently of such a risk or consideration of the resource class to which the quantities will be assigned.

2.3 Reserves Categories and Status

For Reserves, the general cumulative terms low/best/high estimates are denoted as 1P/2P/3P, respectively. The associated incremental quantities are termed Proved, Probable and Possible. Reserves are a subset of, and must be viewed within context of, the complete resources classification system.

Proved Reserves

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

Probable Reserves

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

Possible Reserves

Possible Reserves are those additional Reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

Reserves status categories define the development and producing status of wells and reservoirs.

Developed Reserves

Developed Reserves are expected quantities to be recovered from existing wells and facilities. Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-producing Reserves

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or, (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in

existing wells, which will require additional completion work or future re-completion prior to start of production.

Undeveloped Reserves

Undeveloped Reserves are expected quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

2.4 Contingent Resource Categories

For Contingent Resources, the general cumulative terms low/best/high estimates are denoted as 1C/2C/3C respectively. No specific terms are defined for incremental quantities within Contingent Resources.

2.5 Prospective Resource Categories

For Prospective Resources, the general cumulative terms low/best/high estimates apply. No specific terms are defined for incremental quantities within Prospective Resources.

3 PRICE FORECASTS

The net present value estimates were based on the McDaniel & Associates September 30, 2007 price forecast. A summary of the reference crude oil price forecasts and the field prices for the North West Konys and Ravninnoe fields is presented below:

Year	Brent Crude Oil Price (1)	NW Konys Export Price (2)	Ravnin Export Price (2)	NW Konys & Ravnin. Domestic Price (3)	Inflation Forecast
	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	%
2007	76.50	58.00	59.50	25.00	2.00
2008	73.00	54.13	55.66	25.50	2.00
2009	69.20	49.95	51.51	26.01	2.00
2010	67.90	48.27	49.86	26.53	2.00
2011	66.60	46.58	48.20	27.06	2.00
2012	65.10	44.67	46.33	27.60	2.00
2013	63.70	42.87	44.56	28.15	2.00
2014	64.90	43.65	45.37	28.72	2.00
2015	66.20	44.52	46.28	29.29	2.00
2016	67.50	45.39	47.18	29.88	2.00
2017	68.90	46.35	48.18	30.47	2.00
2018	70.30	47.30	49.16	31.08	2.00
2019	71.60	48.14	50.04	31.71	2.00
2020	73.10	49.17	51.11	32.34	2.00
2021	74.60	50.19	52.17	32.99	2.00
2022	76.09	51.19	53.21	33.65	2.00
2023	77.61	52.22	54.28	34.32	2.00
2024	79.17	53.26	55.36	35.01	2.00
2025	80.75	54.33	56.47	35.71	2.00
2026	82.36	55.41	57.60	36.42	2.00

Pricing Assumptions:

- (1) Brent price forecast based on the McDaniel & Associates September 30, 2007 price forecast
- (2) Export prices are based on Brent price less a constant (real terms) differential
- (3) The domestic price excludes VAT

4 NET PRESENT VALUE ESTIMATES

The net present values of the crude oil reserves were based on future production and revenue analyses. All of the net present value estimates presented in this report are presented in US dollars and include an allowance for Kazakhstan taxes. Those contracts that do not yet have a production contract in-place (the Beibars SSUC and the Galaz SSUC) will pay taxes in accordance with the Kazakhstan Tax Code in-place at the time any future production contract is determined. For the purposes of this evaluation it has been assumed that the current Kazakhstan Tax Code applies, which includes principally Royalty, Export Rent Tax, Profit Tax, and Excess Profits Tax together

with some other minor taxes. The Ravninnoe SSUC is an exploration and production contract and therefore should be governed by the 2004 Kazakhstan Tax Code. This code includes the same main taxes as the current code, but their application is slightly different, which has been allowed for.

The future production forecasts were based on detailed calculations including allowances for the benefits of future drilling or re-completions and are presented below for the next 10 years:

Roxi Group Contracts (Ravninnoe):

Year	<u>Net Annual Oil Production</u>		
	1P Mbbl	2P Mbbl	3P Mbbl
2008	-	11	13
2009	-	67	134
2010	-	84	209
2011	-	73	187
2012	-	64	167
2013	-	56	149
2014	-	49	133
2015	-	43	119
2016	-	37	107
2017	-	33	95
Total	-	517	1,313

(1) Net production is based on a 50 per cent. working interest share and is after royalty deduction.

Eragon Contracts (North West Konys):

Year	<u>Net Annual Oil Production</u>		
	1P Mbbl	2P Mbbl	3P Mbbl
2008	9	27	31
2009	54	188	251
2010	64	299	475
2011	51	299	615
2012	41	233	591
2013	32	181	461
2014	26	141	360
2015	20	110	280
2016	16	86	219
2017	13	67	171
Total	326	1,631	3,454

(1) Net production is based on a 50.15 per cent. working interest share and is after royalty deduction.

Future crude oil revenue was derived by employing the forecast production and the forecast Brent crude oil price less an estimate of the price differential between the Brent reference price and the field price. A summary of the calculation of the field price is presented in Section 3 of this report.

Operating and capital costs are based on McDaniel estimates in consultation with Roxi and are presented below for the next 10 years:

Roxi Group Contracts (Ravninnoe):

Year	Operating Costs (1)			Capital Costs (1)		
	1P US\$M	2P US\$M	3P US\$M	1P US\$M	2P US\$M	3P US\$M
2008	-	48	285	-	5,434	5,987
2009	-	307	581	-	802	14,385
2010	-	369	782	-	618	1,466
2011	-	361	769	-	276	824
2012	-	355	759	-	5	565
2013	-	349	750	-	5	294
2014	-	345	744	-	5	13
2015	-	342	739	-	5	13
2016	-	341	721	-	5	13
2017	-	340	705	-	5	13
Total	-	3,157	6,835	-	7,160	23,573

(1) Costs are Roxi's working interest share.

Eragon Contracts (North West Konys):

Year	Operating Costs (1)			Capital Costs (1)		
	1P US\$M	2P US\$M	3P US\$M	1P US\$M	2P US\$M	3P US\$M
2008	52	170	273	3	772	772
2009	290	934	1,444	1,162	4,006	6,214
2010	313	1,241	2,113	517	4,662	9,807
2011	297	1,330	2,427	397	3,372	8,126
2012	286	1,258	2,445	8	583	875
2013	277	1,204	2,319	8	312	609
2014	271	1,166	2,227	8	30	333
2015	267	1,139	2,161	8	31	45
2016	252	1,123	2,116	2	31	46
2017	239	1,065	2,089	2	10	47
Total	2,544	10,630	19,614	2,115	13,809	26,874

(1) Costs are Roxi's working interest share.

The crude oil reserves for all the fields in this report are mostly undeveloped. The new equipment required for development will consist of standard oil field equipment including new wells, pumps, wellsite measurement, and depending upon the stage of development, either flowlines to a group production station ("GPS") or a single well separator and tank with truck loading equipment. A GPS would typically comprise of separators (including a test separator), heaters, tanks (including possibly wash tanks), pumps, and a connection to either a pipeline or truck loading equipment. An allowance was made for well abandonment costs at the end of each respective forecast. An allowance for royalties and income taxes was made according to the terms of each contract.

5 EXISTING ASSET EVALUATION

Prior to this Admission to the AIM market of the Enlarged Group, Roxi owned an interest in two contract areas and an evaluation of these contracts is presented in this section.

5.1 Property Overview

5.1.1 Beibars Contract Area

The Beibars Contract Area lies within the Mangistau administrative area of the Republic of Kazakhstan approximately 40 kilometres south of Aktau and covers approximately 167 square kilometres. The Contract Area lies just to the north of the Oimasha field as presented in Figure 3.

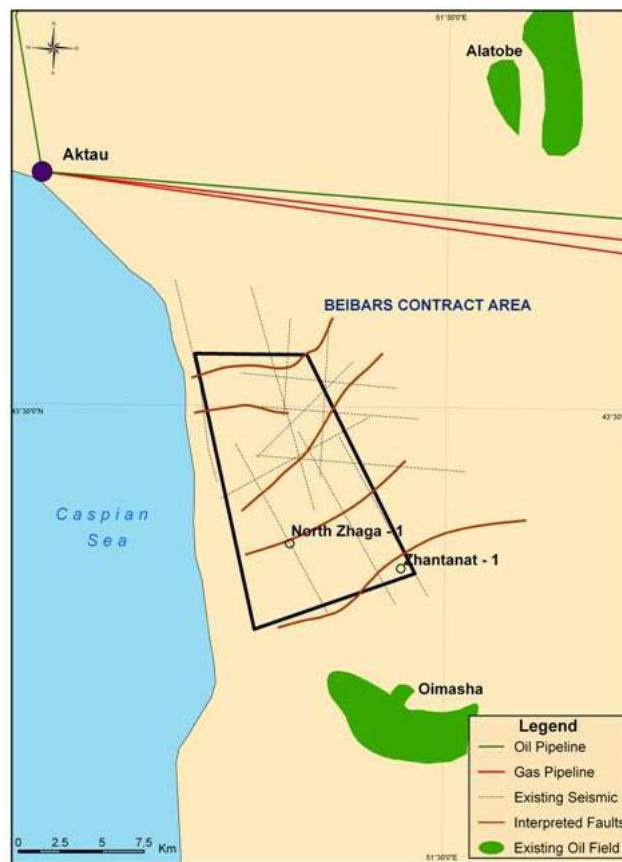


Figure 3- Beibars Contract Area Location Map

Roxi indirectly acquired a 50 per cent. interest in Beibars Munai LLP which holds the Beibars Sub-Soil User Contract ("Beibars SSUC"). The Beibars SSUC was signed on January 31, 2007 and is an exploration contract with a term of 5 years, with two possible two year extensions. A \$1.5 million signature bonus was paid in March 2007. The work programme consists of shooting 200 kilometres of 2D seismic and drilling 3 wells at a total cost \$22.362 million. There is a relinquishment requirement of 10 per cent. of the total Contract Area at the end of year two,

20 per cent. at the end of year three, and 20 per cent. at the end of year four, with the remainder relinquished after five years, if no commercial discovery occurs.

Old 2D seismic data has been acquired by Roxi and are is being reprocessed together with a base Jurassic and a top Carbonate (Triassic) depth structure map. The maps show two potential low relief structures, which due to the limited amount of seismic data cannot be closed to the west. Roxi plans to acquire 3D seismic over approximately 140 square kilometres of the Contract Area in December 2007 through February 2008. An area in the northwest is excluded as there is an environmentally protected area.

One well, North Zhaga-1, was drilled in the Contract Area between 1986 and 1987. The well was drilled to a total depth of 4,250 metres encountering Paleozoic volcanic and metamorphic rocks below 3,665 metres. Eight intervals were tested with only one interval in the Upper Triassic yielding a small volume of gas. Hydrocarbon shows were also evident within core from the Middle Triassic, but this zone together with all the other intervals were non productive.

A second well, Zhantanat-2, is located just inside the southeast corner of the Contract Area and Roxi is currently trying to obtain data from this well.

The Beibars Contract Area lies to the north of the Oimasha oil field which contains light oil (38°API) in Jurassic clastics, Triassic carbonates and Paleozoic weathered granites. Approximately 90 per cent. of the oil is within the Paleozoic and the 2002 Kazakhstan State Balance carried 25 MMbbl of reserves for the field. Roxi believe that the productive zones in Oimasha could also be prospective in the Beibars Contract Area. There are also two producing fields to the north (Alatobe and Rakushechnoe) producing from fractured reservoirs within the Triassic and Jurassic that may also have potential at Beibars.

5.1.2 Ravninnoe Contract Area

The Ravninnoe Contract Area lies partially within the Atyrau regional area, from where it is administered, approximately 100 kilometres northeast of the Tengiz field and covers an area of 121 square kilometres as presented in Figure 4. The Opornaya railway station is located approximately 30 kilometres to the southwest of the field and has an oil loading facility. The railway runs between the towns of Kulsary to the north and Beyneu to the south and ultimately connects through to Atyrau or Aktau. Oil production from several fields in the area is loaded onto railcars at Opornaya and this would be the most likely export route for Ravninnoe. The main Mangyshlak-Atyrau oil pipeline also runs through Opornaya and would give access to the Atyrau-Samara export route. Access to the field from Opornaya is via unpaved roads that are generally passable except after heavy rain. Opornaya also acts as the base for several oilfield service companies that support the nearby fields.

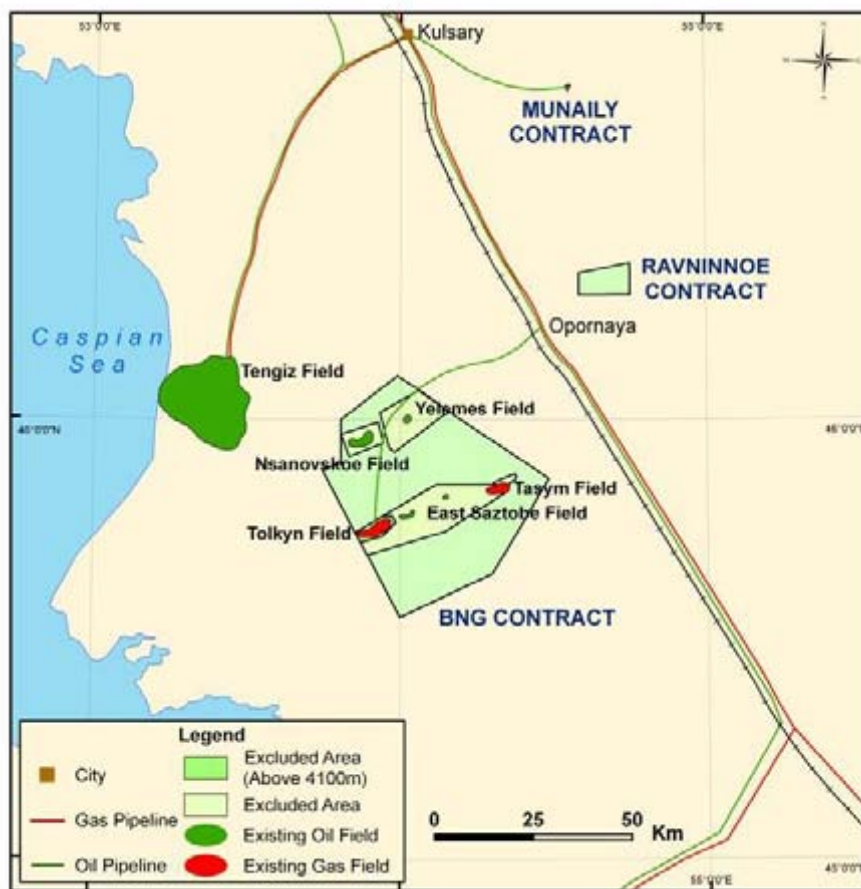


Figure 4 – Ravninnoe , BNG, Munaily and Contract Area Location Map

The Ravninnoe Sub-Soil User Contract (“Ravninnoe SSUC”) was issued in 2004 to Ravninnoe Oil. The Ravninnoe SSUC is an exploration and production contract and has a term of 25 years, with a 3 year exploration period and two possible two year extensions for the exploration period.

The Ravninnoe SSUC entered the first two year extension period on April 7, 2007. The minimum work programme associated with this extension is US\$ 14.6 million and includes the drilling of 5 wells. Roxi indicated that the Government agreed the area associated with the Ravninnoe SSUC will be extended to include Well 7, however, the addendum to the SSUC is still awaiting final signature.

Roxi indirectly acquired a 50 per cent. interest in Ravninnoe Oil. Roxi has reported that the Kazakh Government has approved the acquisition.

A total of twelve wells were drilled during the 1980s of which two (Wells 7 and 12) lie just outside the original Contract Area. Well 8, which was drilled in 1983, was the only well to successfully test hydrocarbons. Wells 1, 4, 9, and 10 were not drilled deep enough to encounter the reservoir

section. The other wells either tested water, water with a trace of oil, or failed to recover any fluids.

In April 2006, Ravninnoe Oil re-entered Well 8. Anecdotal, un-documented accounts suggest the well initially flowed although no reliable rate information could be obtained. The well was then worked over to try and re-open and test some deeper perforation intervals. Up until November 2006 a number of cement plugs were drilled and a packer was milled out. During these operations the well is described as intermittently flowing on daily well reports, although no actual production rates are recorded. Five sets of perforations were re-opened by the milling and drilling operations.

Subsequently in December 2006, with Roxi personnel on site, an attempt was made to verify that the well was capable of flowing. Some oil was recovered during swabbing, but natural flow was not established. Roxi believes the well is heavily damaged and undertook a cement squeeze and re-perforation of the pay intervals. During the cement squeeze and subsequent drillout Roxi found that the casing had parted above the reservoir due to earlier milling operations.

Roxi is currently acquiring a 3D seismic survey over the Contract Area which is due to be finished in January 2008. Roxi then intends to re-enter some of the old wells during 2008 to see if they can establish productivity. Following processing and interpretation of the 3D seismic new wells will be drilled in the second half of 2008. This would lead to a State reserves submission in 2009 and the establishment of the remaining fiscal terms.

5.2 Reserves Estimates

One field within the existing Roxi portfolio, the Ravninnoe field within the Ravninnoe Contract Area, has been assigned reserves in this evaluation.

5.2.1 Ravninnoe Field

The Ravninnoe field is located within the southeast area of the Pre-Caspian basin and discovered a Lower Carboniferous age oil reservoir. Unlike most Carboniferous reservoirs in the Pre-Caspian basin which consist of limestone and dolomite, the Ravninnoe reservoir is interpreted to consist of a clastic sequence.

The top of productive reservoir ranges from 3,219 metres to 3,397 metres over the field area as shown in Figure 5 below. This figure shows the extended Contract Area, which forms part of an addendum to the Ravninnoe SSUC that is still awaiting final Government approval (Section 5.1.2).

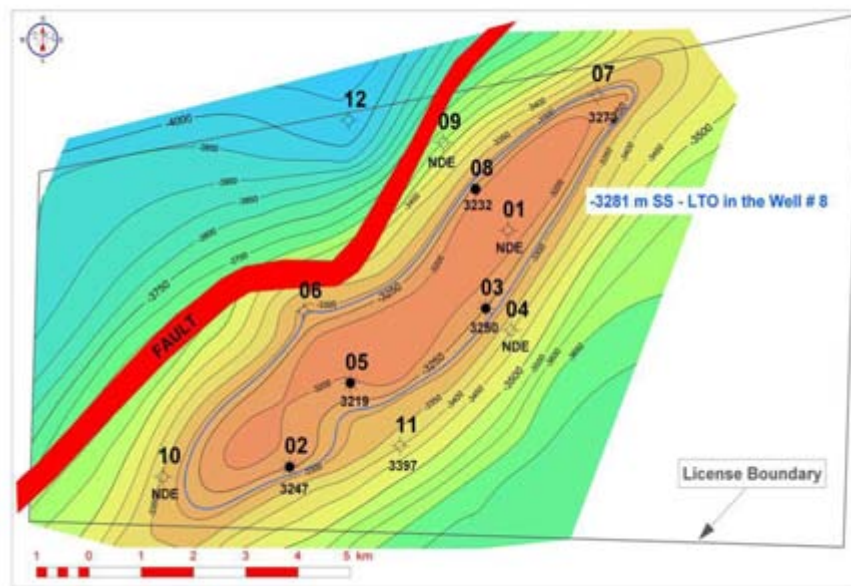


Figure 5 – Ravninnoe, Middle Carboniferous Sand Top Structure Map

The structure appears to be a faulted anticline which trends northeast-southwest. A major fault cuts the structure in the northern part, as shown in Figure 5. A small number of paper seismic sections were available to confirm this general structural configuration.

Well 8 encountered 18.2 metres of net pay within the Carboniferous and produced 26°API (0.897 g/cc) oil. A number of tests appear to have been carried out on the interval, but the reports are of poor quality. One report states the well produced at a rate of 604 bopd during an open-hole test, but this is not verified by the well documentation. An initial cased-hole test states the interval flowed at 136 bopd, but that this declined rapidly to 28 bopd. A subsequent test then flowed at 321 bopd with no mention of a decline. Ten other intervals were tested in Well 8 with only two showing some inflow and traces of oil, the other six tests were all tight.

There appears to be no oil property measurements and the solution gas content is not known. The oil formation volume factor has been estimated using correlations and regional knowledge. The oil was assumed to be undersaturated however given the lack of PVT data it is possible that there may be a gas cap.

One interpretation is that the field consists of a single well pool centred around Well 8. The well has not shown to be capable of sustaining production and therefore proved reserves were not assigned. This may be due to significant formation damage caused by very poor workover practices and if a workover can remove the damage, or if a new sidetrack is drilled from the existing wellbore, it is likely that oil can be produced at commercial rates. Probable reserves have therefore been assigned assuming a sidetrack of Well 8 and that a new offset producer is drilled. In addition, a further two producers were assumed to be drilled together with a water injector in the probable plus possible reserves case.

There is evidence that the oil pool has a much larger areal extent. There have been number of other wells drilled in the field as shown in Figure 5 but none of these wells successfully tested oil. However, oil is leaking to the surface at Wells 2, 3, 5 and 7 which has been documented in a baseline environmental assessment that Roxi undertook during 2006 and it may be that these wells are all part of a larger single accumulation that has either very poor reservoir quality and hence failed to test when drilled, or was so badly damaged during drilling that it was unable to produce. The blue contour line shown in Figure 5 corresponds to the lowest tested oil in well 8 and encompasses all the wells that have seen oil leaking to the surface.

The uncertainty over the productivity raises questions over whether new wells can be economically drilled. With well depths up to 3,500 metres, production rates of at least 200 bopd would be required to justify the estimated \$8 million drilling costs. Due to the very limited data available, any further potential outside the area around Well 8 was classified as contingent resources. A summary of the resource estimates is presented in Section 5.3.1. With further drilling and testing it may be possible to re-classify some of these resources to reserves.

A summary of the remaining crude oil reserves for each reserves category is presented below:

	Crude Oil Reserves at Sep 30, 2007 Mbbl		
	Total Proved	Proved Plus Probable	Proved + Probable + Possible
Property Gross (1)	-	1,284	3,653
Roxi Gross Share (2)	-	642	1,826
Roxi Net Share (3)	-	629	1,790

- (1) Property Gross Reserves are based on a 100 per cent. working interest.
- (2) Roxi Gross Share is based on a 50 per cent. working interest.
- (3) Roxi Net Share is based on the Roxi Gross share less royalties.

The reserves estimates were based on volumetric calculations using McDaniel prepared geological maps and petrophysical interpretations. The rock volume in the probable case was based on the net pay in Well 8 and a drainage area of approximately 160 acres for each of two wells. The rock volume in the probable plus possible case was based on a drainage area of approximately 180 acres for each of four wells.

Recovery factors were based on a combination of factors including recovery efficiencies in analogous reservoirs and the anticipated performance of the wells. The resulting recovery factor for the probable reserves case was estimated to be 20 per cent. and for the probable plus possible reserves case 25 per cent. It was assumed that a water injection well would be drilled in the probable plus possible reserves case.

5.3 Contingent Resource Estimates

One field within the existing Roxi portfolio have been assigned contingent resources as part of this evaluation.

5.3.1 Ravninnoe Field

As discussed in Section 5.2.1 crude oil reserves were only assigned to the area around Well 8. However, oil shows at surface in several wells indicate that the field probably contains oil over a much larger area so contingent resources were assigned for this additional area. Estimates of these resources were estimated probabilistically to determine the in-place volumes and associated recoverable volumes. The total pool original oil in place was estimated then the assigned reserves were subtracted to determine the volumes that could be classified as contingent resources.

In summary, the total resources and the contingent resources are as follows:

	Crude Oil Contingent Resources at Sep 30, 2007 Mbbl		
	1P / 1C Low Case	2P / 2C Best Est. Case	3P / 3C High Case
Total Recoverable Resources (1)	1,051	3,870	14,249
Volumes Assigned as Reserves (1)	-	1,284	3,653
Volumes Assigned as Contingent Resources (1)	1,051	2,586	10,597
Roxi Gross Share (2)	526	1,293	5,298

- (1) Property Gross Resources are based on a 100 per cent. working interest
(2) Roxi Gross Share is based on a 50 per cent. working interest.

5.4 Exploration Upside

All three contract areas within Roxi's current portfolio have exploration potential.

5.4.1 Beibars Contract Area

Very limited data was available for the Beibars Contract Area and for the nearby Oimasha field, thus no evaluation of the exploration potential could be undertaken as part of this report. All that can be observed at this stage is that the three hydrocarbon bearing reservoirs in the Oimasha field (Jurassic clastics, fractured Triassic carbonates and weathered Paleozoic granites) could have potential in the Beibars Contract Area. These zones all tested oil at good rates in Oimasha and in other fields to the northeast but a detailed review of the existing data and possibly additional seismic will be required to be able to assess this potential.

5.4.2 Ravninnoe Contract Area

There is exploration potential for the Ravninnoe Contract Area in deeper Lower Carboniferous or Devonian deposits underlying the productive Middle Carboniferous reservoir interval. The lithology of these intervals in this area is not known and they may consist of carbonates or clastics. The Lower Carboniferous and Devonian in the Pre-Caspian basin usually consist of clastic rocks, however, in the Tengiz-Kashagan area and the northern part of Pre-Caspian basin the Lower Carboniferous and Devonian consist of carbonate build-ups and carbonate platform deposits.

The Lower Carboniferous and Devonian in the Pre-Caspian basin have not been extensively explored to date since they are usually quite deep. Only two fields have been discovered to date in Kazakhstan, the Karachaganak field which is productive from Upper Devonian carbonate reservoirs (as well as middle Carboniferous carbonates) and the Prigranichnoe field, also in the northern part of Pre-Caspian basin and productive in clastic reservoirs of the Middle and Upper Devonian.

In terms of a hydrocarbon source, the United States Geological Survey (USGS) reports that there are potential hydrocarbon source rocks in the Devonian sequence in the Pre-Caspian basin. The source rocks are currently within a gas generating window, but, as the burial history and source rock maturity is not well understood in this area, any accumulations could contain oil and/or gas-condensate.

In general, potential reservoirs are expected to have low permeability but the reservoir quality could be better close to faults zones where secondary fractures and vuggy porosity could have developed. Better reservoir quality may exist in the Ravninnoe area as the depth of the Lower Carboniferous or Devonian formations are shallower than in most other areas at roughly 4,000 to 5,000 metres.

Potential reservoirs in the Ravninnoe field are likely to be faulted anticlines as the Lower Carboniferous or Devonian likely follow the structure of the overlying Middle Carboniferous. The major fault in the northwestern part of the Contract Area shown in Figure 5, could be transformed to a thrust fault at the Devonian level. Block movements on the thrust surface could also have led to fracture development and hence improved reservoir quality.

Visean age shale and tight siltstones already penetrated by the existing wells in Ravninnoe could act as an effective seal for any potential reservoirs.

All the components of a successful petroleum system within the Lower Carboniferous and Devonian could therefore be present at Ravninnoe and as such it represents a reasonable exploration play. More seismic needs to be run to be able to assess this potential.

6 EVALUATION OF ERAGON ASSETS

Roxi will acquire an interest in three contract areas through the acquisition of an interest in Eragon and an evaluation of these contracts is presented in this section.

6.1 Property Overview

6.1.1 BNG Contract Area

The BNG Contract Area lies within the Mangistau administrative area of the Republic of Kazakhstan covering an area of 1,422 square kilometres. The location is approximately 40

kilometres southeast of the Tengiz field and 130 kilometres south of the town of Kulsary. A map showing the location of the BNG Contract Area, together with the Munaily and Ravninnoe Contract Areas, is presented in Figure 4 (Section 5.1.2). Geologically the area spans the boundary between the Pre-Caspian basin to the north and the North Ust-Urt basin to the south. The Pre-Caspian basin has two major mega sequences comprising a lower, predominately carbonate section and an upper clastic section, separated by a Permian (Kungurian) salt-bearing formation. The North Ust-Urt basin has no Kungurian salt, and instead has a thick section of Permian clastics and carbonates overlying similar mixed lithology within the Carboniferous.

The overall area was previously licensed to KazTurkMunai and contained a number of discoveries made during Soviet times. KazTurkMunai retained the existing discoveries and subsequently relinquished what now makes up the current Contract Area. All the earlier discoveries, including Yelemes, Nsanovskoye, Tolkyn, Tasym and East Saztobe, are excluded from the Contract Area as shown Figure 4. As both Nsanovskoye and East Saztobe have been developed and are producing, access to infrastructure and oil-field services within the Contract Area is expected to be good.

The BNG Sub-Soil User Contract ("BNG SSUC") is an exploration contract issued on June 7, 2007 for a period of four years to BNG a Kazakh limited liability company. Roxi will on Admission indirectly own 59 per cent. of BNG. The contract minimum work programme is for US\$61.2 million and includes the drilling of thirteen wells. The contract specifies that, excluding any commercial discovery, 20 per cent. of the area must be relinquished after 2 years, another 20 per cent. after 3 years and the remainder at the end of the contract. Although the Contract Area has a number of excluded areas around existing discoveries, the excluded area associated with the Tolkyn discovery has a depth limitation of 4,100 metres.

Roxi plans to evaluate the existing data (seismic and well data) in 2008 prior to acquiring exploration 2D and 3D seismic during 2008 and 2009. Exploration drilling is expected in the period from 2010 to 2013.

6.1.2 Galaz Contract Area

The Galaz Contract Area lies within the Kyzylorda administrative area of the Republic of Kazakhstan covering an area of 30 square kilometres. The Contract Area is located approximately 120 kilometres north of the city of Kyzylorda as presented in Figure 6.

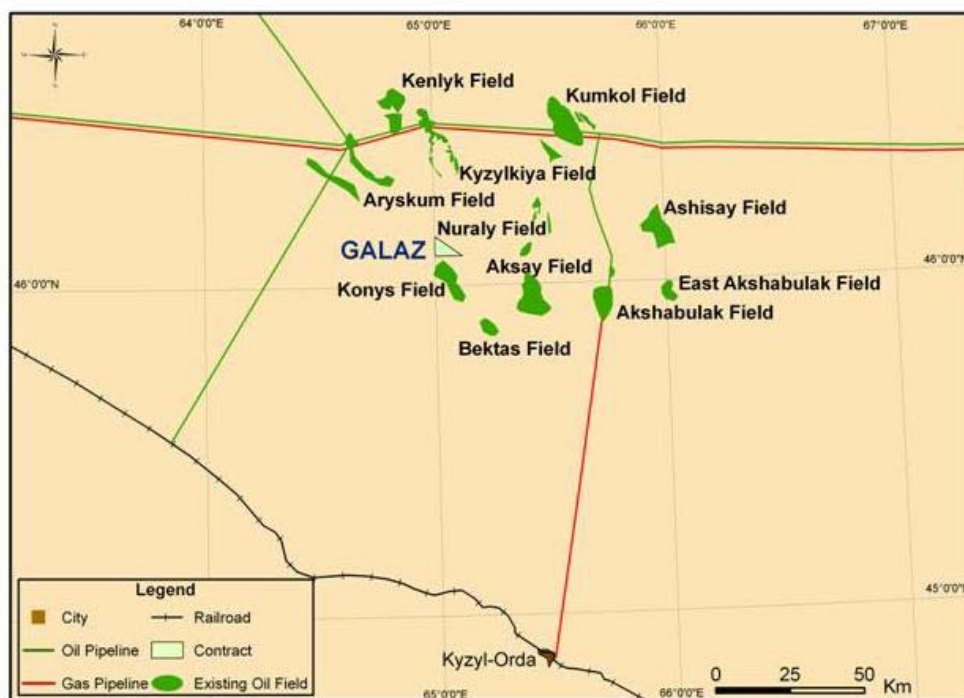


Figure 6- Galaz Contract Area Location Map

Geologically the area lies within the South Turgai basin and is in close proximity to several producing oil fields (e.g. Konys and Aryskum) which produce from Cretaceous and Jurassic reservoirs. Infrastructure in the area is good, although it is not clear how easy it will be to gain access to this, as nearly all the infrastructure is owned by Chinese affiliated companies.

Roxi will on Admission indirectly acquire a 50.15 per cent. interest in Galaz, which holds the Galaz Sub-Soil User Contract ("Galaz SSUC"). The contract is an exploration and production type contract which was originally awarded on May 27, 1999. Since then there have been a number of contract extensions such that the current expiry date is May 14, 2009.

The North West Konys field was discovered in 1992 by Well 26, which found 3 metres of pay within the Jurassic. The interval was tested and a rate of 4 bopd was inferred from fluid level changes in the well (the well did not support flow to the surface). Well 27 was then drilled in a separate fault block and found 8 metres of net pay, again within the Jurassic, which tested at more than 400 bopd. The two wells are not thought to be in communication and are interpreted to have found separate oil pools within the Jurassic. The next three wells (28, 29 and 30) were all largely unsuccessful, either finding no equivalent sand in the Jurassic (28 and 29) or finding it wet (Well 30). However, Well 29 is interpreted to have found an oil-water-contact within the Cretaceous Aryskum formation with 1 metre of net pay. The interval tested only water, but it maybe that there is an oil pool up-dip of this location within this interval. Both Wells 27 and 30 are up-dip of Well 29, but in these wells the Cretaceous interval was found to be tight. The Cretaceous is considered to have a large amount of uncertainty at this time.

The official work programme for 2007 indicates that Galaz did not meet the work programme commitments for 2006, due to “court proceedings and the arrest of the bank account of Galaz”. However, the Galaz SSUC was extended due to force majeure until May 2009. The 2007 work programme was agreed at US\$13.47 million.

Roxi indicates that Galaz re-entered Well 27 in September 2007 and re-perforated the main Jurassic sand and is now planning to install production equipment. Well 26 is now being worked over and a seismic crew has been mobilised to shoot 3D seismic over the Contract Area. The total expenditure for 2007 by Galaz is estimated by Roxi to be approximately \$2.5 million, which implies, as this is less than the agreed 2007 work programme expenditure, there may be a risk that this contract could be revoked by the Government.

6.1.3 Munaily Contract Area

The Munaily Contract Area lies within the Atyrau administrative area of the Republic of Kazakhstan and covers an area of 0.69 square kilometres. The location is approximately 60 kilometres southeast of Kulsary, as presented in Figure 4 (Section 5.1.2).

The area contains the Munaily field, which is an old oil field that produced between 1948 and 1988 from 59 wells. Oil is found in 11 reservoirs of Neocomian, Jurassic and Triassic age at depths from 500 to 1650 metre in a faulted block on the flanks of a salt diapir. Total oil production was approximately 10 MMbbl when the field was abandoned at a 98 per cent. water cut. In order to ascertain whether any reserves exist, a detailed review of the geological and production history data will be required to try to identify any undeveloped areas.

The current Munaily Sub-Soil Use Contract (“Munaily SSUC”) is an exploration and production contract awarded on January 31, 2005 to Munaily to carry out field rehabilitation work. The contract term is for 25 years. The exploration period, which was renewed in March 2007 until January 31, 2010, specifies a minimum work programme of US\$17 million including drilling eight new wells. Munaily is a Kazakh limited liability company, which will on Admission be 59 per cent. indirectly owned by Roxi.

6.2 Reserves Estimates

One field within the portfolio that Roxi has agreed to acquire from Eragon has been assigned reserves as part of this evaluation.

6.2.1 North West Konys Field

The North West Konys field is located within the Galaz Contract Area. The field is on the western side of the South Turgai basin on a structural trend (the Aryskum graben) with the Aryskum field to the north and the Konys field directly to the south. The field was discovered in 1992 whilst appraising the Konys field. Five wells were drilled in and around the field.

The North West Konys field contains a light crude oil in a Jurassic sand reservoir, unlike the Konys field where the reservoir is in slightly shallower Cretaceous sands. The main reservoir appears to be an 8 metre thick channel sand running in a NNW-SSE direction between Well 27 and 28, which are over 5 kilometres apart. The sand is absent from the other wells drilled in the area (Well 26, 29 and 30) and the trap probably has a stratigraphic component.

A top structure map and net pay map for the Jurassic interval are shown in Figure 7 and Figure 8 respectively.

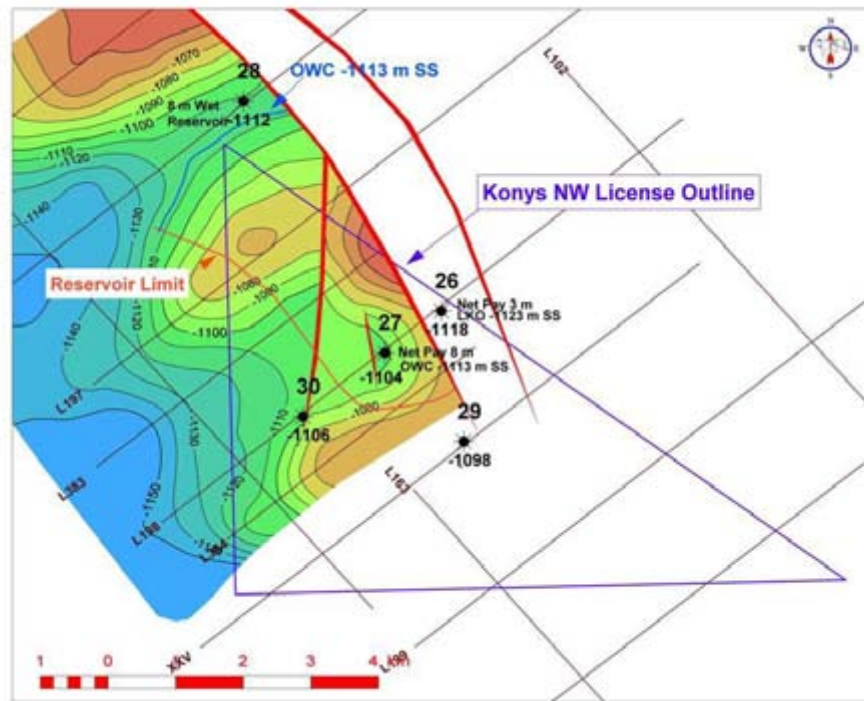


Figure 7- North West Konys, Jurassic Top Structure Map



The reserves estimates were based on volumetric calculations using McDaniel prepared geological maps and petrophysical interpretations. The rock volume in the proved case was based on an area around Well 27. The rock volumes in the 2P and 3P cases were based on the areas presented in Figure 9.

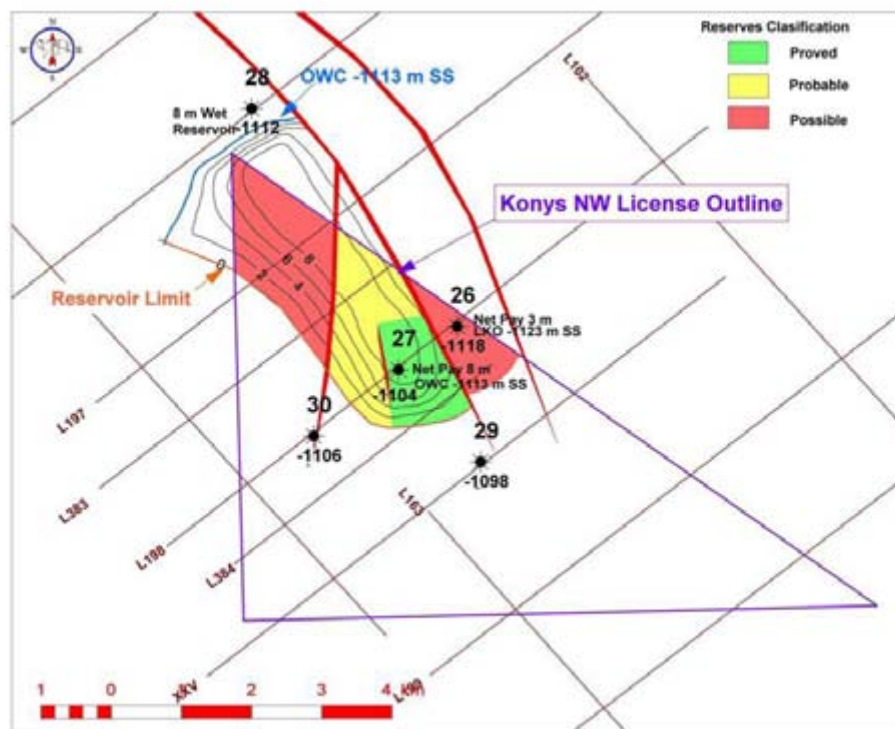


Figure 9- North West Konys, Jurassic Reserves Classification Map

The resulting recovery factor for the 1P reserves case was estimated to be 12.5 per cent., for the 2P reserves case 25 per cent. and for the 3P case 30 per cent. It was assumed that a waterflood project would be installed in the 2P and 3P reserves cases.

A summary of the crude oil reserves for each reserves category is presented below:

	Crude Oil Reserves at Sep 30, 2007 Mbbl		
	Total Proved	Proved Plus Probable	Proved + Probable + Possible
Property Gross (1)	684	3,509	7,852
Roxi Gross Share (2)	343	1,760	3,938
Roxi Net Share (3)	336	1,725	3,859

- (1) Property Gross Reserves are based on a 100 per cent. working interest.
- (2) Roxi Gross Share is based on a 50.15 per cent. working interest.
- (3) Roxi Net Share is based on the Roxi Gross share less royalties.

6.3 Contingent Resource Estimates

No contract areas within the portfolio Roxi proposes to acquire through its interest in Eragon have been assigned contingent resources as part of this evaluation.

6.4 Exploration Upside

Two contracts areas within the portfolio Roxi proposes to acquire through its interest in Eragon are assessed to have exploration potential.

6.4.1 BNG Contract Area

The BNG Contract Area has a large quantity of old exploration data that still needs to be collected and evaluated. Following this work, additional 2D and possibly 3D seismic will be acquired over the most interesting areas to identify prospects that can be drilled.

Geologically, the Contract Area spans the boundary between the Pre-Caspian Basin to the north and the North Ust-Urt Basin to the south. The stratigraphy in the north is typical of the Pre-Caspian basin suggesting there should be potential within both the supra-salt and sub-salt formations. Towards the south, the Kungurian salt is absent but there is still exploration potential within the Mesozoic and Paleozoic sections.

A number of wells drilled within the BNG Contract Area before 1990 are reported to have had oil or gas shows. Unfortunately no well files were available to confirm the magnitude of these shows. In addition the existing fields within the exclusion areas prove that pools can exist within the Jurassic (Nsanovskoye field), Triassic (Saztobe field) and Permian (Tolkyn field) at depths ranging from 2,000 and 4,000 metres. The 2002 Kazakh State Balance carries reserves for these fields in the range of 5 to 50 million barrels of oil equivalent. The southern half of the block is more gas prone, due most likely to the fact that Paleozoic source rocks are much deeper.

A preliminary review of a limited number of digitized 2D seismic lines suggests there are a number of leads within the Contract Area. These have been identified within the Jurassic, the Permian and the Carboniferous. Whilst some structures appear to be four way closed on seismic, others are only constrained by one seismic line. Further interpretation needs to be continued and in particular integrated with the well data to ensure that some of these structures have not already been drilled. Subsequently, further lines of 2D seismic should be acquired to better define the more promising leads and mature them to drillable prospects. It is too early to say how many prospects may be identified, but early indications suggest that the larger ones will have un-risked in-place resources of between 10 and 100 million barrels of oil equivalent, which is in line with the existing discoveries. Prospective resources have not been assigned due to the very early stage of the data analysis but the location of the block suggests that it should have good exploration potential.

6.4.2 Galaz Contract Area

The main exploration potential within the Galaz Contract Area relates to Cretaceous and Jurassic stratigraphic traps in the area between Wells 27 and 28. Results of the wells already drilled suggest there may be some prospective resources within the Cretaceous (Neocomian). Well 29 is interpreted to have approximately 1 metre of oil pay overlying water, which could suggest there is potential up-dip of the well. Unfortunately the wells that are located in an up-dip location

(Well 27 and 30) have no sands present within the Cretaceous, suggesting the size of any potential pool would be small. In view of these uncertainties a quantification of these resources has not been undertaken.

7 ABBREVIATIONS

The following is a list of the abbreviations used in this report. A glossary of terms is included in an Appendix.

<u>Abbreviation</u>	<u>Meaning</u>
1C	contingent resources, low estimate
2C	contingent resources, best estimate
3C	contingent resources, high estimate
1P	proved reserves
2P	proved plus probable reserves
3P	proved plus probable plus possible reserves
°API	oil density (degrees API)
°C	degrees Centigrade
AAPG	American Association of Petroleum Geology
bopd	barrels of oil per day
g/cc	grammes per cubic centimetre
GOR	gas oil ratio
HKW	highest known oil
LKO	lowest known oil
LTO	lowest tested oil
m SS	metres subsea (depth relative to a sea level datum)
MMbbl	million barrels
OWC	oil water contact
scf/bbl	standard cubic feet per barrel
SPE	Society of Petroleum Engineers
SPPE	Society of Petroleum Evaluation Engineers
SSUC	Sub Soil User Contract
US\$	United States dollars
US\$M	thousand United States dollars
WPC	World Petroleum Congress

8 PROFESSIONAL QUALIFICATIONS

McDaniel & Associates Consultants Ltd. has over 50 years of experience in the evaluation of oil and gas properties. McDaniel is registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA). All of the professionals involved in the preparation of this report have in excess of 5 years of experience in the evaluation of oil and gas properties. Mr. Bryan Emslie, Senior Vice President, Mr. Paul Taylor, Senior Petroleum Engineer and Mr. Anatoli Tchernavskikh, Manager International Geology, all with McDaniel & Associates,

were responsible for the preparation of this report. Mr. Emslie has over 25 years of experience in the evaluation of oil and gas properties Mr. Taylor has over 20 years of experience and Mr. Anatoli Tchernavskikh has in excess of 10 years. All of the persons involved in the preparation of this report and McDaniel & Associates are independent of Roxi and Eragon.

In preparing this report, we relied upon factual information including ownership, technical well and seismic data, contracts, and other relevant data supplied by Roxi. The extent and character of all factual information supplied were relied upon by us in preparing this report and has been accepted as represented without independent verification. We have relied upon representations made by Roxi as to the completeness and accuracy of the data provided and that all data proved to us was lawfully acquired.

This report was prepared by McDaniel & Associates Consultants Ltd. for Roxi to support Admission to the AIM market in London of the Enlarged Roxi Group. It is not to be reproduced, distributed or made available, in whole or in part, to any person, company or organization other than Roxi for any other purpose without the knowledge and consent of McDaniel & Associates Consultants Ltd. We reserve the right to revise any opinions provided herein if any relevant data existing prior to preparation of this report was not made available or if any data provided is found to be erroneous.

Sincerely,

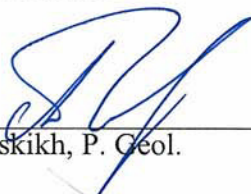
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B. H. Emslie, P. Eng.
Senior Vice President

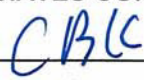


P. M. Taylor, MEI CEng



A. Tchernavskikh, P. Geol.

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PERMIT TO PRACTICE	
McDANIEL & ASSOCIATES CONSULTANTS LTD.	
Signature	
Date	Thursday, January 31, 2008
PERMIT NUMBER: P 3145	
The Association of Professional Engineers, Geologists and Geophysicists of Alberta	

APPENDIX – GLOSSARY OF TERMS

This glossary contains a list of common technical terms that are used in the petroleum industry and contains the technical terms that are used in this document. Grammatical variations of these terms should be interpreted in the same way.

<u>Term</u>	<u>Meaning</u>
“2D Seismic”	seismic data acquired in a grid of lines that is relatively broad spaced, and is processed in two dimensions
“3D Seismic”	seismic data acquired in a grid that is relatively close-spaced and dense, and is processed in three dimensions
“abandonment” (of well)	a term to describe the sealing of a well with cement plugs, and removing the wellhead with no intention of re-entering the well
“anticlinal”	a hydrocarbon trap where the reservoir has a convex geometry
“appraisal well”	a well drilled as part of an appraisal drilling programme which is carried out to determine the physical extent, reserves and likely production rate of a field
“barrel”	a unit of volume measurement used for petroleum and its products (6.29 barrels = 1 cubic metre).
“bounding fault”	a fault that defines the limit of a prospect of hydrocarbon accumulation
“bubble point”	the pressure at which the first bubble of gas comes out of solution from in the oil
“Carboniferous”	geological period between 354 and 295 million years ago
“cement squeeze”	the process of setting cement in a well bore, by pumping cement under pressure in to perforations and behind casing
“clastic sequence”	rock series consisting of predominantly sedimentary rock made up of clasts (fragments) derived from pre-existing rocks transported and re-deposited before becoming lithified
“commercial discovery”	discovery of hydrocarbons which are determined to be commercially viable for appraisal and development
“completion”	the operation of perforating, stimulating and equipping an oil or gas well
“condensate”	hydrocarbons which are in the gaseous state under reservoir conditions and which become liquid when temperature or pressure is reduced. A mixture of pentanes and higher hydrocarbons

<u>Term</u>	<u>Meaning</u>
“contingent resources”	contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies (refer to Section 2).
“Cretaceous”	geological strata formed during the period 140 million to 65 million years ago
“datum”	an agreed and known value, such as the sea level, to which other measurements are corrected
“Devonian”	a geological strata/period depicted between 354 million and 417 million years ago
“dip”	the inclination of a horizontal structure from the horizontal
“discovery”	an exploration well which has encountered hydrocarbons
“downthrown”	relative movement of one fault block against another
“exploration drilling”	drilling carried out to determine whether hydrocarbons are present in a particular area or structure
“exploration phase”	the phase of operations which covers the search for oil or gas by carrying out detailed geological and geophysical surveys followed up where appropriate by exploratory drilling
“exploration well”	a well in an unproven area or prospect, may also be known as a “wildcat well”
“extended production test”	producing a well or formation for a long period of time in order to determine production performance
“fault”	a break in the earth’s crust where there has been displacement of one side relative to the other. Sometimes a layer of non-porous rock may be next to an oil-bearing porous interval along a fault and form a trap for the oil
“field”	a geographical area under which an oil or gas reservoir lies
“formation”	a unit of rock
“formation damage”	damage done to a reservoir formation by exposure to borehole fluids such as drilling mud, brine or fresh water
“gas field”	a field containing natural gas but no oil
“geophysical”	the measurement of the earths physical properties to explore and delineate hydrocarbons, including electrical, seismic, gravity, magnetics, but not including drilling
“graben”	a normally faulted elongate trough or block of rock, down-thrown on both sides

<u>Term</u>	<u>Meaning</u>
“gross pay”	the total thickness of hydrocarbon bearing sediments
“hydrogen sulphide”	a highly acidic and corrosive compound found in some crude oils which in gaseous form is deadly.
“hydrocarbon”	a compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term is mainly used in a catch-all sense for oil, gas and condensate
“Jurassic”	geological strata (or period) formed during the period from 144 million to 205 million years ago
“Mesozoic”	the secondary or reptilian age, from 250 million to 65 million years ago
“milling”	the process of drilling and grinding an obstacle that is lodged in the well bore
“natural gas”	gas, occurring naturally, and often found in association with crude petroleum
“net pay”	the total thickness of hydrocarbon bearing sediments that is classified as reservoir
“oil field”	a geographic area under which an oil reservoir lies
“oil”	a mixture of liquid hydrocarbons of different molecular weights
“operator”	the company that has legal authority to undertake petroleum operations.
“packer”	a device which is run into a well bore which expands to seal and isolate one section of the well bore from another
“Palaeozoic”	geological era between 540 and 250 million years ago. Includes the Permian, Carboniferous, Devonian, Silurian, Ordovician and Cambrian periods
“permeability”	the property of a formation which quantifies the flow of a fluid through the pore spaces and into the wellbore
“Permian”	a geological period between 250 to 295 million years ago
“Permo-Triassic”	geological period between 205 to 295 million years ago
“petroleum”	a generic name for hydrocarbons, including crude oil, natural gas liquids, natural gas and their products
“Pilot Production Project”	an early production scheme, which requires the approval of the Kazakhstan State Authorities
“plugging”	(of well) the process setting cement, or other plug in a well in order to make it safe, from any blow-out and cross flow or environmental impact

<u>Term</u>	<u>Meaning</u>
“pool”	an individual and separate accumulation of petroleum in a reservoir
“porosity”	the percentage of void in a porous rock compared to the total rock volume
“Pre-Caspian Basin”	the sedimentary basin at the North end of the Caspian extending from Astrakhan in Russia to Aktubinsk in West Kazakhstan. Sometimes called Pre-Caspian, and Peri Caspia
“probabilistic”	a method of estimating an uncertain outcome whereby a range of values is used for each parameter in a calculation. Results are generally expressed as a range with an associated probability of occurrence
“prospect”	a defined geological or geophysical feature or anomaly that has been surveyed and defined, usually by seismic data, to a degree that its configuration is fairly well established and that is considered potentially to have a hydrocarbon accumulation
“prospective resources”	prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects (refer to Section 2).
“Proterozoic”	geological era between 2,500 and 800 million years ago
“recompletion”	to repeat the initial “completion” of a well, at a later stage, to either enhance production from the existing “zone”, or to allow production from a new zone
“reserves”	reserves those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions (refer to Section 2).
“reservoir”	the underground formation where oil and gas has accumulated. It consists of a porous and permeable rock to hold the oil or gas, and a cap rock that prevents its escape
“saturated oil”	an oil at reservoir conditions that is at its “bubble point”
“stratigraphic trap”	a mode of trapping hydrocarbons which is not dependent on structural entrapment
“structural high”	an area where rocks have been elevated due to tectonic activity
“swabbing”	the process of mechanically producing a pressure drop in the wellbore by rapidly pulling out of the hole, usually with a cup shaped tool
“TD”	total depth of a well, when drilling has finished
“Triassic”	geological period between 250 and 205 million years ago
“up-dip”	at a structurally higher elevation within dipping strata

<u>Term</u>	<u>Meaning</u>
"under-saturated oil"	an oil at reservoir conditions that is at a pressure above its "bubble point" (compare with "saturated oil"). Reductions in pressure can cause the oil to become saturated
"well log"	a record of geological formation penetrated during drilling, including technical details of the operation
"zone"	a general term meaning an interval or unit of rock. A zone in a well would be an interval typically defined by a top and bottom depth. A fault zone would be the unit of rock associated and the area around a fault

ROXI PETROLEUM PLC

Competent Person's Report

North Karamandybas Contract

January 2008



ROXI PETROLEUM PLC

Competent Person's Report North Karamandybas Contract

Prepared For:

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APPENDIX – GLOSSARY OF TERMS

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Reference: **Roxi Petroleum PLC
Competent Persons Report as of September 30, 2007
North Karamandybas Contract**

Dear Sirs:

Pursuant to your request we have prepared an evaluation of the crude oil reserves and an assessment of the crude oil resources for the North Karamandybas Sub-Soil User Contract ("North Karamandybas SSUC") within the Republic of Kazakhstan as of September 30, 2007. Roxi Petroleum PLC ("Roxi") is attempting to acquire an interest in North Karamandybas, although at the moment there are two obstacles preventing this happening:

- The North Karamandybas SSUC is subject to an ongoing dispute over ownership,
- The North Karamandybas SSUC expired on December 4, 2007.

Both issues will have to be successfully resolved for Roxi to complete the purchase of the North Karamandybas SSUC. Roxi has indicated that it has no potential liability with respect to the ownership dispute.

McDaniel & Associates is not able to assess the likelihood of a favourable decision on the ownership dispute or of a contract extension but, at the request of Roxi, has prepared this report for illustrative purposes.

This evaluation was prepared to support a re-admission by Roxi to the AIM market in London. The future net revenues and net present values were calculated using forecast prices and costs using McDaniel & Associates opinion of future crude oil prices at September 30, 2007 and are presented in United States dollars. The reserves estimates and future net revenue forecasts have been prepared in accordance with the 2007 SPE/WPC/AAPG/SPEE Petroleum Resource Management System. There is one caveat to this in that the reserves and resources identified in this report cannot be assigned to Roxi at this time due to the ongoing ownership dispute and license expiry. Reserves have therefore been assigned in this evaluation to illustrate the future potential that could exist if the ownership dispute and contract expiry are resolved. The format and content of this report follows the guidance set out in the March 2006 Guidance Note for Mining, Oil and Gas Companies published by the London Stock Exchange.

This evaluation was prepared during the period from September 2007 to January 2008 and was based on technical and financial data to the end of September 2007. Roxi has provided McDaniel with written representation that no new data or information has been acquired between September 30, 2007 and the date of this report which might materially impact our opinions in this report. All of the basic information employed in the preparation of this report was obtained from Roxi. The data was generally of fair quality, consistent with the type and quality of information usually available in Kazakhstan. McDaniel & Associates personnel visited the offices of Roxi in Almaty, Kazakhstan at the end of September 2007 to gather all available technical data and to review geological interpretations with company engineers and geologists. A field visit was not conducted since there is very limited development in the properties to date.

1 EXECUTIVE SUMMARY

A summary of the North Karamandybas SSUC is summarized below:

Contract	Operator	Interest	Status	Contract Expiry	Contract Area	Comment
Roxi Group Pending Assets (1)						
N Karamandybas	RS Munai	50%	Appraisal	Dec 4, 2007	7.2 km ²	Pending ownership resolution

- (1) Roxi has concluded an agreement to indirectly own a 50 per cent. interest in the North Karamandybas SSUC but this transfer is subject to an ownership dispute and the requirement for a contract expiry extension.

The location of the contract area is shown in Figure 1.



Figure 1 – Location Map showing the North Karamandybas SSUC

1.1 Reserves

Crude oil reserves were assigned in this report to the North Karamandybas field. Assuming Roxi is able to acquire a 50 per cent. interest in the North Karamandybas SSUC, Roxi's potential share of the remaining crude oil reserves assigned as of September 30, 2007 was estimated to be as follows:

	Operator	Proved	Probable	Proved Plus Probable	Possible	Proved Plus Probable Plus Possible
Crude Oil Reserves						
Property Gross, Mbbl						
North Karamandybas	RS Munai	-	9,256	9,256	11,811	21,067
Roxi Gross, Mbbl (1) (2)						
North Karamandybas	RS Munai	-	4,628	4,628	5,905	10,534
Roxi Net, Mbbl (2) (3)						
North Karamandybas	RS Munai	-	4,535	4,535	5,787	10,323

- (1) Roxi Gross reserves are based on an assumed 50 per cent. working interest share and are before deductions of royalties.
- (2) The assignment of the above Reserves to Roxi should be considered "illustrative" since ownership of the North Karamandybas SSUC is subject to an ownership dispute and the requirement for a contract expiry extension (see Section 1).
- (3) Roxi Net reserves are based on the assumed Roxi Gross reserves after the deduction of royalties.

1.2 Net Present Values of the Reserves

The net present values of the reserves were based on future production and revenue analyses. Assuming Roxi is able to acquire a 50 per cent. interest in the North Karamandybas SSUC, Roxi's share of the net present values of the reserves based on forecast prices and costs assumptions as of September 30, 2007 were estimated to be as follows:

North Karamandybas Contract:

	Net Present Values at September 30, 2007 (US\$1000)				
	Discounted At				
	0%	5%	10%	15%	20%
Before Income Taxes (1) (2) (3)					
Proved Reserves	-	-	-	-	-
Probable Additional Reserves	77,524	46,196	28,194	17,286	10,380
Total Proved + Probable Reserves	77,524	46,196	28,194	17,286	10,380
Possible Reserves	150,813	94,424	63,653	45,495	34,038
Total Proved + Probable + Possible Reserves	228,337	140,620	91,847	62,781	44,418
After Income Taxes (1) (2) (3)					
Proved Reserves	-	-	-	-	-
Probable Additional Reserves	49,090	27,051	14,582	7,175	2,600
Total Proved + Probable Reserves	49,090	27,051	14,582	7,175	2,600
Possible Reserves	81,714	50,436	33,616	23,820	17,709
Total Proved + Probable + Possible Reserves	130,803	77,487	48,198	30,995	20,308

- (1) The net present values may not necessarily represent the fair market value of the reserves.
- (2) The value of all wells and facilities are included in the net present value estimates
- (3) The assignment of the above Net Present Values to Roxi should be considered "Illustrative" since ownership of the North Karamandybas SSUC is subject to an ownership dispute and the requirement for a contract expiry extension (see Section 1).

1.3 Contingent and Prospective Resources

No contingent or prospective resources were assigned to the North Karamandybas SSUC.

2 RESERVES AND RESOURCES DEFINITIONS

The definitions employed in this evaluation conform to the 2007 Petroleum Resource Management System jointly published by the Society of Petroleum Engineers ("SPE"), World Petroleum Council ("WPC"), American Association of Petroleum Geology ("AAPG") and the Society of Petroleum Evaluation Engineers ("SPEE").

2.1 Resources

The term "resources" is intended to encompass all quantities of petroleum naturally occurring on or within the Earth's crust, discovered and undiscovered (recoverable and unrecoverable), plus those

quantities already produced. Further, it includes all types of petroleum whether currently considered “conventional” or “unconventional.”

The resources classification framework is summarized in Figure 2 and a summary of the definitions are given below.

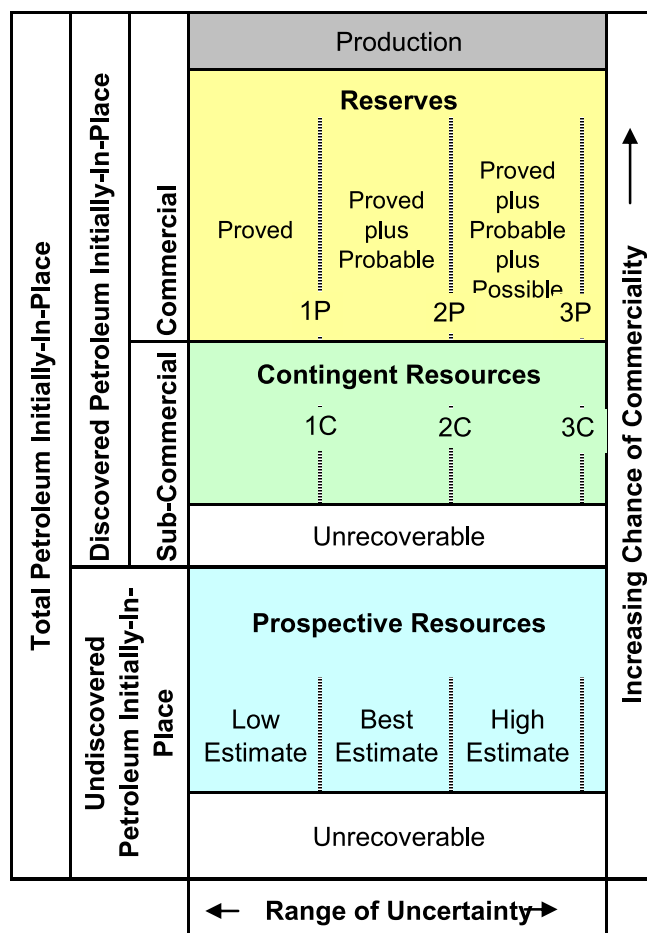


Figure 2 – Resource Classification Framework

The “Range of Uncertainty” reflects a range of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the “Chance of Commerciality”, that is, the chance that the project that will be developed and reach commercial producing status.

The quantities estimated to be initially-in-place are defined as Total Petroleum-initially-in-place, Discovered Petroleum-initially-in-place and Undiscovered Petroleum-initially-in-place, and the recoverable portions are defined separately as Reserves, Contingent Resources, and Prospective Resources. Reserves constitute a subset of resources, being those quantities that are discovered (i.e. in known accumulations), recoverable, commercial and remaining.

Reserves

Reserves those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

The reserve classification system is covered in Section 2.3.

Contingent Resources

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

Prospective Resources

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

2.2 Range of Uncertainty

The range of uncertainty of the recoverable and/or potentially recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

- There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

- There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental (risk-based) approach, quantities at each level of uncertainty are estimated discretely and separately.

These same approaches to describing uncertainty may be applied to Reserves, Contingent Resources, and Prospective Resources. While there may be significant risk that sub-commercial and undiscovered accumulations will not achieve commercial production, it is useful to consider the range of potentially recoverable quantities independently of such a risk or consideration of the resource class to which the quantities will be assigned.

2.3 Reserves Categories and Status

For Reserves, the general cumulative terms low/best/high estimates are denoted as 1P/2P/3P, respectively. The associated incremental quantities are termed Proved, Probable and Possible. Reserves are a subset of, and must be viewed within context of, the complete resources classification system.

Proved Reserves

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

Probable Reserves

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

Possible Reserves

Possible Reserves are those additional Reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

Reserves status categories define the development and producing status of wells and reservoirs.

Developed Reserves

Developed Reserves are expected quantities to be recovered from existing wells and facilities. Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-producing Reserves

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or, (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells, which will require additional completion work or future re-completion prior to start of production.

Undeveloped Reserves

Undeveloped Reserves are expected quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well)

is required to (a) recompleat an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

2.4 Contingent Resource Categories

For Contingent Resources, the general cumulative terms low/best/high estimates are denoted as 1C/2C/3C respectively. No specific terms are defined for incremental quantities within Contingent Resources.

2.5 Prospective Resource Categories

For Prospective Resources, the general cumulative terms low/best/high estimates apply. No specific terms are defined for incremental quantities within Prospective Resources.

3 PRICE FORECASTS

The net present value estimates were based on the McDaniel & Associates September 30, 2007 price forecast. A summary of the reference crude oil price forecasts and the field prices for North Karamandybas is presented below:

Year	Brent Crude Oil Price (1) US\$/bbl	N. Karam. Export Price (2) US\$/bbl	N. Karam Domestic Price (3) US\$/bbl	Inflation Forecast %
2007	76.50	62.50	25.00	2.00
2008	73.00	58.72	25.50	2.00
2009	69.20	54.63	26.01	2.00
2010	67.90	53.04	26.53	2.00
2011	66.60	51.45	27.06	2.00
2012	65.10	49.64	27.60	2.00
2013	63.70	47.93	28.15	2.00
2014	64.90	48.82	28.72	2.00
2015	66.20	49.80	29.29	2.00
2016	67.50	50.77	29.88	2.00
2017	68.90	51.83	30.47	2.00
2018	70.30	52.89	31.08	2.00
2019	71.60	53.84	31.71	2.00
2020	73.10	54.99	32.34	2.00
2021	74.60	56.13	32.99	2.00
2022	76.09	57.25	33.65	2.00
2023	77.61	58.39	34.32	2.00
2024	79.17	59.56	35.01	2.00
2025	80.75	60.75	35.71	2.00
2026	82.36	61.97	36.42	2.00

Pricing Assumptions:

- (1) Brent price forecast based on the McDaniel & Associates September 30, 2007 price forecast
- (2) Export prices are based on Brent price less a constant (real terms) differential
- (3) The domestic price excludes VAT

4 NET PRESENT VALUE ESTIMATES

The net present values of the crude oil reserves were based on future production and revenue analyses. All of the net present value estimates presented in this report are presented in US dollars and include an allowance for Kazakhstan taxes. The North Karamandybas SSUC will pay taxes in accordance with the Kazakhstan Tax Code in-place at the time any future production contract is determined. For the purposes of this evaluation it has been assumed that the current Kazakhstan Tax Code applies, which includes principally Royalty, Export Rent Tax, Profit Tax, and Excess Profits Tax together with some other minor taxes.

The future production forecasts were based on detailed calculations including allowances for the benefits of future drilling or re-completions and are presented below for the next 10 years:

Year	Net Annual Oil Production (1)		
	1P Mbbl	2P Mbbl	3P Mbbl
2008	-	20	30
2009	-	191	287
2010	-	397	644
2011	-	503	984
2012	-	472	1,075
2013	-	387	935
2014	-	317	753
2015	-	259	607
2016	-	237	489
2017	-	256	432
Total	-	3,039	6,237

(1) Net production is based on an assumed 50 per cent. working interest share and is after royalty deduction.

Future crude oil revenue was derived by employing the forecast production and the forecast Brent crude oil price less an estimate of the price differential between the Brent reference price and the field price. A summary of the calculation of the field price is presented in Section 3 of this report.

Operating and capital costs are based on McDaniel estimates in consultation with Roxi and are presented below for the next 10 years:

Year	Operating Costs (1)			Capital Costs (1)		
	1P US\$M	2P US\$M	3P US\$M	1P US\$M	2P US\$M	3P US\$M
2008	-	227	398	-	4,850	4,850
2009	-	1,218	2,020	-	15,619	15,619
2010	-	1,806	2,925	-	14,917	16,790
2011	-	2,203	3,877	-	4,944	13,896
2012	-	2,270	4,306	-	630	934
2013	-	2,185	4,204	-	642	670
2014	-	2,119	4,040	-	80	683
2015	-	2,070	3,917	-	81	109
2016	-	2,075	3,828	-	321	111
2017	-	2,148	3,821	-	449	356
Total	-	18,321	13,336	-	42,533	54,018

(1) Costs are based on an assumed 50 per cent. working interest share.

The crude oil reserves for all the fields in this report are mostly undeveloped. The new equipment required for development will consist of standard oil field equipment including new wells, pumps, wellsite measurement, and depending upon the stage of development, either flowlines to a group production station ("GPS") or a single well separator and tank with truck loading equipment. A GPS would typically comprise of separators (including a test separator), heaters, tanks (including possibly wash tanks), pumps, and a connection to either a pipeline or truck loading equipment. An allowance was made for well abandonment costs at the end of each respective forecast. An allowance for royalties and income taxes was made according to the terms of each contract.

5 PROPERTY OVERVIEW

5.1 North Karamandybas Contract Area

The North Karamandybas Contract Area is located in the Mangistau region of the Republic of Kazakhstan covering an area of 7.2 square kilometres. The location is approximately 100 kilometres east of the city of Aktau. Aktau is a major oil industry centre and an export terminal for shipping crude across the Caspian Sea and on to international markets.

The Contract Area lies within the South Mangyshlak Basin where a large number of oil and gas fields have been discovered. Large fields such as Tenge, Uzen and Zhetybai were discovered in the 1960s within the Lower–Middle Jurassic clastic sequence. North Karamandybas is situated approximately 10 kilometres northwest of the Uzen field on the same structural terrace, known as the Zhetybai-Uzen step. A map showing the location of the oil and gas fields in the area is shown in Figure 3. Given North Karamandybas is close to other fields, there is good access to oil field services and infrastructure including oil and gas pipelines, railways, power lines and roads.

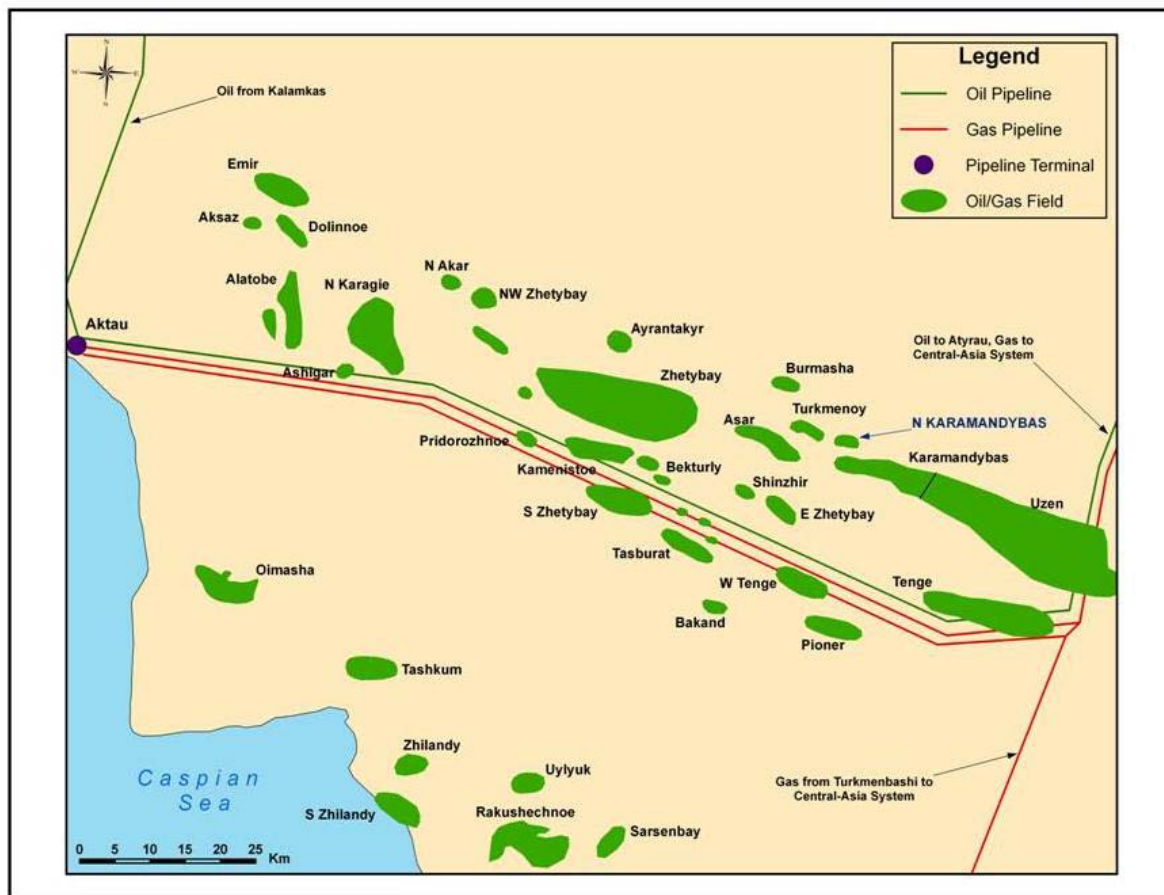


Figure 3 – Oil and Gas Fields of the South Mangyshlak Basin

The North Karamandybas structure was first identified on a 2D seismic survey shot in 1979. Three exploration wells were then drilled between 1987 and 1988. Oil reserves were discovered by Well 3, which penetrated 25 metres of net oil pay within the Middle Jurassic section. Previously Wells 1 and 2 were drilled on the lower flanks of the structure finding reservoir quality sands, but were water bearing. Well 3 tested three different zones, the J-7, J-8 and J-9. The J-7 zone flowed at 90 bopd of oil, which subsequently increased to 190 bopd after installing a down-hole pump. The J-9 zone flowed at 1 bopd without a pump. The J-8 zone did not flow oil to surface, but, based on the changes in fluid level within the well, a rate of 34 bopd was calculated.

The field was then left undeveloped, presumably because there were larger fields close by that were being developed. However, on December 4, 1997 an exploration contract was issued for the area covering 7.2 square kilometres and the total depth range. This contract was issued for a term of 4 years with options to extend twice for 2 years each.

The original contract holder, MABS LLP, transferred their contractual rights to a company called KPP Aktau in 1999. The transfer was endorsed by the Government in 2000 and the existing North Karamandybas SSUC was signed with an associated minimum work programme of US\$1.95

million. A further extension to December 4, 2007 was then granted in June 2006 and a new work programme commitment of US\$2.97 million. Consequently the North Karamandybas SSUC expired on December 4, 2007.

KPP Aktau signed an agreement in 2006 to transfer the contract rights for the North Karamandybas SSUC to RS Munai, a new joint venture company. However, control of KPP Aktau has been disputed and is currently being challenged by a third party in the Kazakh courts. Provided the transfer goes through, the necessary Government approvals are obtained, and the SSUC is extended due to force majeure, Roxi intends to indirectly acquire 50 per cent. of RS Munai and thus own a 50 per cent. working interest in the Contract Area.

Subject to these issues being resolved, Roxi intends to shoot 3D seismic and drill at least two wells during an extended contract period. This would then lead to a pilot production project, which would allow continued testing of the wells and further appraisal drilling. A pilot period typically lasts one to two years and would then lead to a development project and the establishment of a production and development contract in which the fiscal terms for the subsequent phase are specified.

McDaniel & Associates is not able to assess the likelihood of a favourable decision on the ownership dispute or of a contract extension.

6 RESERVES ESTIMATES

6.1 North Karamandybas Field

The North Karamandybas field is located within the North Karamandybas Contract Area. The reservoir section within the North Karamandybas field comprises Jurassic sands within an overall 600 metre sand-shale sequence at a depth of 1,400 to 2,000 metres. The sands are of reasonable quality with the porosity interpreted to be in the range of 17 to 19 per cent. and are thought to have been deposited in a continental, mostly fluvial-deltaic environment. Neighbouring fields suggest some sands can be laterally continuous, but other intervals will be more shale prone and discontinuous. The potential reservoirs within the Jurassic are designated from top to bottom as the J-1 through J-9 zones.

Paper copies of the logs were available for all three wells. In Well 3 the net oil pay thickness varies from less than 2.2 metres in the J-2 zone up to approximately 10 metres in the J-8 zone. Net sand thickness also varies across the field with Well 1 encountering 37 metres of net, wet sand in the J-7 zone. The J-2, J-7, J-8 and J-9 zones are interpreted to be oil bearing however no reserves were assigned to J-2 zone due to insignificant net pay thickness. No oil water contacts can be identified from the logs in any of the oil bearing zones.

A number of seismic sections were provided across the field and they indicate the field is a faulted anticline structure about 5 by 2 kilometres in size. Seismic quality is poor and further faults may

subdivide the field into a number of blocks. A structure map on the top of J-7 zone is presented in Figure 4.

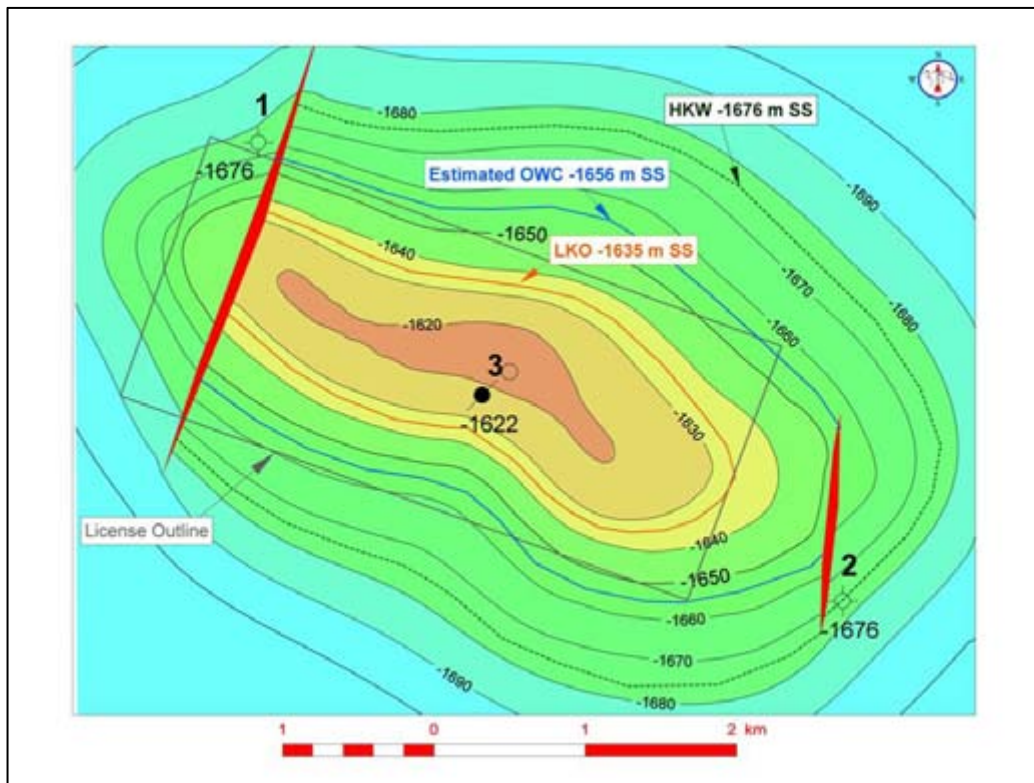


Figure 4 – North Karamandybas Top of J-7 Zone Structure Map

The J-7 zone in Well 3 tested at a rate of 190 bopd while pumping, however, the J-8 and J-9 zones tested with only minor inflow at rates between 1 and 6 bopd. Oil samples show the oil to be around 35°API, waxy (pour point of 34°C), and under-saturated with a solution GOR of 200 scf/bbl.

Since being drilled, Well 3 has apparently produced intermittently. No official records appear to have been kept of the oil, water and gas rates, and the cumulative production, but field notes indicate the well had a productivity of 125 to 250 bopd. In 2003 the well was re-entered for a workover, but during the operations to repair some damaged casing, a gamma ray tool was lost downhole and the well can no longer be produced.

The original oil in place estimates for each zone were based on volumetric calculations using McDaniel & Associates prepared geological maps and petrophysical interpretations. Net oil pay maps for the Jurassic J-7, J-8 and J-9 zones are presented in Figure 5 through Figure 7 below.

The rock volume used in the original oil in place calculation for the probable reserves estimate was based on the net pay maps presented below, however, due to the limited well control and the

resulting uncertainty over the distribution of the net pay across each pool, the rock volume estimates for the probable plus possible reserves case were increased by 50 per cent. for the J-7 zone and 20 per cent. for the J-8 and J-9 zones. Since the total sand thickness for the J-7 zone in Wells 1 and 2 is much thicker than in Well 3, the average net pay could be much greater than shown in the J-7 net pay map presented in Figure 5.

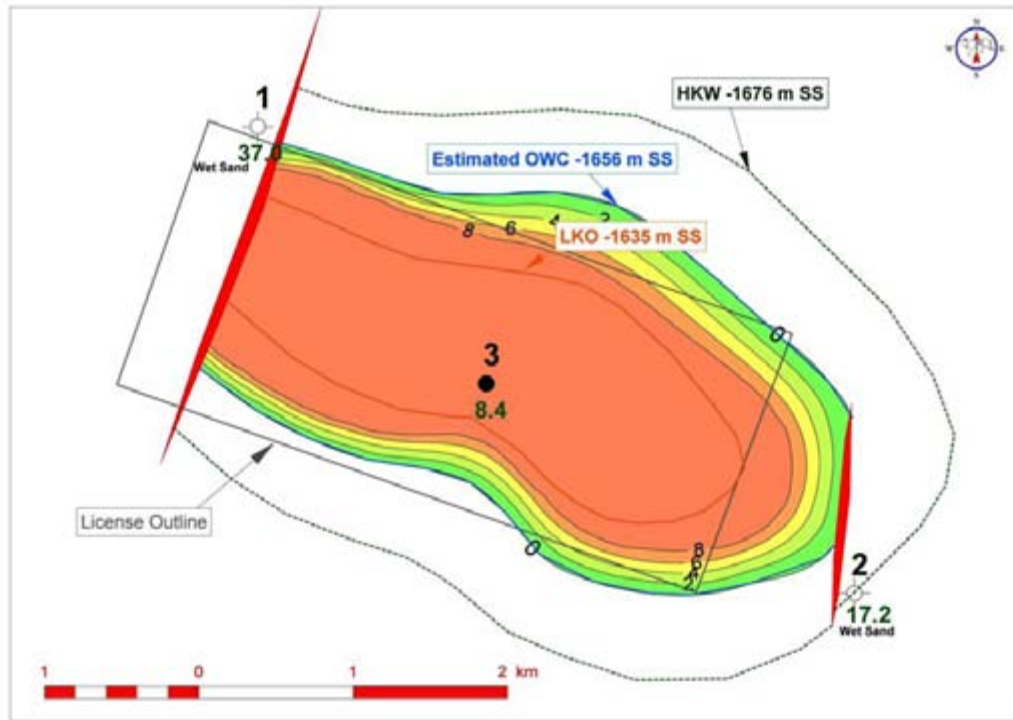


Figure 5— Net Oil Pay Map for the North Karamandybas J-7 Zone

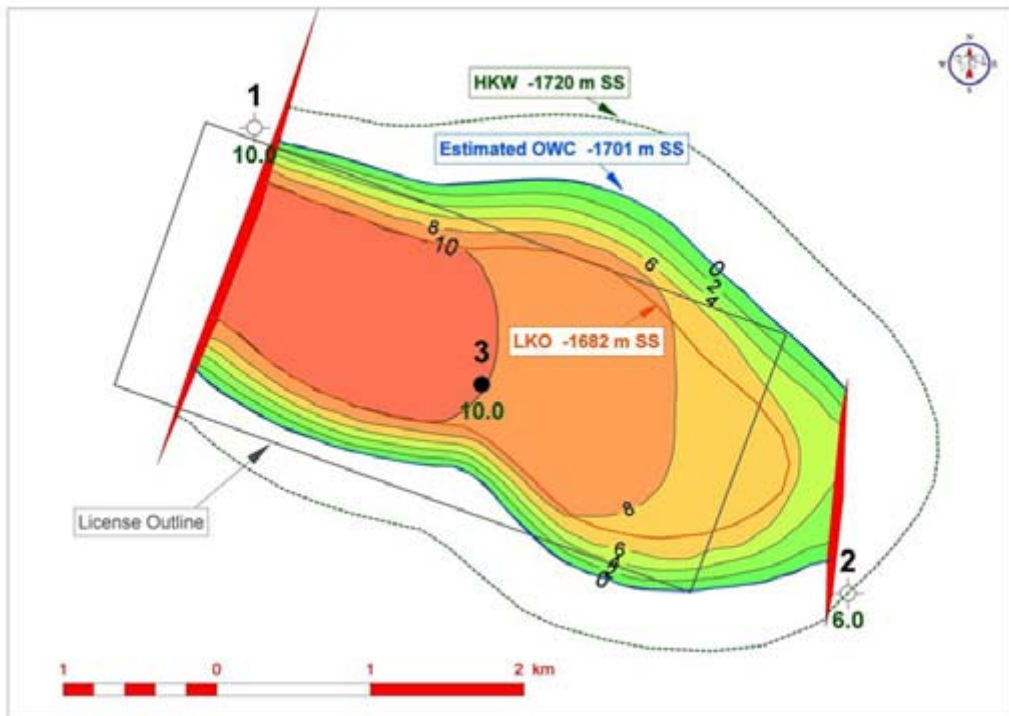


Figure 6 – Net Oil Pay Map for the North Karamandybas J-8 Zone

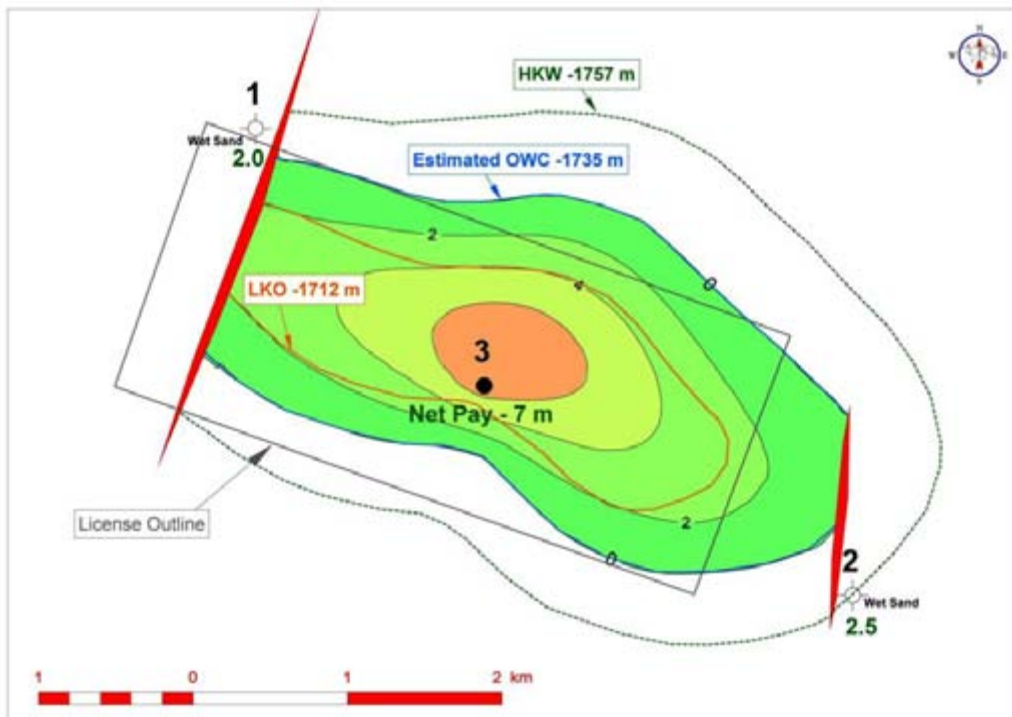


Figure 7 – Net Oil Pay Map for the North Karamandybas J-9 Zone

Due to the uncertainty over the longer term productivity of the J-7 zone in Well 3, as well as the poor test results on the J-8 and J-9 zones, proved reserves were not assigned and only probable and possible reserves were assigned to the J-7, J-8 and J-9 zones.

A summary of the crude oil reserves for each reserves category is presented below:

	Crude Oil Reserves at Sep 30, 2007 Mbbl		
	Total Proved	Proved Plus Probable	Proved + Probable + Possible
Property Gross – Total All Zones (1)	-	9,256	21,067
Jurassic J-7 Zone	-	4,922	12,237
Jurassic J-8 Zone	-	3,858	7,714
Jurassic J-9 Zone	-	476	1,116
Roxi Gross Share – Total All Zones (2) (4)	-	4,628	10,534
Roxi Net Share – Total All Zones (3) (4)	-	4,535	10,323

(1) Property Gross Reserves are based on a 100 per cent. working interest.

(2) Roxi Gross Share is based on an assumed 50 per cent. working interest.

(3) Roxi Net Share is based on the Roxi Gross share less royalties.

(4) The assignment of the above Reserves to Roxi should be considered "Illustrative" since ownership of the North Karamandybas SSUC is subject to an ownership dispute and the requirement for a contract expiry extension (see Section 1).

Recovery factors were based on a combination of factors including recovery efficiencies in analogous reservoirs, production performance of the existing wells and the benefits expected from future drilling. It was assumed that all zones will be water flooded and the production wells will be drilled on 500 by 500 metre well spacing. The probable reserves case included an allowance for 26 production wells and 8 water injection wells and the probable plus possible reserves case included an allowance for 36 production wells and 14 water injection wells. The resulting recovery factors for the probable reserves case were estimated to be 25, 20 and 15 per cent. for the J-7, J-8 and J-9 zones respectively. The recovery factors for the probable plus possible reserves case were estimated to be 30, 25 and 20 per cent. for the J-7, J-8 and J-9 zones respectively.

7 EXPLORATION UPSIDE

7.1 North Karamandybas Contract Area

Most of the resource potential for the North Karamandybas Contract Area lies in identifying areas of the main Jurassic structure where the thin J-1 and J-2 sands seen in Well 3 may become thicker. This will only be confirmed with further drilling in the field.

8 ABBREVIATIONS

The following is a list of the abbreviations used in this report:

<u>Abbreviation</u>	<u>Meaning</u>
1C	contingent resources, low estimate
2C	contingent resources, best estimate
3C	contingent resources, high estimate
1P	proved reserves
2P	proved plus probable reserves
3P	proved plus probable plus possible reserves
°API	oil density (degrees API)
°C	degrees Centigrade
AAPG	American Association of Petroleum Geology
bopd	barrels of oil per day
g/cc	grammes per cubic centimetre
GOR	gas oil ratio
HKW	highest known oil
LKO	lowest known oil
LTO	lowest tested oil
m SS	metres subsea (depth relative to a sea level datum)
MMbbl	million barrels
OWC	oil water contact
scf/bbl	standard cubic feet per barrel
SPE	Society of Petroleum Engineers
SPPE	Society of Petroleum Evaluation Engineers
SSUC	Sub Soil User Contract
US\$	United States dollars
US\$M	thousand United States dollars
WPC	World Petroleum Congress

9 PROFESSIONAL QUALIFICATIONS

McDaniel & Associates Consultants Ltd. has over 50 years of experience in the evaluation of oil and gas properties. McDaniel is registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA). All of the professionals involved in the preparation of this report have in excess of 5 years of experience in the evaluation of oil and gas properties. Mr. Bryan Emslie, Senior Vice President, Mr. Paul Taylor, Senior Petroleum Engineer and Mr. Anatoli Tchernavskikh, Manager International Geology, all with McDaniel & Associates, were responsible for the preparation of this report. Mr. Emslie has over 25 years of experience in the evaluation of oil and gas properties Mr. Taylor has over 20 years of experience and Mr. Anatoli Tchernavskikh has in excess of 10 years. All of the persons involved in the preparation of this report and McDaniel & Associates are independent of Roxi.

In preparing this report, we relied upon factual information including ownership, technical well and seismic data, contracts, and other relevant data supplied by Roxi. The extent and character of all factual information supplied were relied upon by us in preparing this report and has been accepted as represented without independent verification. We have relied upon representations made by Roxi as to the completeness and accuracy of the data provided and that all data proved to us was lawfully acquired.

This report was prepared by McDaniel & Associates Consultants Ltd. for Roxi to support Admission to the AIM market in London of the Enlarged Roxi Group. It is not to be reproduced, distributed or made available, in whole or in part, to any person, company or organization other than Roxi for any other purpose without the knowledge and consent of McDaniel & Associates Consultants Ltd. We reserve the right to revise any opinions provided herein if any relevant data existing prior to preparation of this report was not made available or if any data provided is found to be erroneous.

Sincerely,

McDANIEL & ASSOCIATES CONSULTANTS LTD.



B. H. Emslie, P. Eng.
Senior Vice President



P. M. Taylor, MEI CEng



A. Tchernavskikh, P. Geol.
BHE/PMT/AT:dc
[07-U031]

<p>PERMIT TO PRACTICE McDANIEL & ASSOCIATES CONSULTANTS LTD.</p> <p>Signature <u> CBK </u></p> <p>Date <u> Thursday, January 31, 2008 </u></p> <p>PERMIT NUMBER: P 3145</p> <p>The Association of Professional Engineers, Geologists and Geophysicists of Alberta</p>
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APPENDIX – GLOSSARY OF TERMS

This glossary contains a list of common technical terms that are used in the petroleum industry and contains the technical terms that are used in this document. Grammatical variations of these terms should be interpreted in the same way.

<u>Term</u>	<u>Meaning</u>
“2D Seismic”	seismic data acquired in a grid of lines that is relatively broad spaced, and is processed in two dimensions
“3D Seismic”	seismic data acquired in a grid that is relatively close-spaced and dense, and is processed in three dimensions
“abandonment” (of well)	a term to describe the sealing of a well with cement plugs, and removing the wellhead with no intention of re-entering the well
“anticlinal”	a hydrocarbon trap where the reservoir has a convex geometry
“appraisal well”	a well drilled as part of an appraisal drilling programme which is carried out to determine the physical extent, reserves and likely production rate of a field
“barrel”	a unit of volume measurement used for petroleum and its products (6.29 barrels = 1 cubic metre).
“bounding fault”	a fault that defines the limit of a prospect of hydrocarbon accumulation
“bubble point”	the pressure at which the first bubble of gas comes out of solution from in the oil
“Carboniferous”	geological period between 354 and 295 million years ago
“cement squeeze”	the process of setting cement in a well bore, by pumping cement under pressure in to perforations and behind casing
“clastic sequence”	rock series consisting of predominantly sedimentary rock made up of clasts (fragments) derived from pre-existing rocks transported and re-deposited before becoming lithified
“commercial discovery”	discovery of hydrocarbons which are determined to be commercially viable for appraisal and development
“completion”	the operation of perforating, stimulating and equipping an oil or gas well
“condensate”	hydrocarbons which are in the gaseous state under reservoir conditions and which become liquid when temperature or pressure is reduced. A mixture of pentanes and higher hydrocarbons

<u>Term</u>	<u>Meaning</u>
“contingent resources”	contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies (refer to Section 2).
“Cretaceous”	geological strata formed during the period 140 million to 65 million years ago
“datum”	an agreed and known value, such as the sea level, to which other measurements are corrected
“Devonian”	a geological strata/period depicted between 354 million and 417 million years ago
“dip”	the inclination of a horizontal structure from the horizontal
“discovery”	an exploration well which has encountered hydrocarbons
“downthrown”	relative movement of one fault block against another
“exploration drilling”	drilling carried out to determine whether hydrocarbons are present in a particular area or structure
“exploration phase”	the phase of operations which covers the search for oil or gas by carrying out detailed geological and geophysical surveys followed up where appropriate by exploratory drilling
“exploration well”	a well in an unproven area or prospect, may also be known as a “wildcat well”
“extended production test”	producing a well or formation for a long period of time in order to determine production performance
“fault”	a break in the earth’s crust where there has been displacement of one side relative to the other. Sometimes a layer of non-porous rock may be next to an oil-bearing porous interval along a fault and form a trap for the oil
“field”	a geographical area under which an oil or gas reservoir lies
“formation”	a unit of rock
“formation damage”	damage done to a reservoir formation by exposure to borehole fluids such as drilling mud, brine or fresh water
“gas field”	a field containing natural gas but no oil
“geophysical”	the measurement of the earths physical properties to explore and delineate hydrocarbons, including electrical, seismic, gravity, magnetics, but not including drilling
“graben”	a normally faulted elongate trough or block of rock, down-thrown on both sides

<u>Term</u>	<u>Meaning</u>
“gross pay”	the total thickness of hydrocarbon bearing sediments
“hydrogen sulphide”	a highly acidic and corrosive compound found in some crude oils which in gaseous form is deadly.
“hydrocarbon”	a compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term is mainly used in a catch-all sense for oil, gas and condensate
“Jurassic”	geological strata (or period) formed during the period from 144 million to 205 million years ago
“Mesozoic”	the secondary or reptilian age, from 250 million to 65 million years ago
“milling”	the process of drilling and grinding an obstacle that is lodged in the well bore
“natural gas”	gas, occurring naturally, and often found in association with crude petroleum
“net pay”	the total thickness of hydrocarbon bearing sediments that is classified as reservoir
“oil field”	a geographic area under which an oil reservoir lies
“oil”	a mixture of liquid hydrocarbons of different molecular weights
“operator”	the company that has legal authority to undertake petroleum operations.
“packer”	a device which is run into a well bore which expands to seal and isolate one section of the well bore from another
“Palaeozoic”	geological era between 540 and 250 million years ago. Includes the Permian, Carboniferous, Devonian, Silurian, Ordovician and Cambrian periods
“permeability”	the property of a formation which quantifies the flow of a fluid through the pore spaces and into the wellbore
“Permian”	a geological period between 250 to 295 million years ago
“Permo-Triassic”	geological period between 205 to 295 million years ago
“petroleum”	a generic name for hydrocarbons, including crude oil, natural gas liquids, natural gas and their products
“Pilot Production Project”	an early production scheme, which requires the approval of the Kazakhstan State Authorities
“plugging”	(of well) the process setting cement, or other plug in a well in order to make it safe, from any blow-out and cross flow or environmental impact

<u>Term</u>	<u>Meaning</u>
“pool”	an individual and separate accumulation of petroleum in a reservoir
“porosity”	the percentage of void in a porous rock compared to the total rock volume
“Pre-Caspian Basin”	the sedimentary basin at the North end of the Caspian extending from Astrakhan in Russia to Aktubinsk in West Kazakhstan. Sometimes called Pre-Caspian, and Peri Caspia
“probabilistic”	a method of estimating an uncertain outcome whereby a range of values is used for each parameter in a calculation. Results are generally expressed as a range with an associated probability of occurrence
“prospect”	a defined geological or geophysical feature or anomaly that has been surveyed and defined, usually by seismic data, to a degree that its configuration is fairly well established and that is considered potentially to have a hydrocarbon accumulation
“prospective resources”	prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects (refer to Section 2).
“Proterozoic”	geological era between 2,500 and 800 million years ago
“recompletion”	to repeat the initial “completion” of a well, at a later stage, to either enhance production from the existing “zone”, or to allow production from a new zone
“reserves”	reserves those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions (refer to Section 2).
“reservoir”	the underground formation where oil and gas has accumulated. It consists of a porous and permeable rock to hold the oil or gas, and a cap rock that prevents its escape
“saturated oil”	an oil at reservoir conditions that is at its “bubble point”
“stratigraphic trap”	a mode of trapping hydrocarbons which is not dependent on structural entrapment
“structural high”	an area where rocks have been elevated due to tectonic activity
“subsea”	below sea level. Where stated, depths in this report are referenced relative to this common datum
“swabbing”	the process of mechanically producing a pressure drop in the wellbore by rapidly pulling out of the hole, usually with a cup shaped tool
“TD”	total depth of a well, when drilling has finished
“Triassic”	geological period between 250 and 205 million years ago

<u>Term</u>	<u>Meaning</u>
“up-dip”	at a structurally higher elevation within dipping strata
“under-saturated oil”	an oil at reservoir conditions that is at a pressure above its “bubble point” (compare with “saturated oil”). Reductions in pressure can cause the oil to become saturated
“well log”	a record of geological formation penetrated during drilling, including technical details of the operation
“zone”	a general term meaning an interval or unit of rock. A zone in a well would be an interval typically defined by a top and bottom depth. A fault zone would be the unit of rock associated and the area around a fault

PART IV

FINANCIAL INFORMATION

Part A: Unaudited Interim Financial Information on Roxi Petroleum Plc for the period ended 30 June 2007

The following has been extracted, without material adjustment, from Roxi Petroleum Plc's Interim Report for the period ended 30 June 2007 as approved on 7 September 2007.

Chairman's statement

I am very pleased to issue our first report to shareholders as a public company. On 22 May the shares of Roxi Petroleum were admitted to trading on the London Stock Exchange's junior stock market, AIM. At that time the Company raised some \$78 million from institutional investors to pursue a strategy of building a diversified portfolio of oil and gas exploration and production assets in Central Asia within three to five years. Our initial focus is in Kazakhstan and I am pleased to report your Company has made significant progress since admission as is reported later in this interim report.

Progress since the Admission

At the time of our admission to AIM we had agreements to buy three principal assets, Ravninnoe, Beibars, and North Karamandybas. Since admission, work has proceeded as planned at Ravninnoe and Beibars but, as we reported at the time of admission, your Board resolved to await the outcome of a legal challenge regarding the ownership of the vendors' interests in the North Karamandybas asset before completing its acquisition.

At the date of this interim report, the final result of the legal challenge has not yet been fully resolved. Although your Board is hopeful for a positive outcome, in order to take a prudent approach, the Directors have decided to make a \$3 million provision against the carrying value of the North Karamandybas assets until the final legal position is determined.

Asset Acquisitions

On 22 August 2007, we announced three further asset acquisitions for an aggregate purchase consideration of \$190 million. This transaction marks a very significant step forward in our development but it is only the first in what we expect to be a number of significant acquisitions over the coming months and years.

The value of the acquisitions announced on 22 August 2007, compared to the market capitalization of the Company immediately before the announcement has resulted in the transaction being deemed a reverse takeover under the AIM Rules. Consequently the Company's shares will remain suspended from trading until after the full evaluation and due diligence process is completed and the publication of a re-admission document for the enlarged group to AIM. The completion of the acquisition is subject to shareholder approval at a forthcoming Extraordinary General Meeting which is expected to be convened later this year.

Financial results

The financial statements in this interim report cover the interim period ended 30 June 2007. Most of our activities in this period are related to the preparatory work for the IPO and resultant closure of the admission process which is reflected in the results.

Annual General Meeting

It is conventional to requisition a company's Annual General Meeting following the publication of the results for the year rather than for the first six months of the financial year. However, under United Kingdom

company law, as a recently incorporated company, we would be required to hold our first Annual General Meeting before the planned publication of our full year results for 2007. Accordingly, you will find a notice of the Company's Annual General Meeting which has been convened for 19 October 2007 at the end of this interim report

The hard work of many people both inside and outside the Company made admission to AIM possible and I would like to take this opportunity to thank them for their efforts.

One of the key strengths of your Company is the experience of the executive management team. It is remarkable that only three months after the date of admission we have already moved a long way down the road in achieving our strategic goals. Based on our progress to date and the opportunities we have already been presented with I look forward with confidence to a successful future.

Clive Carver
Non-Executive Chairman
7 September 2007

Chief Executive's statement

Acquisition strategy

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

Over the medium term we have identified Central Asia as the area of our planned operations but in the short term have focused our efforts on the Pre-Caspian Basin of Western Kazakhstan. This is an area that has already witnessed significant discoveries and has an extensive extraction and distribution infrastructure.

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

In our current and future assets we seek to retain operational and financial control and believe this is the most effective way to deliver projects on time and to budget.

Pending acquisitions

On 22 August 2007 we announced the acquisition of three further assets for a combined purchase consideration of \$190 million, payable predominantly in new Roxi Petroleum shares to be issued at 65p per share.

The assets being acquired cover approximately 1,200 square kilometres in Western Kazakhstan in the Pre-Caspian and Turgai Basins. The assets give Roxi Petroleum access to potentially large high quality exploration acreage and further opportunities for early development of reserves already on the State balance.

The first asset is an Exploration Contract which covers an area of over 1,100 square kilometres, not far from the Tengiz oilfield in the Pre-Caspian Basin of Western Kazakhstan. The contract for the block was signed earlier this year. The block is considered by the Company to be highly prospective in both the Jurassic sandstone at depths of 2,500-3,000m and in the pre-salt Carboniferous sandstones and carbonates at depths of 4,000-5,000m. Exploration in this area since the 1980's has resulted in the development of several Jurassic discoveries in the surrounding acreage.

The second asset is an Exploration and Production Contract in the Turgai Basin near the town of Kyzylorda in central Kazakhstan. The field contains "probable" reserves, in Cretaceous and Jurassic sandstones, on a wrench fault structural trap. There are four wells on the block with three delineating the oil-water contact and one well drilled higher on the structure tested at rates of up to 70m³/d (500bopd). Exploration upside exists deeper in untested Triassic sandstone targets.

The third asset is the rehabilitation of an oilfield in the southern Pre-Caspian Basin. The field produced low rates with a high water cut from Cretaceous and Jurassic sands at depths of 500-1,200m. The field was re-licensed in 2004. A full evaluation of remaining reserves needs to be undertaken. Exploration potential exists deeper in the Permo-Triassic reservoirs.

More than 99 per cent. of the purchase consideration is to be satisfied by the issue of approximately 146 million new Roxi Petroleum shares at a fixed price of US\$1.30 (65p at an exchange rate of 2US\$ per 1£) per share. The consideration shares will represent approximately 46 per cent. of the Company's enlarged share capital.

The acquisitions, which give Roxi Petroleum a 59 per cent. interest in the holding company of these assets, will constitute a reverse takeover under the AIM Rules and also fall within the ambit of Rule 9 of the Takeover Code. Accordingly, completion of the acquisitions, and the resumption of trading in Roxi Petroleum shares, are conditional upon, *inter alia*, the publication of an admission document on the

enlarged company, obtaining a Rule 9 waiver from the Takeover Panel, and approval by the Roxi Petroleum shareholders at a forthcoming Extraordinary General Meeting.

The acquisitions follow the Company's strategy of acquiring further assets in Central Asia. On completion of the acquisition, Roxi Petroleum's management will have operational and financial control of the three oil and gas fields.

The Company will provide detailed information regarding the acquisition in the re-admission document which will be published as soon as practical; however, given the work involved this is expected to take several months.

The completion of these acquisitions is subject to prior approval from shareholders. Based on our current expectations of the process required to convene the required shareholder meeting, we anticipate taking operational and financial control of these assets before the end of the year.

Future acquisitions

I am pleased to report that we have no shortage of projects to consider, many of which appear to fit our strategy and show early promise. We have increased the number of people in our technical evaluation team to allow us to comfortably handle our existing and pending projects and to thoroughly evaluate new opportunities.

Rob Schoonbrood
Chief Executive Officer
7 September 2007

Chief Operating Officer's statement

Staffing

From a standing start in late 2006, we have established a fully functioning exploration and production infrastructure with effective technical, financial, and operational capabilities. At the time of the admission in May 2007, we employed four staff and two managers in our Almaty office. Since then we have recruited a further twenty one staff and two managers, principally in the areas of technical evaluation and finance.

Kazakhstan is a booming economy and we have been pleased that experienced and sought after local staff have joined us.

Infrastructure

In Almaty, we have signed a lease for a new head office which will be capable of accommodating the company's staff for the next two years with the current and expected asset base. We are making renovations now and anticipate moving into these new offices before the end of the year.

We have also opened a regional operations office in the Caspian Sea port of Aktau. This office will be the center of operations for the existing fields and two of the three expected acquisition assets

We have recently hired two experienced Western professionals, one to be based in Aktau as the Area Operations Manager for Western Kazakhstan and one based in Almaty as the Reservoir Manager.

Field activities

As is normal in any asset acquisition, a series of approvals and regulatory filings must be submitted, reviewed and approved before actual work begins. Roxi Petroleum has made significant progress in getting all of the needed permits and approvals to begin work on both the Ravninnoe and the Beibars assets.

Ravninnoe Contract Area

The Ravninnoe Contract Area covers 121 square kilometres and is located approximately 100 kilometres north east of the Tengiz field in the South Emba sub-basin of the pre-Caspian basin, in the Atyrau Oblast of West Kazakhstan.

Extensive time has been spent for the submission and approval of regulatory filings and licences in respect of the Ravninnoe asset. These include the finalization of the extension of the area within the asset boundary and the extension of the allowable time for the Exploration period in the Sub Surface Use Contract. Annual work programs and environmental plans have been submitted and are in the process of review and approval at this time.

Testing of Well #8, which was re entered prior to the admission, continues. A new string of tubing has been acquired for the well and testing with a specialised swabbing unit is underway. Results to date are inconclusive.

Invitations to tender were submitted for workover rig services to re-enter up to four additional existing wells. It is anticipated that a company will be awarded the tender and will mobilise a rig in the next 30 to 45 days. Equipment has been purchased and is being procured in preparation for this work. A second tender was issued for 3D seismic acquisition on the asset. Bids for the 3D seismic have been received and are currently being evaluated, prior to awarding the contract and mobilisation in the fourth quarter.

The existing field camp is in the process of being upgraded and health, safety, and environmental programs are being implemented. At this time, there are twelve employees and two managers located in the Aktau office and Ravninnoe field location.

Beibars Contract Area

The Beibars contract area covers approximately 167 square kilometres and is situated on the coastline of the Caspian Sea approximately 40 kilometres south of the port of Aktau.

As this asset does not have prior operations, the number of regulatory submissions are not as extensive as for Ravninnoe . The annual work program has been submitted and approved. Additional technical information has been purchased from the State and is being analysed.

In order to accelerate the development of this asset, the seismic acquisition has been brought forward and will commence this year. A 3D seismic programme has been designed and invitations to tender have been submitted. Results of the tender are due by the end of September. This work will be started as soon as equipment is available for mobilisation.

Environmental issues

After the acquisition of the properties, no significant environmental issues on either of the two assets have surfaced. Compliance with environmental regulatory bodies is being managed both from the Aktau and the Almaty offices.

David Barker
Chief Operations Officer
7 September 2007



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London
W1U 3LL

INDEPENDENT REVIEW REPORT TO ROXI PETROLEUM PLC

Introduction

We have been instructed by the Company to review the financial information set out below and we have read the other information in the Interim Statement set out above and considered whether it contains any apparent misstatements or material inconsistencies.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The AIM Rules require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in the notes below.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purposes of the AIM Rules and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

BDO Stoy Hayward
8 Baker Street
London
7 September 2007

CONSOLIDATED INCOME STATEMENT

		Period from 13 October 2006 to 30 June 2007 \$000s
	Note	
IPO costs		611
Share based payments		585
Other administrative expenses		434
Administrative expenses		(1,630)
Impairment of non-current asset investments		(2,983)
Finance income (net)		260
Loss on ordinary activities before taxation		(4,353)
Income tax expense		—
Loss for the period		(4,353)
Loss attributable to minority interests		(159)
Loss attributable to equity shareholders		(4,194)
		(4,353)
Loss per Ordinary share (US cents)		
Basic and diluted	4	(9.2)

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

CONSOLIDATED BALANCE SHEET**As at 30 June 2007**

	<i>Note</i>	<i>30 June 2007 \$000s</i>
ASSETS		
Non-current assets		
Unproven oil and gas assets	5	50,611
Financial assets		1,000
Property, plant and equipment		209
Total non-current assets		<u>51,820</u>
Current assets		
Inventories		65
Trade and other receivables		980
Cash and cash equivalents		53,831
Total current assets		<u>54,876</u>
Total assets		<u><u>106,696</u></u>
EQUITY AND LIABILITIES		
Equity		
Issued share capital	7	33,707
Share premium account	8	52,029
Other reserves	8	2,963
Retained earnings	8	(4,194)
Shareholders' equity	8	<u>84,505</u>
Minority interests		<u>(281)</u>
Total equity		84,224
Current liabilities		
Trade and other payables		5,303
Non-current liabilities		
Borrowings		3,900
Deferred tax liabilities		13,269
Total non-current liabilities		<u>17,169</u>
Total liabilities		<u>22,472</u>
Total equity and liabilities		<u><u>106,696</u></u>

CONSOLIDATED CASH FLOW STATEMENT

		<i>Period from 13 October 2006 to 30 June 2007 \$000s</i>
	<i>Note</i>	
Cash flow used in operating activities	9	(2,568)
Cash flow from investing activities		
Purchase of property, plant and equipment		(40)
Purchase of unproven oil and gas assets		(704)
Purchase of subsidiary undertaking net of cash received	6	(14,940)
Cash flow from investing activities		(15,684)
Cash flow from financing activities		
Issue of share capital, net of expenses relating to issue of shares		72,083
Increase in cash and cash equivalents		<u>53,831</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. STATUTORY ACCOUNTS

The interim results for the period ended 30 June 2007 are unaudited. The financial information contained within this report does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985. Statutory accounts have not yet been prepared for any period by the Company.

2. BASIS OF PREPARATION

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

The interim financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. They do not include all of the information required for full annual financial statements. They have been prepared on a consistent basis with the accounting policies to be adopted for the statutory accounts for the period ended 31 December 2007, as set out below. The financial information is presented in US Dollars and has been prepared under the historical cost convention and on a going concern basis.

3. ACCOUNTING POLICIES

Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

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

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US Dollars (USD), which is the Group's functional and presentation currency.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in \$US using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any are classified as a separate component of equity and transferred to the Group's translation

reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Deferred tax

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

Exploration and unproven oil and gas properties

The Group applies the full cost method of accounting for exploration and evaluation costs, in accordance with the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Under the full cost method of accounting, costs of exploring for and evaluating oil and gas properties are accumulated and capitalised by reference to appropriate cost pools. Such cost pools are based on geographic areas. The Group currently has one cost pool, being Kazakhstan.

The amounts included within intangible fixed assets include the fair value that was paid for the acquisition of licences in Kazakhstan during the period ended 30 June 2007. These licences have been capitalised to the Group's Kazakhstan full cost pool.

Intangible fixed assets are reviewed for impairments if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount.

Financial instruments

The Group's financial assets consist of cash on interest bearing short-term deposits. Other receivables are stated at cost less any provision for impairment. The Group's financial liabilities are non-interest bearing trade and other payables and other interest bearing borrowings.

Currency of borrowings

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

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are defined as short term cash deposits.

Segmental analysis

The Group operates in one business segment, being the exploration for, development and production of oil and gas in the Republic of Kazakhstan.

Share capital

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

Share based payments

The Group has used shares and share options as consideration for goods and services received from suppliers and employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based instrument is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

4. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on:

	<i>Period from 13 October 2006 to 30 June 2007 \$000s</i>
The basic weighted average number of Ordinary shares in issue during the period	45,564,366
Dilutive effect of share options	—
The diluted weighted average number of Ordinary shares in issue during the period	45,564,366
The loss for the period attributable to equity shareholders (\$000s)	(4,194)

5. UNPROVEN OIL AND GAS ASSETS

	<i>Period from 13 October 2006 to 30 June 2007 \$000s</i>
At the start of the period	—
Acquisitions (see Note 6)	49,907
Additions	704
At the end of the period	50,611

6. ACQUISITIONS

As described in the admission document dated 16 May 2007, during the period the Company completed the acquisition of Sytero BV, Sytero 2 BV and Sytero 3 BV. Sytero 2 BV and Sytero 3 BV own interests in Beibars Munai LLP and Ravninnoe Oil LLP, respectively. The preliminary assessment of the fair values of the assets and liabilities acquired as at the date of acquisition is as follows:

	<i>Book values</i> \$000s	<i>Fair value adjustments</i> \$000s	<i>Fair values</i> \$000s
Unproven oil and gas assets	5,678	44,229	49,907
Financial assets	1,000	2,983	3,983
Property, plant and equipment	169	–	169
Inventories	65	–	65
Trade receivables	427	–	427
Other receivables	3,600	–	3,600
Cash and cash equivalents	26	–	26
Trade and other payables	(6,533)	–	(6,533)
Deferred taxation	–	(13,269)	(13,269)
	<hr/> 4,432	<hr/> 33,943	<hr/> 38,375
Minority interests			122
Net assets acquired			<hr/> 38,497
Consideration:			
– Ordinary shares			16,031
– Cash			14,292
– Deferred consideration			7,500
– Expenses			674
Total consideration			<hr/> <hr/> 38,497
Related cashflows:			
– Cash consideration			14,292
– Expenses			674
– Cash acquired			(26)
			<hr/> <hr/> 14,940

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

Subsequent to the Group's investment in Sytero BV it has not been able to complete the legal transfer of ownership of RS Munai, and therefore the Directors have concluded that the investment of \$3,983,000 in the RS Munai project has been impaired and should be written down to its net realisable value of \$1,000,000.

7. CALLED UP SHARE CAPITAL

	<i>Number</i>	<i>\$000s</i>
Authorised		
Ordinary shares of 10p each	<hr/> 1,000,000,000	<hr/> 188,000
Issued and fully paid		
Ordinary shares of 10p each	<hr/> 168,207,490	<hr/> 33,707

A. Share issues during the period

The Company was incorporated on 13 October 2006 with an authorised share capital of £100,000,000 divided into 1,000,000,000 Ordinary Shares of 10 pence each. On incorporation 2 Ordinary Shares of 10 pence each were issued at par, nil paid.

On 26 October 2006 499,998 Ordinary Shares were subscribed for in cash at a price of 10 pence per share and issued paid up as to one quarter and the two subscriber shares paid as to one quarter, for an aggregate consideration of £12,500.

On 5 February 2007 10,000,000 Ordinary Shares were issued at par as partial consideration under the Sytero 2 SPA, as referred to in paragraph 11.5(a) of Part V of the Company's Admission Document.

On 2 March 2007 20,000,000 Ordinary Shares were issued at par as partial consideration under the Sytero SPA, as referred to in paragraph 11.5(a) of the Company's Admission Document.

On 2 March 2007 30,000,000 Ordinary Shares were issued at par as partial consideration under the Sytero 3 SPA, as referred to in paragraph 11.5(a) of the Company's Admission Document.

On 21 May 2007 102,444,332 Ordinary Shares were issued upon the Admission of the Company's shares to trading on the AIM market, for cash, net of related expenses, of \$71.5 million.

On 21 May 2007 5,263,158 Ordinary Shares were issued in settlement of deferred consideration in relation to the acquisition of Sytero 3 BV.

As referred to in paragraph 11.8 of the Company's Admission Document Aristea International S.A. have paid up the remainder of the amount of the nominal value plus the difference between the Placing Price and the nominal value of such shares.

B. Share option schemes

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

	<i>Number</i>	<i>Exercise price</i>	<i>Expiry</i>
Directors	10,092,450	38p	21 May 2017
Employees	3,364,150	38p	21 May 2017
	<u>13,456,600</u>		

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

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

C. Share warrants

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

8. MOVEMENT IN CAPITAL AND RESERVES

	<i>Share capital \$000s</i>	<i>Share premium \$000s</i>	<i>Other reserves \$000s</i>	<i>Retained earnings \$000s</i>	<i>Total \$000s</i>
At the start of the period	–	–	–	–	–
Arising on share issues	33,707	54,407	–	–	88,114
Arising on employee share options	–	–	585	–	585
Arising on warrants	–	(2,378)	2,378	–	–
Loss for the financial period and total recognised income and expense	–	–	–	(4,194)	(4,194)
At the end of the period	<u>33,707</u>	<u>52,029</u>	<u>2,963</u>	<u>(4,194)</u>	<u>84,505</u>

9. RECONCILIATION OF LOSS ON ORDINARY ACTIVITIES BEFORE TAX TO CASH FLOW USED IN OPERATING ACTIVITIES

	<i>Period from 13 October 2006 to 30 June 2007 \$000s</i>
Loss before taxation	(4,353)
Employee share options	585
Increase in receivables	(553)
Decrease in payables	(1,230)
Impairment of non current asset investment	2,983
Cash flow used in operating activities	<u>(2,568)</u>

10. SUBSEQUENT EVENTS

The Company's shares were suspended from trading on AIM on 22 August 2007 following the announcement by the Company that it is planning to enter into a reverse takeover as detailed in the Chairman's report.

Part B: Financial information on Eragon Petroleum plc and its subsidiaries

Section B(i) – Accountant's report on Eragon Petroleum plc and its subsidiaries



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London
W1U 3LL

The Directors
Roxi Petroleum plc
2nd Floor
5 Old Bailey
London
EC4M 7BA

31 January 2008

WH Ireland Limited
5th Floor
24 Martin Lane
London
EC4R 0DR

Dear Sirs

Eragon Petroleum plc (“Eragon”) and its subsidiaries (together, the “Eragon Group”)

Introduction

We report on the financial information set out in Section B (ii) of Part IV. This financial information has been prepared for inclusion in the admission document dated 31 January 2008 of Roxi Petroleum plc (the “Admission Document”) on the basis of the accounting policies set out in note 3 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Roxi Petroleum plc are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRSs”).

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Eragon Group as at the dates stated and of its consolidated profits, cash flows, and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2 to the financial information and has been prepared in accordance with IFRSs as described in note 3 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO Stoy Hayward LLP

Chartered Accountants

Section B(ii) – Financial information on Eragon Petroleum Plc

CONSOLIDATED INCOME STATEMENT

		<i>Period from incorporation to 30 June 2007</i>
	<i>Notes</i>	<i>US\$'000</i>
Revenue		–
Administrative expenses		(1)
Operating loss		(1)
Interest receivable		3
Profit for the period before and after taxation	5	2
Profit attributable to minority interests		–
Profit attributable to equity shareholders		2
		2

All amounts relate to acquired activities.

CONSOLIDATED BALANCE SHEET

		<i>As at 30 June 2007 US\$'000</i>
	<i>Notes</i>	
Non-current assets		
Intangible assets	6	25,952
		<u>25,952</u>
Current assets		
Cash and cash equivalents		21,536
Other receivables	7	75
		<u>21,611</u>
Total assets		<u><u>47,563</u></u>
Equity and liabilities		
Equity		
Share capital	8	100
Capital contribution		12,900
Foreign currency translation reserve		(3)
Retained earnings		2
		<u>12,999</u>
Shareholders' equity		<u>12,999</u>
Minority interests		1
Total equity		<u>13,000</u>
Current liabilities		
Short term financial liabilities	9	160
Short term liabilities under the contract for subsoil use	10	625
Other payables	11	30,352
		<u>30,137</u>
Non-current liabilities		
Deferred tax	12	26
Other non-current liabilities	13	3,400
		<u>3,426</u>
Total equity and liabilities		<u><u>47,563</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital US\$'000	Capital con- tribution US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Minority interests US\$'000	Total equity US\$'000
Balance as at 15 March 2007	–	–	–	–	–	–	–
Recognised in equity:							
Foreign exchange differences and total expenses recognised in equity	–	–	(3)	–	(3)	–	(3)
Profit for the period	–	–	–	2	2	–	2
Total recognised income and expense for the period	–	–	(3)	2	(1)	–	(1)
Share capital issued	100	–	–	–	100	–	100
Receipt of capital contribution	–	26,529	–	–	26,529	–	26,529
Associated expenses	–	(13,629)	–	–	(13,629)	–	(13,629)
Arising on acquisition of subsidiary undertaking	–	–	–	–	–	1	1
Balance as at 30 June 2007	<u>100</u>	<u>12,900</u>	<u>(3)</u>	<u>2</u>	<u>12,999</u>	<u>1</u>	<u>13,000</u>

CONSOLIDATED CASH FLOW STATEMENT

	<i>Period ended 30 June 2007 US\$'000</i>
Cash flow from operating activities	
Payments to suppliers	(1)
Interest received	3
	<hr/>
Cash inflows from operating activities	<hr/> 2
Investing activities	
Acquisition of cash with subsidiary undertaking	11
	<hr/>
Net cash inflows from investing activities	<hr/> 11
Financing activities	
Receipt of capital contribution	21,500
Share capital issued	25
	<hr/>
Net cash inflows from financing activities	<hr/> 21,525
	<hr/>
Increase in cash and cash equivalents	21,538
Cash and cash equivalents at the start of the period	-
Foreign exchange	(2)
	<hr/>
Cash and cash equivalents at the end of the period	<hr/> 21,536 <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Incorporation

The company was incorporated as Baverstock Number 26 Plc on 15 March 2007 and changed its name to Eragon Petroleum Plc ("Eragon") on 3 April 2007. Eragon has not paid any dividends.

2. Basis of preparation

The financial information has been prepared using policies consistent with International Financial Reporting Standards as adopted by the European Union and the Companies Act 1985 applicable to companies reporting under IFRS. This financial information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. No statutory accounts have been prepared or delivered to the Registrar of Companies for the period covered by this financial information.

3. Accounting policies

3.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities that are directly or indirectly controlled by Eragon. Control exists where Eragon has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

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

Inter-company transactions, balances and unrealised gains on transactions between members of the Eragon Group are eliminated.

(b) Transactions and minority interests

Eragon applies a policy of treating transactions with minority interests as transactions with parties external to the Eragon Group. Disposals to minority interests result in gains and losses for Eragon that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

3.2 Exploration and unproven oil and gas properties

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

Intangible fixed assets are reviewed for impairments if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount.

3.3 Financial instruments

Eragon's financial assets consist of cash on interest bearing short-term deposits. Other receivables are stated at cost less any allowance for impairment. Eragon's financial liabilities are non-interest bearing trade and other payables and other interest bearing borrowings.

3.4 Currency of borrowings

No formal policies have been put in place in order to hedge Eragon's exposure to currency risk or interest rate risk.

3.5 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less or are otherwise readily convertible to cash.

3.6 Segmental analysis

Eragon operates in one business and geographical segment, being the exploration for, development and production of oil and gas in the Republic of Kazakhstan.

3.7 Share capital

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

3.8 Capital contributions

Capital contributions, representing unconditional transfers of assets from shareholders, are credited directly to equity, net of any expenses incurred in completing such transfers.

3.9 Foreign currency translation

The financial information is presented in US Dollars ("US\$") and all monetary amounts are rounded to the nearest thousand (US\$000) except where otherwise indicated. The US Dollar is the functional currency (primary currency in which business is conducted) of Eragon.

The Kazakh Tenge is the functional currency of BNG LLP ("BNG"), Eragon's subsidiary undertaking in Kazakhstan. The functional currency of Eragon's subsidiary undertakings in the Netherlands, Sytero 4 B.V. and Sytero 5 B.V., is the US Dollar.

On the preparation of this financial information, the results the subsidiaries are translated into US Dollars, the presentational currency, at rates approximating to those ruling when the transaction took place. All assets and liabilities are translated at the rate ruling at the balance sheet date. Exchange differences arising on retranslating the opening net assets at the opening rate and the results at the actual rate are recognised directly in equity.

For the purpose of translating the Kazakh Tenge to US Dollars the following rates have been used:

	Kazakh Tenge: 1 US Dollar			
	16 June 2007	30 June 2007	14 September 2007	18 October 2007
Statement of income and cash flows				
Rates approximating to the exchange rate at the date of transaction	–	127.72	–	–
Balance sheet				
Year end exchange rate	124.18	124.45	124.01	122.65

3.10 Share-based payments

Equity-settled share-based payments are measured and recognised at fair value at the date of grant. Fair value is measured taking into consideration the value paid in recent purchases by third parties.

3.11 Income taxes

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

3.12 Financial risk management

Eragon's operations are exposed to a number of financial risks: market risk (including currency risk, risk of interest rate changes' influence on fair value), credit risk and liquidity risk.

- **Currency risk**

Foreign exchange rate risk arises from future business transactions, recognised assets and liabilities. Eragon currently has no formal policy for managing such risks.

- **Credit risk**

Eragon and its subsidiary undertakings are not exposed to material credit risk.

- **Liquidity risk**

Eragon's funding position is reviewed regularly to ensure that adequate committed credit facilities are available.

3.13 Going concern

The financial information is prepared based on the going concern assumption, which implies realization of assets and repayment of liabilities in the normal course of business. Eragon's ability to realise its assets and its operations in the future may be significantly influenced by the current and future economic conditions in Kazakhstan. The financial information does not contain any adjustments that would be required if Eragon were not able to continue its operations as a going concern.

4. Expected changes in IFRS and interpretations

4.1 **Standards, interpretations and amendments to the published standards, which though being effective from 2006, are not applicable to Eragon**

The following standards, amendments and interpretations of the standards published are obligatory for those reporting periods beginning on or before 1 January 2006, but currently not applicable to Eragon's activities:

- *IAS 19 (Amendment). Actuarial Gains and Losses, Group Plans and Disclosures (applicable from 1 January 2006)*
- *IAS 21 (Amendment). Net Investment in a Foreign Operation (applicable from 1 January 2006)*

- IAS 39 (Amendment). *Fair Value Option* (applicable from 1 January 2006)
- IAS 39 (Amendment). *Cash Flow Hedge Accounting of Forecast Intragroup Transactions* (effective from 1 January 2006)
- IAS 39 and IFRS 4 (Amendment). *Financial Guarantee Contracts* (effective from 1 January 2006)
- IFRIC 4. *Determining whether an Arrangement Contains a Lease* (applicable from 1 January 2006)
- IFRIC 5. *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* (effective from 1 January 2006)
- IFRIC 6. *Liabilities arising from Participating in a Specific Market: Waste Electrical and Electronic Equipment* (effective from 1 December 2005)
- IFRS 7. *Financial Instruments: Disclosures and additional amendments to IAS 1, Presentation of Financial Statements – Capital Disclosures* (effective from 1 January 2007)
- IFRIC 7. *Application of restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies* (applicable to the reporting periods beginning on or after 1 March 2006)
- IFRIC 8. *Scope of IFRS 2* (applicable to the reporting periods beginning on or after 1 May 2006)
- IFRIC 9. *Reassessment of Embedded Derivatives* (applicable to the reporting periods beginning on or after 1 June 2006)
- IFRIC 11. *Group and Treasury Share Transactions, IFRS 2, Share-based Payment*: (applicable to the reporting periods beginning on or after 1 March 2007)

4.2 Standards published but not yet effective as well as amendments and interpretations thereto.

This section contains new standards, amendments and interpretations to the existing standards published and obligatory for Eragon to apply regarding the periods beginning on or after 1 January 2007, and which Eragon chose not to adopt early:

- IFRS 8. *Operating Segments* (effective from 1 January 2009)
- IFRIC 12. *Service Concession Arrangements* (applicable to the reporting periods beginning on or after 1 January 2008)
- IFRIC 13. *Customer Loyalty Programs* (applicable to the reporting periods beginning on or after 1 July 2008)
- IFRIC 14. *The Limit on a Defined Benefit Asset, Minimum Funding Requirements* (applicable to the reporting periods beginning on or after 1 January 2008)

5. Income tax

	Period ended 30 June 2007 US\$'000
Profit before tax	2
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28%	—
Income tax charge for the period	—

6. Intangible assets

*Exploration
and unproven
oil and gas
properties
US\$'000*

Cost and net book value

Balance as at 15 March 2007

Acquired with subsidiary undertaking 25,952

Balance as at 30 June 2007

25,952

The amounts included within intangible fixed assets include the fair value on acquisition of the rights associated with an oil prospecting contract acquired on the acquisition of BNG (see note 15). These costs have been capitalised to Eragon's Kazakhstan full cost pool.

7. Other receivables

*As at
30 June
2007
US\$'000*

Unpaid share capital

75

8. Share capital

*As at
30 June
2007
US\$'000*

Authorised

1,000,000,000 Ordinary Shares of 10 pence each

200,000

Issued

500,000 Ordinary Shares of 10 pence each fully called up, one quarter paid

100

Upon incorporation Eragon issued 500,000 Ordinary Shares of 10 pence each at par, with one quarter paid up for cash consideration.

9. Short-term financial liabilities

The short term financial liabilities do not bear interest and are due to the following:

	<i>As at 30 June 2007 US\$'000</i>
K. R. Oraziman (a)	6
N. A. Kurbanov (a)	8
Duet LLP (b)	146
	<hr/>
	160
	<hr/>

(a) K.R. Oraziman and N. A. Kurbanov are considered to be related parties as they are shareholders in Eragon's parent undertaking, Baverstock GmbH.

(b) Duet LLP is considered a related party as K.R. Oraziman, a shareholder in Eragon's parent undertaking, Baverstock GmbH, is a participant in Duet LLP.

10. Short-term liabilities under the contract for subsoil use

	<i>As at 30 June 2007 US\$'000</i>
Liabilities under the social development program	625
	<hr/>

Details of the liabilities under the contract for subsoil use are set out in note 14.

11. Other payables

	<i>As at 30 June 2007 US\$'000</i>
Signature bonus payable	21,700
Introduction fees payable	8,600
Consideration payable	50
Other payables	2
	<hr/>
	30,352
	<hr/>

Introduction fees relate to amounts owed to Vertom International B.V. and Cody Star Investment Limited (see note 18). The introduction fees, payable in relation to the introduction of a new investor, were paid in August 2007.

Consideration payable relates to amounts to K.R. Oraziman and N.A. Kurbanov in respect of the purchase of BNG as described in note 18.

12. Deferred tax

	<i>As at 30 June 2007 US\$'000</i>
Balance at 15 March 2007	–
Arising on acquisition of subsidiary undertaking	26
Balance as at the end of the period	<u>26</u>

The provision for deferred tax comprises:

	<i>As at 30 June 2007 US\$'000</i>
Deferred tax on exploration and evaluation assets acquired	<u>26</u>

13. Other non-current liabilities

	<i>As at 30 June 2007 US\$'000</i>
Liabilities under the social development program	1,317
Liabilities to the Astana city development program	2,083
	<u>3,400</u>

Details of other non-current liabilities are set out in note 14.

14. Contractual liabilities, contingent liabilities and operational risks

14.1 Contract for subsoil use

On 7 June 2007 BNG (which was acquired by Eragon on 16 June 2007 as described in note 15) entered into an oil prospecting contract for the Aiyreshagyl site in the territory of Mangystau oblast, which is valid until 2011. The exploration phase period lasts for 4 years, and BNG has the exclusive right to progress to the production phase.

Under the terms of this contract BNG has the following obligations:

- to contribute the following amounts to the social development program of the Mangystau oblast:
 - Year 1 US\$625,000
 - Year 2 US\$625,000
 - Year 3 US\$625,000
 - Year 4 US\$625,000
 - During the production period US\$2,500,000

A provision has been made within the financial information in respect of the obligations to the social development program during the exploration phase;

- to pay no later than the second year of the contract US\$2,500,000 to the Astana city development program. A provision has been made within the financial information in respect of the obligations to the Astana city development program;

- to fund a minimum work program for the first three years of the contract as follows:

– Year 1	US\$1,700,000
– Year 2	US\$7,615,000
– Year 3	US\$15,900,000
– Year 4	US\$35,985,000
- to allocate at least 1 per cent. of annual prospecting capital costs for the professional training of Kazakh personnel engaged in works under the contract;
- to establish an abandonment fund of at least 1 per cent. of annual prospecting capital costs; and
- to pay no later than 30 days after the award of the licence a signature bonus of \$21.7m. A liability has been recognised within these financial statements in respect of this.

14.2 Taxation

Current Kazakh tax legislation is subject to different interpretation and frequent changes. The interpretation of tax legislation regarding the transactions and activities of BNG by the tax authorities may differ from those of the management of the Eragon Group. Hence the tax authorities may challenge the application of tax legislation by BNG and may levy penalties and fines which can be significant. Tax and customs authorities have a five year period to review BNG's financial records.

14.3 Environmental matters

Currently Kazakhstan is strengthening environmental legislation and the position of state bodies regarding its enforcement. The Eragon Group estimates its liabilities on environmental matters on a regular basis. As liabilities are incurred they are reflected in the financial statements immediately. Contingent liabilities that might arise as the result of changes in current legislation and regulations as well as in the result of litigation, can not be estimated reliably though they can involve significant amounts. Based on the current control and punishment system for non-compliance with current environmental legislation the management of the Eragon Group believes that it has no significant liabilities related to environmental matters.

15. Acquisition of BNG

On 16 June 2007, Eragon's subsidiary undertaking, Sytero 5 B.V., completed the acquisition of a 99% interest in BNG. BNG holds rights under an oil prospecting contract (see note 14).

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

	<i>Book value</i> <i>US\$'000</i>	<i>Adjustments</i> <i>US\$'000</i>	<i>Provisional fair value</i> <i>US\$'000</i>
Exploration and evaluation assets	25,865	87	25,957
Cash and cash equivalents	11	–	11
Short-term loans	(161)	-	(161)
Short-term liabilities under the contract for subsoil use	(625)	-	(625)
Other payables	(21,700)	-	(21,700)
Liabilities under the contract for subsoil use	(3,400)	-	(3,400)
Deferred tax	-	(26)	(26)
	<u>(10)</u>	<u>61</u>	<u>51</u>
Minority interests			<u>(1)</u>
Provisional fair value of the net assets acquired			<u>50</u>
Fair value of the consideration given:			
Cash consideration payable			<u>50</u>

The provisional surplus of the fair value of the consideration given over the other separable net assets and liabilities of the acquired entities has been attributed to the value of the negotiated rights in respect of the unproven oil and gas properties, based on the findings contained in the competent person's report, together with related deferred taxation.

No income or expenses accruing to BNG were included in the consolidated income statement for the period.

16. Acquisitions after the period end

On 14 September 2007, Eragon's subsidiary undertaking, Sytero 5 B.V., completed the acquisition of a 99% interest in Munaily. Munaily holds rights under a contract for oil prospecting and production at the Munaily deposit in the territory of Atytrau oblast with the Ministry of Energy and Mineral Resources which is valid until 2031.

On 18 October 2007, Eragon's subsidiary undertaking, Sytero 4 B.V., completed the acquisition of an 85% interest in Galaz. Galaz holds rights under a contract for hydrocarbon material prospecting at the North-Western Konys deposit in the territory of Kzyl-Orda oblast which is valid until 2009.

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

	<i>Book value</i> <i>US\$'000</i>	<i>Adjustments</i> <i>US\$'000</i>	<i>Provisional</i> <i>fair value</i> <i>US\$'000</i>
Property, plant & equipment	14	-	14
Exploration and evaluation assets	4,255	35,159	39,414
Cash and cash equivalents	86	-	86
Other receivables	33	-	33
Short term financial liabilities	(571)	-	(571)
Trade payables	(204)	-	(204)
Payables to related parties	(2,256)	-	(2,256)
Other payables	(756)	-	(756)
Liabilities under the contract for subsoil use	(494)	-	(494)
Deferred tax	-	(10,548)	(10,548)
	<u>107</u>	<u>24,611</u>	<u>24,718</u>
Minority interests			(2,718)
Provisional fair value of the assets acquired			<u>22,000</u>
Fair value of the consideration given:			
Cash consideration payable			13,000
Acquisition costs			9,000
			<u>22,000</u>

The provisional surplus of the fair value of the consideration given over the other separable net assets and liabilities of the acquired entities has been attributed to the value of the negotiated rights in respect of the unproven oil and gas properties, based on the findings contained in the competent person's report, together with related deferred taxation.

17. Other subsequent events

In July and September 2007, BNG received short term loans totalling US\$254,000 from N.A. Kurbanov, who is a shareholder in Eragon's parent undertaking, Baverstock GmbH.

In July 2007, Eragon's subsidiary undertaking, Sytero 4 B.V., received a loan of US\$14.5m from Dae Han New Pharm Co. Limited, a shareholder in Eragon's parent undertaking Baverstock GmbH, to assist in the acquisition of Galaz. The loan bears interest at a rate of LIBOR plus 2% and the capital and interest is repayable after 2 years. Introduction fees of US\$1.6m were payable to Vertom International B.V. (a related party as described in note 18) in respect of obtaining this loan.

In July 2007, Sytero 4 B.V. also received a loan of US\$10m from K.R. Oraziman, another shareholder in Eragon's parent undertaking Baverstock GmbH. The loan bears interest at a rate of LIBOR plus 3% and the capital and interest are repayable after 2 years.

In July 2007, Eragon's subsidiary undertaking, Sytero 5 B.V., received a loan of US\$7.5m from Dae Han New Pharm Co. Limited ("Dae Han"), to assist in the acquisition of Munaily. The loan bears interest at a rate of LIBOR plus 2% and the capital and interest are repayable after 2 years from the date of the agreement. Introduction fees of US\$0.8m were payable to Vertom International B.V. (a related party as described in note 18) in respect of obtaining this loan. Of the consideration payable of US\$7m in relation to the acquisition of Munaily US\$4.7m of the amount due was settled in August 2007 and the balance remains outstanding as at the date of this document.

18. Related party transactions

At the end of the period, Eragon was a wholly-owned subsidiary undertaking of Baverstock GmbH, a company incorporated in Switzerland, which the directors of Eragon consider to be Eragon's ultimate parent undertaking. Baverstock GmbH does not prepare consolidated accounts incorporating the results of Eragon and its subsidiary undertakings, and its accounts are not available to the public.

During the period Eragon and its subsidiary undertakings entered into the following related party transactions:

- Eragon acquired 99% of BNG, as described in note 15, from K.R. Oraziman and N. A. Kurbanov, who are shareholders in Eragon's parent undertaking Baverstock GmbH;
- Eragon received a capital contribution from Baverstock GmbH of US\$21.5m as a result of Dae Han acquiring a 17% stake in Baverstock GmbH from existing Baverstock GmbH shareholders.
- Eragon entered into an agreement with Vertom International B.V. (a company incorporated in the Netherlands Antilles) for introducing an investor. The total amount payable was US\$8m of which US\$5.6m relates to capital contributions made by Baverstock GmbH as a result of Dae Han acquiring a 17% stake in Baverstock GmbH. The remaining US\$2.4m relates to the two loans received from Dae Han as described in note 17. Vertom International B.V. is a related party as one of its shareholders, K.R. Oraziman, is a shareholder in Eragon's parent Baverstock GmbH. The full amount of US\$8m was paid to Vertom in August 2007.
- K.R. Oraziman and N. A. Kurbanov (who are shareholders in Eragon's parent undertaking Baverstock GmbH) entered into an agreement with Cody Star Investment Limited for the introduction of an investor. The total amount payable was US\$3m and 3% of the issued share capital of Baverstock GmbH. As Sytero 5 B.V. (a wholly owned subsidiary of Eragon) was the recipient of the services under this agreement and the resultant capital contribution, it was agreed that Sytero 5 B.V. would pay the amount of US\$3m to Cody Star Investments Limited. Additionally the directors consider that the 3% of Baverstock GmbH transferred to Cody Star Investments Limited as part payment for these services, at that time to have had a fair value of US\$5,029,000, and this amount has been accounted for as a capital contribution received from K.R. Oraziman and N. A. Kurbanov and also a cost of securing the capital contribution of US\$21.5m.

Part C: Financial information on Munaily Kazakhstan LLP

Section C(i) – Accountant's report on Munaily Kazakhstan LLP



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London
W1U 3LL

The Directors
Roxi Petroleum plc
2nd Floor
5 Old Bailey
London
EC4M 7BA

31 January 2008

WH Ireland Limited
5th Floor
24 Martin Lane
London
EC4R 0DR

Dear Sirs

Munaily Kazakhstan LLP (“Munaily”)

Introduction

We report on the financial information set out in Section C (ii) of Part IV. This financial information has been prepared for inclusion in the admission document dated 31 January 2008 of Roxi Petroleum plc (the “Admission Document”) on the basis of the accounting policies set out in note 3 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Roxi Petroleum plc are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRSs”).

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Munaily as at the dates stated and of its losses, cash flows and changes in equity for the year or periods then ended in accordance with the basis of preparation set out in note 2 to the financial information and has been prepared in accordance with IFRSs as described in note 3 to the financial information.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO Stoy Hayward LLP

Chartered Accountants

Section C(ii) – Financial information on Munaily Kazakhstan LLP

INCOME STATEMENTS

		<i>Period ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
	<i>Notes</i>		
Revenue		–	–
Administrative expenses	6	(21)	(34)
Loss from operations		(21)	(34)
Finance expenses		–	(11)
Loss for the period before and after taxation	7	(21)	(45)

All amounts relate to continuing activities.

BALANCE SHEETS

		As at 31 December 2006 \$'000	As at 30 June 2007 \$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	8	13	14
Intangible assets	9	1,571	1,729
		<u>1,584</u>	<u>1,743</u>
Current assets			
Cash and cash equivalents		7	85
Advances paid		–	30
Other receivables	10	3	3
		<u>10</u>	<u>118</u>
Total assets		<u>1,594</u>	<u>1,861</u>
Equity and liabilities			
Equity			
Partners' capital	11	1,017	1,017
Foreign currency translation reserve		1	59
Retained earnings		(21)	(66)
		<u>997</u>	<u>1,010</u>
Current liabilities			
Short term financial liabilities	12	27	569
Short term liabilities under the contract for subsoil use	13	319	–
Other payables	14	–	4
		<u>346</u>	<u>573</u>
Non-current liabilities			
Other non-current liabilities	15	251	278
Total liabilities		<u>251</u>	<u>278</u>
Total equity and liabilities		<u>1,594</u>	<u>1,861</u>

STATEMENT OF CHANGES IN EQUITY

	Partners' capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance as at 22 September 2006	–	–	–	–
Foreign exchange differences recognised directly in equity	–	1	–	1
Losses for the period	–	–	(21)	(21)
Capital contributed in the period	1,017	–	–	1,017
Balance as at 31 December 2006	<u>1,017</u>	<u>1</u>	<u>(21)</u>	<u>997</u>
Foreign exchange differences recognised directly in equity	–	58	–	58
Losses for the period	–	–	(45)	(45)
Balance as at 30 June 2007	<u>1,017</u>	<u>59</u>	<u>(66)</u>	<u>1,010</u>

CASH FLOW STATEMENTS

	<i>Period ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Cash flows from operating activities		
Payments to suppliers and contractors	–	(70)
Salaries paid	–	(5)
Budget settlements	–	(2)
Advances paid	–	(29)
Other payments	(6)	(14)
	<hr/>	<hr/>
Cash outflows from operating activities	(6)	(120)
	<hr/>	<hr/>
Investing activities		
Purchase of property, plant and equipment	(13)	(2)
Purchase of intangible assets	–	(330)
	<hr/>	<hr/>
Net cash outflows from investing activities	(13)	(332)
	<hr/>	<hr/>
Financing activities		
Receipts of short-term borrowings	27	560
Repayments of short-term borrowings	–	(34)
	<hr/>	<hr/>
Net cash inflows from financing activities	27	526
	<hr/>	<hr/>
Increase in cash and cash equivalents	8	74
Cash and cash equivalents at the start of the period	–	7
Foreign exchange	(1)	4
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	<u>7</u>	<u>85</u>

NOTES TO THE FINANCIAL INFORMATION

1. Formation

Munaily Kazakhstan LLP ("Munaily") was formed on 22 September 2006.

2. Basis of preparation

The financial information has been prepared using policies consistent with International Financial Reporting Standards as adopted by the European Union. The following principal accounting policies have been applied consistently to all the periods presented unless otherwise stated.

3. Accounting policies

3.1. Foreign currency

The financial information is presented in US Dollars (US\$) and all monetary amounts are rounded to the nearest thousand (US\$000) except where otherwise indicated.

The Kazakh Tenge is the functional currency (primary currency in which business is conducted).

On the preparation of this financial information, the results of Munaily are translated into US Dollars, the presentational currency, at rates approximating to those ruling when the transaction took place. All assets and liabilities are translated at the rate ruling at the balance sheet date. Exchange differences arising on retranslating the opening net assets at the opening rate and the results at the actual rate are recognised directly in equity.

For the purpose of translating the Kazakh Tenge to US Dollars the following rates have been used:

	<i>Kazakh Tenge: 1 US Dollar</i>	
	<i>2006</i>	<i>2007</i>
Statement of income and cash flows:		
Rates approximating to the exchange rate at the date of transaction	130.59	127.72
Balance sheet: year end exchange rate	132.06	124.45

3.2. Income taxes

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

3.3. Exploration and evaluation asset

Munaily applies the full cost method of accounting for exploration and evaluation costs, in accordance with the requirement of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Under the full cost method of accounting, costs of exploring for and evaluating oil and gas properties are accumulated and capitalised.

Intangible fixed assets are reviewed for impairments if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount.

3.4. Financial instruments

Munaily's financial assets consist of cash on non-interest bearing short-term deposits. Other receivables are stated at cost less any provision for impairment.

Munaily's financial liabilities are non-interest bearing and consist of short term financial liabilities and other payables

3.5. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less or are otherwise readily convertible to cash.

3.6. Financial risk management

Munaily's operations are exposed to a number of financial risks: market risk (including currency risk, risk of interest rate changes' influence on fair value), credit risk and liquidity risk.

- **Currency risk**

Foreign exchange rate risk arises from future business transactions, recognised assets and liabilities. Munaily's overall strategy is to have no significant net exposure in currencies other than the Kazakhstan Tenge or the US Dollar.

- **Credit risk**

Munaily is not exposed to material credit risk.

- **Liquidity risk**

Prudent liquidity risk management assumes maintenance of sufficient cash volume and availability of funding through an adequate amount of committed credit facilities and the ability of responsive management in case of any imbalance.

3.7. Cash flow statement

The cash flow statement is prepared using the direct method.

3.8. Going concern

The financial information is prepared based on the going concern assumption, which implies realisation of assets and repayment of liabilities in the normal course of business. Munaily's ability to realise its assets and its operations in the future may be significantly influenced by the current and future economic conditions in Kazakhstan. This financial information does not contain any adjustments that would be required if Munaily were not able to continue its operations as a going concern.

4. Expected changes in IFRS and interpretations

A. Standards, interpretations and amendments to the published standards which, though being effective from 2006, are not applicable to Munaily

The following standards, amendments and interpretations of the standards published are obligatory for those reporting periods beginning on or before 1 January 2006, but currently are not applicable to Munaily's activities:

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- IFRIC 7. Application of restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies (applicable to the reporting periods beginning on or after 1 March 2006)
- IFRIC 8. Scope of IFRS 2 (applicable to the reporting periods beginning on or after 1 May 2006)
- IFRIC 9. Reassessment of Embedded Derivatives (applicable to the reporting periods beginning on or after 1 June 2006)
- IFRIC 11. Group and Treasury Share Transactions, IFRS 2, Share-based Payment: (applicable to the reporting periods beginning on or after 1 March 2007)

B. *Standards published but not yet effective as well as amendments and interpretations thereto*

This section contains new standards, amendments and interpretations to the existing standards published and obligatory for Munaily to apply regarding the periods beginning on or after 1 January 2007, and which Munaily chose not to adopt early:

- IFRS 8. Operating Segments (effective from 1 January 2009)
- IFRIC 12. Service Concession Arrangements (applicable to the reporting periods beginning on or after 1 January 2008).
- IFRIC 13. Customer Loyalty Programs (applicable to the reporting periods beginning on or after 1 July 2008).
- IFRIC 14. The Limit on a Defined Benefit Asset, Minimum Funding Requirements (applicable to the reporting periods beginning on or after 1 January 2008).

5. Segmental analysis

Munaily operates in one business and geographic segment, being the exploration for oil and gas in the Republic of Kazakhstan.

6. Administrative expenses

	<i>Period ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Administrative expenses include:		
Salaries	1	8
Depreciation	–	1
	<hr/>	<hr/>

Salaries include management salaries of \$1,000 for the period from 22 September 2006 to 31 December 2006 and \$2,000 for the period ended 30 June 2007.

7. Taxation on loss from ordinary activities

	<i>Period ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Loss before taxation	(21)	(45)
Loss at the effective rate of corporation tax in the Republic of Kazakhstan of 30%	(6)	(14)
Tax losses carried forward	6	14
Tax charge for the period	—	—

There is no tax payable in the period ended 31 December 2006 or the six months ended 30 June 2007.

8. Property plant and equipment

	<i>Property, plant and equipment \$'000</i>
Cost	
As at 22 September 2006	—
Additions	13
Balance as at 31 December 2006	13
Additions	2
Balance as at 30 June 2007	15
Accumulated depreciation	
As at 22 September 2006	—
Charge for the period	—
Balance as at 31 December 2006	—
Charge for the year	1
Balance as at 30 June 2007	1
Net book value	
As at 31 December 2006	13
As at 30 June 2007	14

9. Intangible assets

	<i>Exploration and evaluation assets \$'000</i>
Cost and net book value	
As at 22 September 2006	—
Additions	1,571
Balance as at 31 December 2006	1,571
Foreign exchange	96
Additions	62
Balance as at 30 June 2007	1,729

Capitalised costs relate to expenditure in respect of the contract for oil prospecting and production at the Munaily deposit (see note 16). The majority of the capitalised costs related to the signature bonus in respect of this contract (see note 11).

10. Other receivables

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Receivables from employees	3	–
Prepaid insurance	–	2
Taxation	–	1
	<u>3</u>	<u>3</u>

11. Partners' capital

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Partners' capital	<u>1,017</u>	<u>1,017</u>

The Partners' contributions were made in the form of the payment of the signature bonus for the amount of \$967,000, payment for the geological information for the amount of \$33,000 and payment for marketing services for the amount of \$17,000 (see note 9).

12. Short term financial liabilities

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
The short term financial liabilities do not bear interest and are due to the following related parties:		
N. A. Kurbanov ^a	–	80
K. R. Oraziman ^a	–	80
S. N. Kiriyeenko ^b	10	8
D. T. Manytor ^b	10	–
B. B. Seisembekov ^b	7	–
A. S. Orumbekov ^b	–	134
M. R. Urazimanov ^b	–	267
	<u>27</u>	<u>569</u>

(a) Shareholders of the ultimate controlling party, Sytero 5 BV (see note 19)

(b) Partners as at 30 June 2007 and 31 December 2006

13. Short term liabilities under the contract for subsoil use

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Social and development liabilities (see below)	<u>319</u>	<u>–</u>

Details of the liabilities under the contract for subsoil use are set out in note 16.

14. Other payables

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Payable to employees	–	1
Salaries payable	–	2
Taxes and other payables	–	1
	<u>–</u>	<u>4</u>

15. Other non-current liabilities

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Provision for rehabilitation	127	140
Social and development liabilities (see below)	124	138
	<u>251</u>	<u>278</u>

Details of the liabilities under the contract for subsoil use are set out in note 16. Long term liabilities increased during the period ended 30 June 2007 due to foreign exchange movements of \$16,000 and a change in the present value of the liabilities arising from discounting. The discount expense of \$11,000 has been recognised in the income statement during the period ended 30 June 2007.

16. Contractual liabilities

Contract for subsoil use

On 31 January 2005, Asylmunaibulak LLP entered into a contract for oil prospecting and production at the Munaily deposit in the territory of Atyrau oblast ("the Atyrau Contract") with the Ministry of Energy and Mineral Resources. On 8 December 2006 all of Asylmunaibulak LLP's rights and obligations under the Atyrau Contract were transferred to Munaily. The Atyrau Contract is valid until 2031, and the exploration period is for three subsequent years.

Under the Atyrau Contract, Munaily has the following obligations:

- to allocate at least 1 per cent. of investment outlay during the exploration period for the professional training of Kazakh personnel engaged in works under the Atyrau Contract and 1 per cent. of operating costs during the production period;
- to allocate \$250,000 during the exploration period and \$150,000 during the production period for the implementation of social programs in the Atyrau oblast in agreement with local authorities. A provision has been made within the financial information in respect of the \$250,000 obligation during the exploration period;
- to allocate \$250,000 during the exploration period and \$150,000 during the production period to the Astana city development program. A provision has been made within the financial information in respect of the \$250,000 obligation during the exploration period;
- to fund a minimum work program for the first three years of the Exploration Contract as follows:
 - Year 1 \$700,000
 - Year 2 \$7,300,000
 - Year 3 \$9,000,000

- if Munaily progresses to the production phase it is obliged within 90 days to conclude an additional agreement to the Atyrau Contract which will determine the payment of the remaining historical costs for the amount of \$1,580,000; and
- to establish an abandonment fund of at least 1 per cent. of investment outlay during the exploration period and at least 1 per cent. of operating costs during the production period by transferring cash to a special deposit account for financing the implementation of the liquidation program. Contributions to the abandonment fund must be credited annually to a special deposit account with a bank in the territory of the Republic of Kazakhstan.

17. Taxation

Current Kazakh tax legislation is subject to different interpretation and frequent changes. The interpretation of tax legislation regarding the transactions and activities of Munaily by tax authorities may differ from those of the management of Munaily. Hence the tax authorities may challenge the application of tax legislation by Munaily and may levy penalties and fines which can be significant. Tax and customs authorities have a five year period to review Munaily's financial records.

18. Environmental matters

Currently Kazakhstan is strengthening environmental legislation and the position of state bodies regarding its enforcement. Munaily estimates its liabilities on environmental matters on a regular basis. As liabilities are incurred they are reflected in the financial statements immediately. Contingent liabilities that might arise as the result of changes in current legislation and regulations as well as in the result of litigation, can not be estimated reliably though they can involve significant amounts. Based on the current control and punishment system for non-compliance with current environmental legislation the management of Munaily believes that it has no significant liabilities related to environmental matters.

19. Subsequent events

- On 14 September 2007 there was a change of participants in Munaily to Sytero 5 BV, a company incorporated in The Netherlands (99 per cent.) and D. ZH. Zholdibayev (1 per cent.).
- Munaily has received loans from Sytero 5 BV for \$1,000,000, bearing interest at 8 per cent. which are repayable after 2 years.
- Munaily has lent \$46,000 to BNG LLP, a related party, which is interest free and is repayable on 5 September 2008.

Part D: Financial information on BNG Ltd LLP

Section D(i) – Accountant's report on BNG Ltd LLP



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London
W1U 3LL

The Directors
Roxi Petroleum plc
2nd Floor
5 Old Bailey
London
EC4M 7BA

31 January 2008

WH Ireland Limited
5th Floor
24 Martin Lane
London
EC4R 0DR

Dear Sirs

BNG Ltd LLP ("BNG")

Introduction

We report on the financial information set out in Section D (ii) of Part IV. This financial information has been prepared for inclusion in the admission document dated 31 January 2008 of Roxi Petroleum plc (the "Admission Document") on the basis of the accounting policies set out in note 3 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Roxi Petroleum plc are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of BNG as at the dates stated and of its losses, cash flows and changes in equity for the years or periods then ended in accordance with the basis of preparation set out in note 2 to the financial information and has been prepared in accordance with IFRSs as described in note 3 to the financial information.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO Stoy Hayward LLP

Chartered Accountants

Section D(ii) – Financial information on BNG LLP

INCOME STATEMENTS

		<i>Period from incorporation to 31 December 2004</i>	<i>Year ended 31 December 2005</i>	<i>Year ended 31 December 2006</i>	<i>6 months ended 30 June 2007</i>
	<i>Notes</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Revenue		–	–	–	–
Administrative expenses	6	–	(1)	(2)	(6)
Loss for the period before and after taxation	7	–	(1)	(2)	(6)

All amounts relate to continuing activities.

BALANCE SHEETS

		<i>As at 31 December 2004</i>	<i>As at 31 December 2005</i>	<i>As at 31 December 2006</i>	<i>As at 30 June 2007</i>
	<i>Notes</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Non-current assets					
Intangible assets	8	–	–	134	25,865
		–	–	134	25,865
Current assets					
Cash and cash equivalents		–	–	3	11
		–	–	3	11
Total assets		–	–	137	25,876
Equity and liabilities					
Equity					
Partners' capital	9	1	1	1	1
Foreign currency translation reserve		(1)	(1)	(1)	(2)
Retained earnings		–	(1)	(3)	(9)
		–	(1)	(3)	(10)
Current liabilities					
Short term financial liabilities	10	–	1	139	161
Short term liabilities under the contract for subsoil use	11	–	–	–	625
Other payables	12	–	–	1	21,700
		–	1	140	22,486
Non-current liabilities					
Other non-current liabilities	13	–	–	–	3,400
Total liabilities		–	1	140	25,886
Total equity and liabilities		–	–	137	25,876

STATEMENT OF CHANGES IN EQUITY

	<i>Partners' capital</i> \$'000	<i>Foreign currency translation reserve</i> \$'000	<i>Retained earnings</i> \$'000	<i>Total</i> \$'000
Balance as at 5 July 2004	–	–	–	–
Foreign exchange differences recognised directly in equity	–	(1)	–	(1)
Losses for the period	–	–	–	–
Partners' capital contributed in the period	1	–	–	1
Balance as at 1 January 2005	1	(1)	–	–
Foreign exchange differences recognised directly in equity	–	–	–	–
Losses for the period	–	–	(1)	(1)
Balance as at 1 January 2006	1	(1)	(1)	(1)
Foreign exchange differences recognised directly in equity	–	–	–	–
Losses for the period	–	–	(2)	(2)
Balance as at 1 January 2007	1	(1)	(3)	(3)
Foreign exchange differences recognised directly in equity	–	(1)	–	(1)
Losses for the period	–	–	(6)	(6)
Balance as at 30 June 2007	1	(2)	(9)	(10)

CASH FLOW STATEMENTS

	<i>Period from incorporation to 31 December 2004</i> \$'000	<i>Year ended 31 December 2005</i> \$'000	<i>Year ended 31 December 2006</i> \$'000	<i>6 months ended 30 June 2007</i> \$'000
Cash flows from operating activities				
Payments to suppliers and contractors	–	–	–	(6)
Other payments	–	(1)	(1)	–
Cash outflows from operating activities	–	(1)	(1)	(6)
Investing activities				
Payments for intangible assets	–	–	(136)	–
Net cash outflows from investing activities	–	–	(136)	–
Financing activities				
Receipts from short-term borrowings	–	1	139	14
Net cash inflows from financing activities	–	1	139	14
Increase in cash and cash equivalents	–	–	2	8
Cash and cash equivalents at the start of the period	–	–	–	3
Effects of foreign exchange rate changes on cash and cash equivalents	–	–	1	–
Cash and cash equivalents at the end of the period	–	–	3	11

NOTES TO THE FINANCIAL INFORMATION

1. Formation

BNG Ltd LLP ("BNG") was formed on 5 July 2004.

2. Basis of preparation

The financial information has been prepared using policies consistent with International Financial Reporting Standards as adopted by the European Union. The following principal accounting policies have been applied consistently to all the periods presented unless otherwise stated.

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For the purpose of translating the Kazakh Tenge to US Dollars the following rates have been used:

	2004	<i>Kazakh Tenge: 1 US Dollar</i>		
		2005	2006	2007
Statement of income and cash flows:				
Rates approximating to the exchange rate at the date of transaction	140.81	134.17	130.59	127.72
Balance sheet: year end exchange rate	134.44	133.96	132.06	124.45

3.2. Income taxes

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Intangible fixed assets are reviewed for impairments if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount.

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- IFRIC 7. Application of restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies (applicable to the reporting periods beginning on or after 1 March 2006)
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- IFRIC 9. Reassessment of Embedded Derivatives (applicable to the reporting periods beginning on or after 1 June 2006)
- IFRIC 11. Group and Treasury Share Transactions, IFRS 2, Share-based Payment: (applicable to the reporting periods beginning on or after 1 March 2007)

B. *Standards published but not yet effective as well as amendments and interpretations thereto*

This section contains new standards, amendments and interpretations to the existing standards published and obligatory for BNG to apply regarding the periods beginning on or after 1 January 2008, and which BNG has chosen not to adopt early:

- IFRS 8. Operating Segments (effective from 1 January 2009)
- IFRIC 12. Service Concession Arrangements (applicable to the reporting periods beginning on or after 1 January 2008)
- IFRIC 13. Customer Loyalty Programs (applicable to the reporting periods beginning on or after 1 July 2008)
- IFRIC 14. The Limit on a Defined Benefit Asset, Minimum Funding Requirements (applicable to the reporting periods beginning on or after 1 January 2008)

5. Segmental analysis

BNG operates in one business and geographic segment, being the exploration for oil in the Republic of Kazakhstan.

6. Administrative expenses

Administrative expenses include:

	<i>Period from incorporation to 31 December 2004 \$'000</i>	<i>Year ended 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Salaries	<u>–</u>	<u>1</u>	<u>1</u>	<u>–</u>

7. Taxation on loss from ordinary activities

	<i>Period from incorporation to 31 December 2004 \$'000</i>	<i>Year ended 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Loss before taxation	<u>–</u>	<u>(1)</u>	<u>(2)</u>	<u>(6)</u>
Loss at the effective rate of corporation tax in the Republic of Kazakhstan of 30%	–	–	(1)	(2)
Tax losses carried forward	<u>–</u>	<u>–</u>	<u>1</u>	<u>2</u>
Tax charge for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

There is no tax payable in the 6 months to 31 December 2004 or the years to 31 December 2005 or 31 December 2006 or the 6 months to 30 June 2007.

8. Intangible assets

	<i>Exploration and evaluation assets \$'000</i>
Cost and net book value	
As at 5 July 2004, 31 December 2004 and 31 December 2005	–
Additions in the period ended 31 December 2006	<u>134</u>
Balance as at 31 December 2006	134
Foreign exchange gain	8
Additions	<u>25,723</u>
Balance as at 30 June 2007	<u>25,865</u>

Capitalised costs relate to expenditure incurred in respect of the oil prospecting contract for the Aiyrshagyl site (see note 14).

The majority of the capitalised costs relates to the signature bonus payable within 30 days of the award of the licence and other contractable liabilities.

9. Partners' capital

	As at 31 December 2004 \$'000	As at 31 December 2005 \$'000	As at 31 December 2006 \$'000	As at 30 June 2007 \$'000
Partners' capital	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

On formation, the partners contributed capital of KZT100,000.

10. Short term financial liabilities

	As at 31 December 2004 \$'000	As at 31 December 2005 \$'000	As at 31 December 2006 \$'000	As at 30 June 2007 \$'000
The short term financial liabilities do not bear interest and are due to the following related parties:				
So Marina Guyevna	–	1	1	1
Duet LLP ^a	–	–	138	146
N. A. Kurbanov ^b	–	–	–	8
K. R. Oraziman ^b	–	–	–	6
	<u>–</u>	<u>1</u>	<u>139</u>	<u>161</u>

(a) K. R. Oraziman is a participant in Duet LLP

(b) Participants in BNG

11. Short-term liabilities under the contract for subsoil use

	As at 31 December 2004 \$'000	As at 31 December 2005 \$'000	As at 31 December 2006 \$'000	As at 30 June 2007 \$'000
Liabilities under the social development program	<u>–</u>	<u>–</u>	<u>–</u>	<u>625</u>

Details of the liabilities under the contract are set out in note 14.

12. Other payables

	As at 31 December 2004 \$'000	As at 31 December 2005 \$'000	As at 31 December 2006 \$'000	As at 30 June 2007 \$'000
Payables to employees	–	–	–	1
Salaries payable	–	–	1	1
Signature bonus payable	–	–	–	21,698
	<u>–</u>	<u>–</u>	<u>1</u>	<u>21,700</u>

13. Other non-current liabilities

	<i>As at 31 December 2004 \$'000</i>	<i>As at 31 December 2005 \$'000</i>	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Liabilities under the social development program	–	–	–	1,317
Liabilities for transfers to Astana Fund	–	–	–	2,083
	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,400</u>

Details of other non-current liabilities are set out in note 14.

14. Contractual liabilities

14.1. Contract for subsoil use

On 7 June 2007, BNG entered into an oil prospecting contract for the Aiyrshagyl site in the territory of Mangystau oblast which is valid until 2011. The exploration phase period lasts for 4 years, and BNG has the exclusive right to progress to the production phase.

14.2. Contractual liabilities

Under the terms of this contract BNG has the following obligations:

- to contribute the following amounts to the social development program of the Mangystau oblast
 - Year 1 \$625,000
 - Year 2 \$625,000
 - Year 3 \$625,000
 - Year 4 \$625,000
 - During the production period \$2,500,000

A provision has been made within the financial information in respect of the obligations to the social development program during the exploration phase.

- to pay no later than the second year of the Mangystau Contract \$2,500,000 to the Astana city development program. A provision has been made within the financial information in respect of the obligations to the Astana city development program;
- to fund a minimum work program for the first three years of the exploration contract as follows:
 - Year 1 \$1,700,000
 - Year 2 \$7,615,000
 - Year 3 \$15,900,000
 - Year 4 \$35,985,000
- to allocate at least 1 per cent. of annual prospecting capital costs for the professional training of Kazakh personnel engaged in works under the Mangystau Contract;
- to establish an abandonment fund of at least 1 per cent. of annual prospecting capital costs; and
- to pay no later than 30 days after the award of the licence a signature bonus of \$21.7 million. A liability has been recognised in the financial information in respect of this.

15. Taxation

Current Kazakh tax legislation is subject to different interpretation and frequent changes. The interpretation of tax legislation regarding the transactions and activities of BNG by tax authorities may differ from those of the management of BNG. Hence the tax authorities may challenge the application of tax legislation by BNG and may levy penalties and fines which can be significant. Tax and customs authorities have a five year period to review BNG's financial records.

16. Environmental matters

Currently Kazakhstan is strengthening environmental legislation and the position of state bodies regarding its enforcement. BNG estimates its liabilities on environmental matters on a regular basis. As liabilities are incurred they are reflected in the financial statements immediately. Contingent liabilities that might arise as the result of changes in current legislation and regulations as well as in the result of litigation, can not be estimated reliably though they can involve significant amounts. Based on the current control and punishment system for non-compliance with current environmental legislation the management of BNG believes that it has no significant liabilities related to environmental matters.

17. Subsequent events

In July and September 2007 BNG received temporary financial aid of \$300,000, including \$254,000 from N. A. Kurbanov, a participant in BNG, and \$46,000 from Munaily Kazakhstan LLP, an entity in which the participants of BNG have an interest.

Part E: Financial information on Galaz & Company LLP

Section E(i) – Accountant's report on Galaz & Company LLP



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London
W1U 3LL

The Directors
Roxi Petroleum plc
2nd Floor
5 Old Bailey
London
EC4M 7BA

31 January 2008

WH Ireland Limited
5th Floor
24 Martin Lane
London
EC4R 0DR

Dear Sirs

Galaz & Company LLP (“Galaz”)

Introduction

We report on the financial information set out in Section E (ii) of Part IV. This financial information has been prepared for inclusion in the admission document dated 31 January 2008 of Roxi Petroleum plc (the “Admission Document”) on the basis of the accounting policies set out in note 3 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Roxi Petroleum plc are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRSs”).

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Galaz as at the dates stated and of its losses and changes in equity for the years or periods then ended in accordance with the basis of preparation set out in note 2 to the financial information and has been prepared in accordance with IFRSs as described in note 3 to the financial information.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO Stoy Hayward LLP

Chartered Accountants

Section E(ii) – Financial information on Galaz & Company LLP

INCOME STATEMENTS

		<i>Year ended</i> <i>31 December</i>	<i>Year ended</i> <i>31 December</i>	<i>Year ended</i> <i>31 December</i>	<i>6 months</i> <i>ended</i> <i>30 June</i>
		<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
	<i>Notes</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Revenue		–	–	–	–
Administrative expenses	6	(32)	(473)	–	(8)
Loss from operations		(32)	(473)	–	(8)
Finance expenses		(6)	(6)	(7)	(4)
Loss for the period before and after taxation	7	(38)	(479)	(7)	(12)

All amounts relate to continuing activities.

BALANCE SHEETS

		<i>As at</i> <i>31 December</i> <i>2004</i> <i>\$'000</i>	<i>As at</i> <i>31 December</i> <i>2005</i> <i>\$'000</i>	<i>As at</i> <i>31 December</i> <i>2006</i> <i>\$'000</i>	<i>As at</i> <i>30 June</i> <i>2007</i> <i>\$'000</i>
	<i>Notes</i>				
Non-current assets					
Intangible assets	8	1,913	2,109	2,149	2,487
		<u>1,913</u>	<u>2,109</u>	<u>2,149</u>	<u>2,487</u>
Current assets					
Receivables	9	–	7	8	–
		<u>–</u>	<u>7</u>	<u>8</u>	<u>–</u>
Total assets		<u>1,913</u>	<u>2,116</u>	<u>2,157</u>	<u>2,487</u>
Equity and liabilities					
Equity					
Partners' capital	10	1	1	1	1
Foreign currency translation reserve		(27)	(28)	(41)	(91)
Retained earnings		(307)	(786)	(793)	(805)
		<u>(333)</u>	<u>(813)</u>	<u>(833)</u>	<u>(895)</u>
Current liabilities					
Trade payables		422	544	212	200
Short term financial liabilities	11	66	–	–	–
Short term liabilities under the contract for subsoil use	12	1,450	1	1	1
Payables to related parties	13	–	1,595	1,969	2,227
Other payables	14	218	693	703	742
		<u>2,156</u>	<u>2,833</u>	<u>2,885</u>	<u>3,170</u>
Total liabilities		<u>2,156</u>	<u>2,833</u>	<u>2,885</u>	<u>3,170</u>
Non-current liabilities					
Other liabilities	15	90	96	105	212
		<u>90</u>	<u>96</u>	<u>105</u>	<u>212</u>
Total equity and liabilities		<u>1,913</u>	<u>2,116</u>	<u>2,157</u>	<u>2,487</u>

STATEMENT OF CHANGES IN EQUITY

	<i>Partners' capital \$'000</i>	<i>Foreign currency translation reserve \$'000</i>	<i>Retained earnings \$'000</i>	<i>Total \$'000</i>
Balance as at 1 January 2004	–	–	(269)	(269)
Foreign exchange differences recognised directly in equity	–	(27)	–	(27)
Losses for the period	–	–	(38)	(38)
Partners' capital contributed in the period	1	–	–	1
Balance as at 1 January 2005	1	(27)	(307)	(333)
Foreign exchange differences recognised directly in equity	–	(1)	–	(1)
Losses for the period	–	–	(479)	(479)
Balance as at 1 January 2006	1	(28)	(786)	(813)
Foreign exchange differences recognised directly in equity	–	(13)	–	(13)
Losses for the period	–	–	(7)	(7)
Balance as at 1 January 2007	1	(41)	(793)	(833)
Foreign exchange differences recognised directly in equity	–	(50)	–	(50)
Losses for the period	–	–	(12)	(12)
Balance as at 30 June 2007	1	(91)	(805)	(895)

NOTES TO THE FINANCIAL INFORMATION

1. Formation

Galaz & Company LLP ("Galaz") was formed on 3 June 1997.

2. Basis of preparation

The financial information has been prepared using policies consistent with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board as applicable to the relevant period. The following principal accounting policies have been applied consistently to all the periods presented unless otherwise stated.

3. Accounting policies

3.1. Foreign currency

The financial information is presented in US Dollars (US\$) and all monetary amounts are rounded to the nearest thousand (US\$000) except where otherwise indicated.

The Kazakh Tenge is the functional currency (primary currency in which business is conducted).

On the preparation of this financial information, the results of Galaz are translated into US Dollars, the presentational currency, at rates approximating to those ruling when the transaction took place. All assets and liabilities are translated at the rate ruling at the balance sheet date. Exchange differences arising on retranslating the opening net assets at the opening rate and the results at the actual rate are recognised directly in equity.

For the purpose of translating the Kazakh Tenge to US Dollars the following rates have been used:

	<i>Kazakh Tenge: 1 US Dollar</i>			
	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
Statement of income and cash flows:				
Rates approximating to the exchange rate at the date of transaction	140.81	134.17	130.59	127.72
Balance sheet: year end exchange rate	134.44	133.96	132.06	124.45

3.2. Income taxes

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

3.3. Exploration and evaluation assets

Galaz applies the full cost method of accounting for exploration and evaluation costs, in accordance with the requirement of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Under the full cost method of accounting, costs of exploring for and evaluating oil and gas properties are accumulated and capitalised.

Intangible fixed assets are reviewed for impairments if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount.

3.4. Financial instruments

Galaz's financial assets consist of other receivables, which are stated at cost less any provision for impairment.

Galaz's financial liabilities are non-interest bearing and consist of short term loans and trade and other payables.

3.5. Financial risks management

Galaz's operations are exposed to a number of financial risks: market risk (including currency risk, risk of interest rate changes' influence on fair value), credit risk and liquidity risk.

- **Currency risk**

Foreign exchange rate risk arises from future business transactions, recognised assets and liabilities. Galaz's overall strategy is to have no significant net exposure in currencies other than the Kazakhstan Tenge or the US Dollar.

- **Credit risk**

Galaz is not exposed to material credit risk.

- **Liquidity risk**

Prudent liquidity risk management assumes maintenance of sufficient cash volume and availability of funding through an adequate amount of committed credit facilities and the ability of responsive management in case of any imbalance.

3.6. Going concern

The financial information is prepared based on the going concern assumption, which implies realisation of assets and repayment of liabilities in the normal course of business. Galaz's ability to realise its assets and its operations in the future may be significantly influenced by the current and future economic conditions in Kazakhstan. The financial information does not contain any adjustments that would be required if Galaz were not able to continue its operations as a going concern.

4. Expected changes in IFRS and interpretations

A. Standards, interpretations and amendments to the published standards which, though being effective from 2006, are not applicable to Galaz

The following standards, amendments and interpretations of the standards published are obligatory for those reporting periods beginning on or before 1 January 2006, but are currently not applicable to Galaz's activities:

- IAS 19 (Amendment). Actuarial Gains and Losses, Group Plans and Disclosures (applicable from 1 January 2006)
- IAS 21 (Amendment). Net Investment in a Foreign Operation (applicable from 1 January 2006)
- IAS 39 (Amendment). Fair Value Option (applicable from 1 January 2006)

- IAS 39 (Amendment)., Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006)
- IAS 39 and IFRS 4 (Amendment). Financial Guarantee Contracts (effective from 1 January 2006)
- IFRIC 4. Determining whether an Arrangement Contains a Lease (applicable from 1 January 2006)
- IFRIC 5. Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006)
- IFRIC 6. Liabilities arising from Participating in a Specific Market: Waste Electrical and Electronic Equipment (effective from 1 December 2005)
- IFRS 7. Financial Instruments: Disclosures and additional amendments to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007)
- IFRIC 7. Application of restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies (applicable to the reporting periods beginning on or after 1 March 2006)
- IFRIC 8. Scope of IFRS 2 (applicable to the reporting periods beginning on or after 1 May 2006)
- IFRIC 9. Reassessment of Embedded Derivatives (applicable to the reporting periods beginning on or after 1 June 2006)
- IFRIC 11. Group and Treasury Share Transactions, IFRS 2, Share-based Payment: (applicable to the reporting periods beginning on or after 1 March 2007)

B. *Standards published but not yet effective as well as amendments and interpretations thereto*

This section contains new standards, amendments and interpretations to the existing standards published and obligatory for the Partnership to apply regarding the periods began on or after 1 January 2008, and which the Partnership has chosen not to adopt early:

- IFRS 8. Operating Segments (effective from 1 January 2009)
- IFRIC 12. Service Concession Arrangements (applicable to the reporting periods beginning on or after 1 January 2008)
- IFRIC 13. Customer Loyalty Programs (applicable to the reporting periods beginning on or after 1 July 2008)
- IFRIC 14. The Limit on a Defined Benefit Asset, Minimum Funding Requirements (applicable to the reporting periods beginning on or after 1 January 2008)

5. Segmental analysis

Galaz operates in one business and geographic segment, being the exploration for oil and gas in the Republic of Kazakhstan.

6. Administrative expenses

Administrative expenses include:

	<i>Year ended 31 December 2004 \$'000</i>	<i>Year ended 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Bad debt expense	32	–	–	–
Fines	–	473	–	7
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. Taxation on loss from ordinary activities

	<i>Year ended 31 December 2004 \$'000</i>	<i>Year ended 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Loss before taxation	(38)	(479)	(7)	(12)
Loss at the effective rate of corporation tax in the Republic of Kazakhstan of 30%	(11)	(144)	(2)	(4)
Tax losses carried forward	11	144	2	4
Tax charge for the period	–	–	–	–

There is no tax payable in the years ended 31 December 2004, 31 December 2005, 31 December 2006 or in the 6 months ended 30 June 2007.

8. Intangible assets

	<i>Exploration and evaluation assets \$'000</i>
Cost	
Balance as at 1 January 2004	–
Additions	1,913
Balance as at 31 December 2004	1,913
Foreign exchange gain	7
Additions	189
Balance as at 31 December 2005	2,109
Foreign exchange gain	30
Additions	10
Balance as at 31 December 2006	2,149
Foreign exchange gain	131
Additions	207
Balance as at 30 June 2007	2,487
Net book value	
As at 31 December 2004	1,913
As at 31 December 2005	2,109
As at 31 December 2006	2,149
As at 30 June 2007	2,487

9. Receivables

	<i>As at 31 December 2004 \$'000</i>	<i>As at 31 December 2005 \$'000</i>	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Taxation	–	7	8	–

10. Partners' capital

	<i>As at 31 December 2004 \$'000</i>	<i>As at 31 December 2005 \$'000</i>	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Partners' capital	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

On formation, the partners contributed capital of KZT100,000.

11. Short term financial liabilities

	<i>As at 31 December 2004 \$'000</i>	<i>As at 31 December 2005 \$'000</i>	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Turam Alem Bank Kzyl-Orda	<u>66</u>	<u>–</u>	<u>–</u>	<u>–</u>

12. Short term liabilities under the contract for subsoil use

	<i>As at 31 December 2004 \$'000</i>	<i>As at 31 December 2005 \$'000</i>	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Payment for information provided	1	1	1	1
Signature bonus payable	<u>1,449</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>1,450</u>	<u>1</u>	<u>1</u>	<u>1</u>

Details of the liabilities under the contract for subsoil use are set out in Note 17.

13. Payables to related parties

	<i>As at 31 December 2004 \$'000</i>	<i>As at 31 December 2005 \$'000</i>	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Sonar Munai Onimderi	–	141	494	644
Sonar Food Production Limited	<u>–</u>	<u>1,454</u>	<u>1,475</u>	<u>1,583</u>
	<u>–</u>	<u>1,595</u>	<u>1,969</u>	<u>2,227</u>

These amounts were interest free short-term loans.

14. Other payables

	<i>As at 31 December 2004 \$'000</i>	<i>As at 31 December 2005 \$'000</i>	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Pension contributions payable	3	3	3	2
Signature bonus fine	–	474	481	510
Taxes and other payables	215	216	219	230
	<u>218</u>	<u>693</u>	<u>703</u>	<u>742</u>

15. Other liabilities

	<i>As at 31 December 2004 \$'000</i>	<i>As at 31 December 2005 \$'000</i>	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Abandonment fund liabilities	90	96	105	212
	<u>90</u>	<u>96</u>	<u>105</u>	<u>212</u>

The liabilities under the contract for subsoil use are described in Note 17. The increase in long term liabilities during the period was due to foreign exchange movements and changes in the present value of liabilities arising from discounting. This discounting has been recognised in the income statement during the period.

16. Cash flow statement

A cash flow statement has not been presented as Galaz has no cash balances. Purchases have been paid for by a related party, Sonar Food Production LLP.

17. Contractual liabilities, contingent liabilities, subsequent events and operational risks

Contract for subsoil use

On 10 December 2000, the Investment Agency of the Republic of Kazakhstan and Galaz entered into a contract for hydrocarbon material prospecting at the North-Western Konys deposit in the territory of Kzyl-Orda oblast ("the Kzyl-Orda Contract"). The Kzyl-Orda Contract is valid until 14 May 2009 and is subject to two annexes:

- Annex No. 1 dated 13 May 2005 (under which the Kzyl-Orda Contract term is extended to 14 December 2006); and
- Annex No. 2 dated 28 February 2007 (under which the Kzyl-Orda Contract term is extended to 14 May 2009).

Contractual liabilities

Under the Kzyl-Orda Contract, Galaz has the following obligations:

- to allocate at least 1 per cent. of investment outlay for the professional training of Kazakh personnel engaged in works under the Kzyl-Orda Contract, with 50 per cent. of this amount being spent with Kazakh educational bodies;
- to allocate 3 per cent. of investment outlay for the social development of the region and 2 per cent. of investment outlay for social infrastructure development, with a further \$120,000 to be allocated during the extension to the Kzyl-Orda Contract under Annex No.2;
- to create an abandonment fund to ensure the implementation of the liquidation program in full for the \$130,000 by providing financial and bank guarantees; and

- to pay royalties of 2 per cent. of hydrocarbons volume produced in the event of test production of hydrocarbons under the Kzyl-Orda Contract.

18. Taxation

Current Kazakh tax legislation is subject to different interpretation and frequent changes. The interpretation of tax legislation regarding the transactions and activities of Galaz by tax authorities may differ from those of the management of Galaz. Hence the tax authorities may challenge the application of tax legislation by Galaz and may levy penalties and fines which can be significant. Tax and customs authorities have a five year period to review Galaz's financial records.

19. Environmental matters

Currently Kazakhstan is strengthening environmental legislation and the position of state bodies regarding its enforcement. Galaz estimates its liabilities on environmental matters on a regular basis. As liabilities are incurred they are reflected in the financial statements immediately. Contingent liabilities that might arise as the result of changes in current legislation and regulations as well as in the result of litigation, can not be estimated reliably though they can involve significant amounts. Based on the current control and punishment system for non-compliance with current environmental legislation the management of Galaz believes that it has no significant liabilities related to environmental matters.

20. Subsequent events

On 18 October 2007 there was a change of participants in Galaz to Sytero 4 BV, incorporated in the Kingdom of the Netherlands (85 per cent.), Y. O. Rakhmetov (5 per cent.), A. N. Kaynbayev (5 per cent.) and O. Saduov (5 per cent.).

PART F: Unaudited pro forma statement of net assets of the Enlarged Group

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the effect of the Eragon Acquisition on the Group as if it had taken place on 30 June 2007. This unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position.

The financial information on which the unaudited pro forma statement of net assets is based has been prepared in accordance with International Financial Reporting Standards.

	<i>Roxi Petroleum Plc as at 30 June 2007 \$'000s (Note 1)</i>	<i>Eragon Plc as at 30 June 2007 \$'000s (Note 2)</i>	<i>Adjustments Galaz & Company LLP as at 30 June 2007 \$'000s (Note 3)</i>	<i>Munaily Kazakhstan LLP as at 30 June 2007 \$'000s (Note 4)</i>	<i>Acquisition of the Eragon Group \$'000s (Note 5)</i>	<i>Enlarged Group pro forma net assets \$000s</i>
Non-current assets						
Intangible assets and goodwill	50,611	25,952	2,487	1,729	194,962	275,741
Financial assets	1,000	–	–	–	–	1,000
Property, plant and equipment	209	–	–	14	–	223
	<u>51,820</u>	<u>25,952</u>	<u>2,487</u>	<u>1,743</u>	<u>194,962</u>	<u>276,964</u>
Current assets						
Inventories	65	–	–	–	–	65
Advances paid	–	–	–	30	–	30
Trade and other receivables	980	75	–	3	–	1,058
Cash and cash equivalents	53,831	21,536	–	85	(5,200)	70,252
	<u>54,876</u>	<u>21,611</u>	<u>–</u>	<u>118</u>	<u>(5,200)</u>	<u>71,405</u>
Total assets	<u>106,696</u>	<u>47,563</u>	<u>2,487</u>	<u>1,861</u>	<u>189,762</u>	<u>348,369</u>
Current liabilities						
Short-term financial liabilities	–	(160)	–	(569)	–	(729)
Short-term liabilities under contract for subsoil use	–	(625)	(1)	–	–	(626)
Payables to related parties	–	–	(2,227)	–	–	(2,227)
Trade and other payables	(5,303)	(30,352)	(942)	(4)	–	(36,601)
	<u>(5,303)</u>	<u>(31,137)</u>	<u>(3,170)</u>	<u>(573)</u>	<u>–</u>	<u>(40,183)</u>
Non-current liabilities						
Borrowings	(3,900)	–	–	–	–	(3,900)
Deferred tax	(13,269)	(26)	–	–	–	(13,295)
Other non-current liabilities	–	(3,400)	(212)	(278)	–	(3,890)
	<u>(17,169)</u>	<u>(3,426)</u>	<u>(212)</u>	<u>(278)</u>	<u>–</u>	<u>(21,085)</u>
Total liabilities	<u>(22,472)</u>	<u>(34,563)</u>	<u>(3,382)</u>	<u>(851)</u>	<u>–</u>	<u>(61,268)</u>
Net assets/(liabilities)	<u>84,224</u>	<u>13,000</u>	<u>(895)</u>	<u>1,010</u>	<u>189,762</u>	<u>287,101</u>

Notes to the unaudited pro forma statement of net assets:

1. The net assets of the Company at 30 June 2007 have been extracted without material adjustment from the Interim report of the Company for the period ended 30 June 2007, set out in Part IV, Section A.
2. The consolidated net assets of of Eragon Plc at 30 June 2007 have been extracted, without material adjustment, from the financial information on Eragon Petroleum plc and its subsidiaries set out in Part IV, Section B (ii) of this document.
3. The net assets of of Galaz & Company LLP at 30 June 2007 have been extracted, without material adjustment, from the financial information on Galaz & Company LLP set out in Part IV, Section E (ii) of this document.
4. The net assets of Munaily Kazakhstan LLP as at 30 June 2007 have been extracted, without material adjustment, from the financial information on Munaily Kazakhstan LLP set out in Part IV, Section C (ii) of this document.
5. An adjustment has been made to reflect: (i) the estimated intangible assets and goodwill arising on the Acquisition and (ii) the Group's transaction expenses. For the purposes of this unaudited pro forma statement of net assets, no adjustment has been made to the separate assets and liabilities of Eragon Petroleum plc, Galaz & Company LLP or Munaily Kazakhstan LLP to reflect their fair value. The gross difference between the net assets of Eragon Petroleum plc, Galaz & Company LLP or Munaily Kazakhstan LLP as stated at their book value at 30 June 2007 and the aggregate of the estimated consideration and the transaction expenses has therefore been presented as a single value in "goodwill". The net assets of Eragon Petroleum plc, Galaz & Company LLP and Munaily Kazakhstan LLP will be subject to a fair value restatement as at the effective date of the Transaction. Also, in accordance with IAS 36 – "Impairment of Assets", the Company will assess the need for an impairment of intangible assets and goodwill at the next reporting date, unless there is an indication of the need for an impairment at an earlier point. Actual intangible assets and goodwill included in the Group's next published financial statements may therefore be materially different from that included in the unaudited pro forma statement of net assets.

<i>Consideration</i>	<i>\$'000s</i>	<i>\$'000s</i>
Share issues		
145,000,000 new Ordinary shares at a fixed price of 65p per share as set out in Part 1 of this document (at an exchange rate of \$2:£1)	188,500	
Shares due under the Eragon Project Management Agreement described in Part VI, 12.14 (b) of this document	9,000	
	<u>197,500</u>	
Estimated transaction costs payable in cash that may be capitalised:		
Costs and expenses of and incidental to the Proposals as referred to in paragraph 21 of Part VI of this document	2,700	
Non-refundable deposit as described in 12.16 (c)	1,500	
Payments due under the Eragon Project Management Agreement described in Part VI, 12.14 (b) of this document	500	
Payments due under the Facilitation Agreement described in Part VI, 12.14 (a) of this document	500	
	<u>5,200</u>	
Fair value of consideration for 59% stake		<u>202,700</u>
<i>Net assets acquired</i>		
The net assets of Eragon Plc at 30 June 2007	13,000	
The net liabilities of Galaz & Company LLP at 30 June 2007	(895)	
The net assets of Munaily Kazakhstan LLP at 30 June 2007	1,010	
	<u>13,115</u>	
59% share of net assets acquired		<u>7,738</u>
Goodwill		<u>194,962</u>

6. No account has been taken of the trading results of Roxi Petroleum Plc, Eragon Petroleum plc, Galaz & Company LLP and Munaily Kazakhstan LLP since 30 June 2007.

PART V

INFORMATION ON THE ADA GROUP

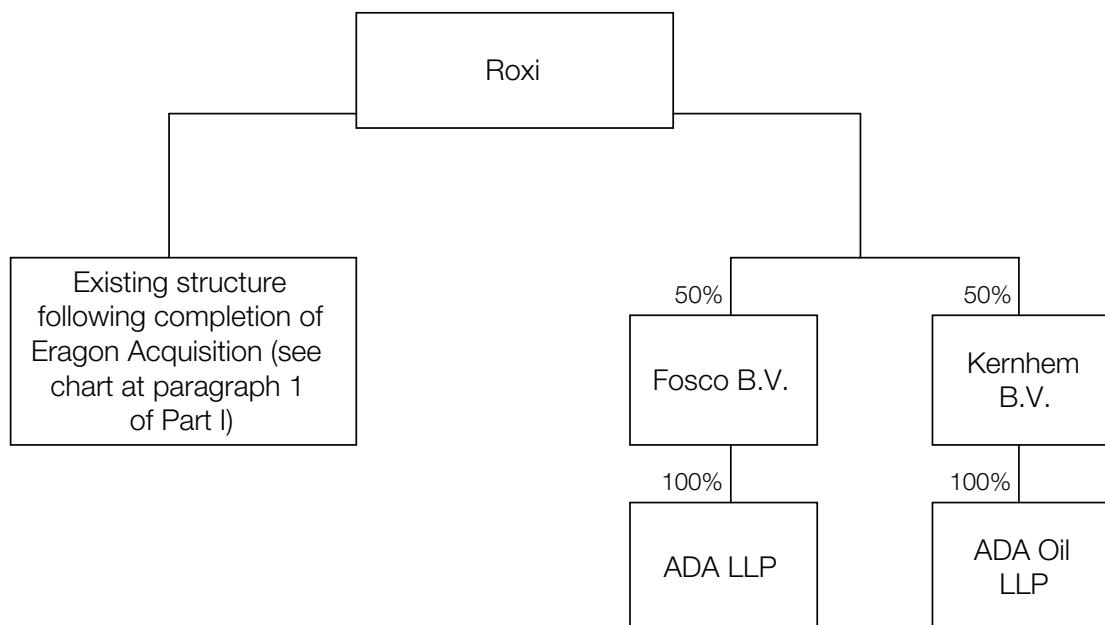
1. Introduction

This Part V provides details on the ADA Group, the ADA Group Acquisition, the ADA Option Agreement, the ADA Oil Acquisition Agreements and the ADA Acquisition Agreements and the assets of the ADA Group for Shareholders' information and to enable the Ordinary Shares to resume trading on the publication of this document. It should be noted that at present Shareholder approval is sought only for the Eragon Acquisition and that Shareholder approval of the ADA Group Acquisition is not sought. Should the Company exercise the option pursuant to the ADA Option Agreement the Company will at that time publish a further document to provide any updated details on the ADA Group Acquisition and to call a general meeting to seek Shareholder's approval for the ADA Group Acquisition at that time.

The ADA Group Acquisition

On 4 October 2007 the Company announced that it had entered into the ADA Option Agreement which gives the Company the option to acquire indirectly, pursuant to the terms of the ADA Oil Acquisition Agreements and ADA Acquisition Agreements, 50 per cent. of the participation interests in each of ADA Oil and ADA, which entities together have 100 per cent. of the rights to two oil and gas assets located in the Aktobe Oblast of Kazakhstan. On ADA Completion, the Company will hold 50 per cent. direct interests in Kernhem and Fosco which will, at that time, hold 100 per cent. of the Participation Interests of ADA Oil and ADA respectively.

The structure of the Roxi Group following ADA Completion will be as follows:



The consideration for the grant of the option under the ADA Option Agreement was US\$2 million, which the Company has paid in cash, and the option is exercisable on or before 30 March 2008. Should it be required, the Company may request the extension of the option which extension shall be for a period of at least 20 business days and conditional on the payment of an additional extension fee of US\$1 million in cash. On exercise of the option, the total consideration payable by the Company to acquire the interests in the ADA Group is US\$425 million (including the option fee and any extension fee that might be payable).

Under the ADA Option Agreement, the Company may elect to pay the consideration under the ADA Acquisition Agreements and the ADA Oil Acquisition Agreements as to US\$75 million (less the above option fee and extension fee, if paid) in cash and US\$350 million to be satisfied by the issue of new

Ordinary Shares at a price of 80 pence per Ordinary Share, calculated on the basis of an exchange rate of US\$2:£1.

The ADA Option Agreement contains a mechanism under which the purchase price is to be confirmed on the basis of independent valuations of the respective assets of Roxi and the ADA Group. Should such confirmation not be forthcoming, the parties will seek to renegotiate the purchase price.

The Company has agreed to pay PJT a fee of US\$17.5 million as facilitator and project manager in relation to the ADA Group Acquisition. The fee is to be satisfied by the payment of US\$500,000 over the period leading to ADA Completion and by the issue of 10,625,000 new Ordinary Shares (at a price of 80 pence per Ordinary Share, calculated on the basis of an exchange rate of US\$2:£1) on ADA Completion.

The option to acquire interests in the ADA Group is subject to a number of conditions, including Admission and the Ordinary Share price of the Company being at least at an average of 80 pence per share for the 20 dealing days prior to the exercise of the option.

In order for the Company to exercise the option under the ADA Option Agreement it will be necessary to complete the following steps or satisfy the following conditions, *inter alia*:

- The completion of 20 consecutive dealing days of trading of the Ordinary Shares where the closing price at the completion of each day of trading is equal to or greater than eighty pence per Ordinary Share, and the Ordinary Shares not trading out of a band of 70 pence to 110 pence per Ordinary Share;
- Obtaining the necessary waivers or consents from the relevant Government authorities in respect of the transactions contemplated under the ADA Acquisition Agreements and the ADA Oil Acquisition Agreements;
- Legal, financial and technical due diligence completed to the satisfaction of the Company;
- Confirmation by the Company following completion of satisfactory legal, financial and technical due diligence of the consideration payable under the ADA Option Agreement;
- The granting of a waiver by the Panel of the obligation of any party to make a general offer pursuant to Rule 9 of the Takeover Code;
- The receipt of advice from the Company's nominated adviser at such time that the terms of any related party transactions involved in the ADA Group Acquisition are fair and reasonable as far as the Shareholders are concerned;
- Renegotiating, to the satisfaction of the Company, the contracts relating to the ADA Group referred to at paragraphs 12.9 and 12.10 of Part VI in respect of the Company's interest in the ADA Group;
- The publication of a further admission document that will provide any updates in respect of the ADA Group Acquisition since the date of the publication of this document;
- Confirmation that the Company has sufficient funding in place to meet the commitments under the ADA SSUC and the ADA Oil SSUC and the associated work programs; and
- Admission of the Further Enlarged Share Capital to trading in AIM.

Under the FMS MOU, FMS has indicated its intention to subscribe for an additional 41,666,667 Ordinary Shares at a price of US\$1.80 per share (calculated on the basis of an exchange rate of US\$2:£1) for an aggregate subscription of US\$75 million at the time of completion of the ADA Group Acquisition.

The ADA Group

Following ADA Completion, the Company will have the following additional subsidiaries, which together comprise the “ADA Group”:

<i>Name of Group Company</i>	<i>Registered Office</i>	<i>Place of Incorporation</i>	<i>Issued Share Capital</i>	<i>Registration Number</i>	<i>Percentage owned or, if different, percentage of voting power held</i>
Kernhem B.V.	Prins Bernardplein 200, 1097 JB Amsterdam, The Netherlands	The Netherlands	€18,000	09074911	50%
Fosco B.V.	Kernhemseweg 7, 6718 ZB Ede, The Netherlands	The Netherlands	€18,000	09163314	50%
Firm ADA LLP	Apartment 50, 286a Zharokova Street, Almaty, Republic of Kazakhstan	Republic of Kazakhstan	KZT 1,343,548,000	6532-1910-TOO	100%, held by Kernhem
Firm ADA Oil Kazakhstan LLP	Apartment 26, 149 Furmanova Street, Almaty, Republic of Kazakhstan	Republic of Kazakhstan	KZT 460,000	71523-1910-TOO	100%, held by Fosco

If the Company exercises the option, the acquisition of the ADA Group would also constitute a reverse takeover of the Company under the AIM Rules for Companies and would fall under the ambit of Rule 9 of the Takeover Code. Therefore, ADA Completion would be conditional upon, *inter alia*, both the approval of the ADA Group Acquisition by the Shareholders in a general meeting and the admission of the Further Enlarged Share Capital of the Company to trading on AIM.

ADA Group Assets

Following Admission and the completion of the Eragon Acquisition, should the Company exercise the option under the ADA Option Agreement and complete the ADA Group Acquisition, the Company will have a 50 per cent. economic interest in, and contractual and operational control over, a further two Contract Areas located to the south of Aktobe. These Contract Areas cover approximately 4,366 km² and represent proven and probable property gross reserves of approximately 3.1 MMbbls of oil as well as property gross best estimate contingent resources of 4.2 MMbbls of oil.

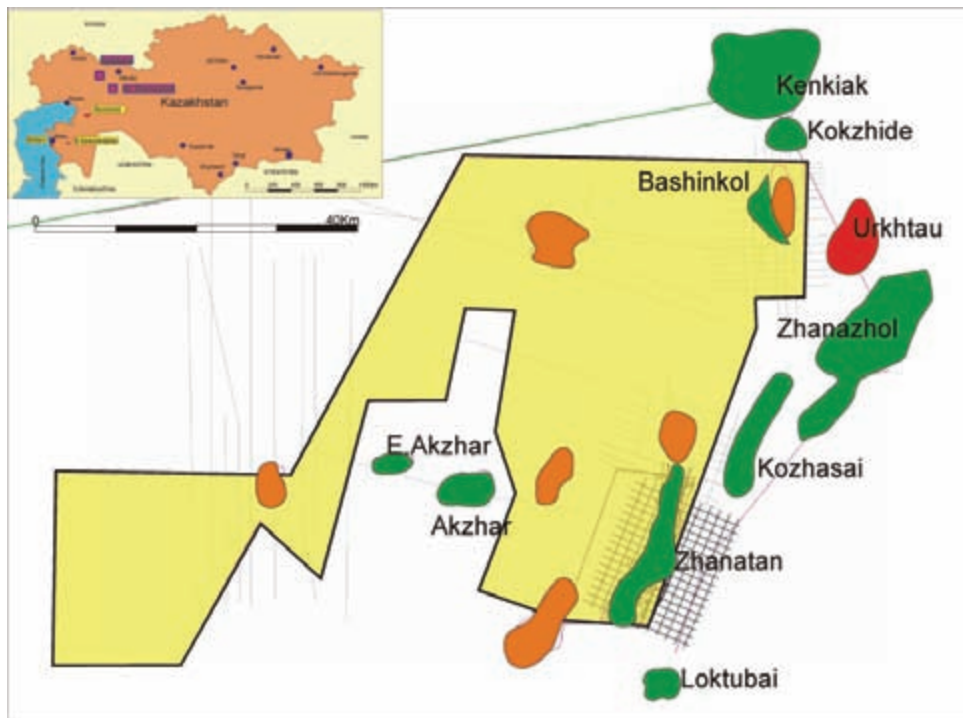
The ADA Oil Contract Area is located in the Aktobe Oblast of Western Kazakhstan and contains two undeveloped fields. These are the Zhanatan field, which contains reservoirs in the Carboniferous KT-II carbonates and Visean sandstones, and the Bashinkol field which has oil currently under test production from shallow Triassic sandstones. Six further exploration structures and leads have also been identified by ADA Oil. The ADA Oil Contract Area (which is also known as “West Zhanazhol”) covers approximately 2,639 km² and is located approximately 350km south of the town of Aktobe.

The ADA Contract Area is located approximately 150km north west of the ADA Oil Contract Area. The block contains the shallow Cretaceous Egizkara discovery and five structural leads in the Mesozoic post salt sequence. The ADA Contract Area (which includes the “Egizkara block”) covers approximately 1,727 km² and is located approximately 320 km south west of the town of Aktobe.

Further details on these properties are given below and also in the Competent Person’s Report in relation to the ADA Group which is set out below in this Part V.

2.1 ADA Oil Contract Area

Map showing the location of the ADA Oil Contract Area (West Zhanazhol Block) in the Aktobinsk Oblast and Oil and Gas fields (green and red) and leads and prospects (orange)



2.1.1. Introduction

The ADA Oil Contract Area covers 2,639 km², and lies 350 km south of Aktobe in West Kazakhstan. The Contract Area sits south of the Kokzhide and Kenkiak fields and west of the Zhanazhol fields.

The ADA Oil Contract Area contains the Zhanatan field discovered in 1987. Zhanatan had seven wells drilled in the 1980s, three of which have been re-entered by ADA Oil which has confirmed the hydrocarbon-bearing potential of the Middle Carboniferous (KTII) carbonates and Viséan sandstones at depths between 3,600 metres and 4,900 metres. Reservoir deliverability remains to be established.

ADA Oil is currently drilling and appraising the Bashinkol field, which is testing from shallow Triassic sandstones between 300 metres and 400 metres below sea level. Test rates on pump are between 150 and 350 bopd per well.

Further exploration leads and prospects exist on the ADA Oil Contract Area which will be explored in 2008. Reservoir targets exist in the Lower Permian pre-salt carbonates and sandstones and on the post-salt sandstones of the Cretaceous, Jurassic and Permo-Triassic sequences.

2.1.2. Contract

The ADA Oil SSUC is an exploration contract that expires on 7 December 2010. The ADA Oil SSUC has been extended once and can be extended once more under the Subsoil Law. If a commercial discovery is made on the ADA Oil Contract Area, ADA Oil will have an exclusive right to amend the SSUC and enter into an oil production contract for 25 years, the terms of which would be separately negotiated with the MEMR at the time of such discovery.

The ADA Oil SSUC provides for work programme contributions to be made by ADA Oil of an aggregate of US\$23.7 million for 2005, 2006, 2007, 2008, 2009 and 2010.

Under the ADA Oil Acquisition Agreements, Roxi is liable to contributions for the work programme under the ADA Oil SSUC on a 50/50 basis for all work programme expenditures still required.

2.1.3. Reserves

The Contract Area contains 3.1 MMbbl proven and probable gross reserves and a further 4.9 MMbbl possible gross reserves on the Bashinkol field and 4.2 MMbbl of property gross best estimate contingent resources on Zhanatan field. The Directors believe the exploration leads referred to at paragraph 2.1.1 above may provide an excellent opportunity to increase the reserve base on the ADA Oil Contract Area.

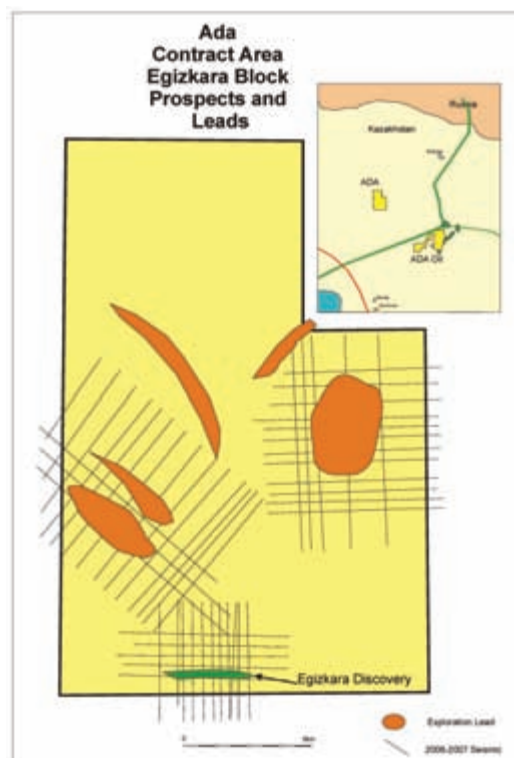
2.1.4. Exploration, Appraisal and Development

ADA Oil intends to drill 5 further wells and to apply for trial production on Bashinkol field in 2008. Further development drilling is planned to bring production up to 5000bopd by the end of 2009. In 2008 Ada Oil plans to drill two deep appraisal wells on Zhanatan field, acquire 200 km of 2D infill seismic and drill two exploration wells.

The 2007 exploration 2D Seismic will be processed and interpreted by ADA Oil to identify drilling targets.

2.2 ADA Contract Area

Map of ADA Contract Area showing exploration leads and recently shot seismic



2.2.1. Introduction

The ADA Contract Area covers an area of 1,727 km², located approximately 320 km southwest of the town of Aktope in western Kazakhstan.

Primary exploration targets are Cretaceous, Jurassic and Permo-Triassic sandstones on the crest and flanks of salt domes between 300 metres and 3,000 metres depth. Secondary targets may exist in the pre-salt section below depths of 4,500 metres.

A shallow discovery was made by ADA in 2006. Oil was encountered in Lower Cretaceous sands, in a fault terrace on the flank of a salt dome, between 360 metres and 410 metres depth. The well was anecdotally flowed at 110 bopd, however no data is available from this test. 2D seismic has subsequently been acquired in 2007 and the field is currently being processed and evaluated by ADA.

There are five exploration leads on salt domes within the ADA Contract Area.

2.2.2. Contract

The ADA SSUC is an exploration contract that expires on 7 December 2010. The ADA SSUC has been extended once and can be extended once more under the Subsoil Law. If a commercial discovery is made on the ADA Contract Area, ADA will have an exclusive right to amend the SSUC and enter into an oil production contract for 25 years, the terms of which would be separately negotiated with the MEMR at the time of such discovery.

The ADA SSUC provides for work programme contributions to be made by ADA of an aggregate of US\$18 million for 2005, 2006, 2007, 2008, 2009 and 2010.

Under the ADA Acquisition Agreements, Roxi is liable to contributions for the work programme under the ADA SSUC on a 50/50 basis for all work programme expenditures still required.

2.2.3. Reserves

No reserves have been attributed to the ADA Contract Area. The Directors believe that the Egizkara field contains excellent exploration potential in the shallow and intermediate depth targets on the flanks of the salt domes.

2.2.4. Exploration, Appraisal and Development

ADA will evaluate the development potential of the Egizkara discovery, with a view to development post 2008. The new seismic will be interpreted to identify new exploration targets. Two exploration wells are planned for drilling in 2008.

3. Summary of the ADA Group's SSUCs

The following is a summary of the key terms of the SSUCs that govern the Contract Areas:

(a) ADA Oil SSUC

Contract:	Exploration
Date of Grant/Amendment:	7 December 2004 (SSUC), Amendment No.1 to SSUC 29 September 2005
Registration Number:	1615
Contract Area:	Blocks XXII-21 (partially), 22 (partially), XXIII-20 (partially), 21 (partially), 22 (partially), XXIV-20 (partially) and 21 (partially) in Aktyubinsk Oblast covering approximately 2,226 km ²
Percentage held by ADA Oil:	100 per cent.
Term:	7 December 2010 with two extension periods each for two years with MEMR consent
Work Programme:	According to SSUC: 1st year US\$500,000 2nd year US\$1,200,000 3rd year US\$1,500,000 4th year US\$1,500,000 5th year US\$3,000,000 6th year US\$16,000,000 Total US\$23,700,000
Signing Bonus:	Signing Bonus of US\$1,200,000 was paid in January 2005
Commercial Discovery:	Commercial Discovery gives ADA Oil the exclusive right to conclude a Contract for Production by means of direct negotiations with MEMR

Commercial Discovery Bonus:	In accordance with the Tax Code of Kazakhstan 0.1 per cent. of the calculation base payable in the event of Commercial Discovery and to be valued on the volume of approved recoverable reserves calculated based on stock exchange prices of minerals on the London Stock Exchange and is payable within ninety (90) days from the date the reserves are approved
Royalties:	In accordance with the Tax Code of Kazakhstan sliding scale depending on annual production: 0.5 million tons 2 per cent., 0.5 to 1 million tons 2.5 per cent., 1 to 1.5 million tons 3 per cent., 1.5 to 2 million tons 3.5 per cent., 2 to 2.5 million tons 4 per cent., 2.5 to 3.5 million tons 4.5 per cent., 3.5 to 4.5 million tons 5 per cent., 4.5 to 5 million tons 5.5 per cent. and over 5 million tons 6 per cent. for crude oil and also for gaseous hydrocarbons based on 1,000 cubic metres of gas being equal to 0.857 tons of crude oil
Custom Duties:	Pursuant to the Customs legislation of Kazakhstan existing at the date on which the payment obligations arise
Training:	Not less than one per cent. of the total investment for professional training of Kazakhstan personnel engaged to work under the SSUC
Social Programmes:	<p>An allocation of the following amounts:</p> <ul style="list-style-type: none"> ● US\$200,000 to social projects in Aktyubinsk Oblast in equal annual instalments during the exploration period, subject to approval by the Akimat; ● US\$300,000 to the Fund of Astana city in equal annual instalments during the exploration period
Pilot Production:	During the period of Pilot Production, one hundred per cent. of the produced oil shall be supplied to local refineries on such terms as may be applicable to other subsoil users and agreed with such refineries
Employment:	Priority shall be afforded to local Kazakh personnel during Exploration
Environment:	Obligations pursuant to SSUC, international treaties to which Kazakhstan is a party and Kazakhstan legislation
Termination:	Failure to fulfil material obligations under SSUC or associated work program; failure to cure any breach of SSUC or associated work program where the SSUC has been suspended; failure to comply with provisions of the Subsoil Law of Kazakhstan, bankruptcy of the contractor. The SSUC shall be terminated for the reasons stated above within sixty (60) days upon receipt by ADA Oil of the written notification to that effect from the competent authority
Language:	Kazakh and Russian, with the latter to prevail
Historical Costs:	ADA Oil shall pay historical costs to the budget in accordance with Agreement on Obtaining Geological Information No. 1207 dated August 9, 2004 between the Committee of geology and subsoil use of the MEMR and ADA Oil. Total amount of historical costs is US\$9,727,000.

Relinquishment Contract Area:	<p>The Contract Area, except the area of a Commercial Discovery, shall be returned as follows:</p> <ul style="list-style-type: none"> – 25 per cent. by the end of year 3 of this Contract; – 25 per cent. by the end of year 4 of this Contract; – 25 per cent. by the end of year 5 of this Contract; and <p>the remaining area, except for the area of a Commercial Discovery, at the end of the 6th year of this Contract</p>
(b) ADA SSUC	
Contract:	Exploration
Date of Grant/Amendment:	7 December 2004 (SSUC) Amendment No.1 to SSUC 13 May 2005; Amendment No. 2 to SSUC 28 February 2007
Registration Number:	1616
Contract Area:	Egizkara structure covering approximately, 1,727 km ²
Percentage held by ADA:	100 per cent.
Term:	7 December 2010 with two extension periods each of two years with the consent of the MEMR
Work Programme:	<p>According to SSUC:</p> <p>1st year US\$500,000</p> <p>2nd year US\$800,000</p> <p>3rd year US\$1,500,000</p> <p>4th year US\$2,900,000</p> <p>5th year US\$6,000,000</p> <p>6th year US\$6,300,000</p> <p>Total US\$18,000,000</p>
Signing Bonus:	Signing Bonus in the amount of US\$700,000 was paid in February 2005
Commercial Discovery:	Commercial Discovery gives ADA an exclusive right to conclude a Contract for Production by means of direct negotiations with MEMR
Commercial Discovery Bonus:	In accordance with the Tax Code of Kazakhstan 0.1 per cent. of the calculation base payable in the event of a Commercial Discovery and to be valued on the volume of approved recoverable reserves calculated based on stock exchange prices of minerals on the London Stock Exchange and is payable within ninety (90) days from the date the reserves are approved
Royalties:	<p>Pursuant to the SSUC ADA shall pay a royalty in accordance with Section 46 of the Tax Code, which appears to be a mistake in the SSUC and should in fact be a reference to section 47 of the Tax Code</p> <p>In accordance with Section 47 of the Tax Code of Kazakhstan sliding scale depending on production per annum: 0.5 million tons 2 per cent., 0.5 to 1 million tons 2.5 per cent., 1 to 1.5 million tons 3 per cent., 1.5 to 2 million tons 3.5 per cent., 2 to 2.5 million tons 4 per cent., 2.5 to 3.5 million tons 4.5 per cent., 3.5 to 4.5 million tons 5 per cent., 4.5 to 5 million tons 5.5 per cent. and over 5 million tons 6 per cent. for crude oil and also for gaseous hydrocarbons based on 1,000 cubic metres of gas being equal to 0.857 tons of crude oil</p>

Custom Duties:	Pursuant to the customs legislation of Kazakhstan existing at the date on which the payment obligations arise
Training:	Not less than one per cent. of the total investment for professional training of Kazakhstan personnel engaged to work under the SSUC
Social Programmes:	<p>An allocation of the following amounts:</p> <ul style="list-style-type: none"> ● US\$200,000 to social projects in Aktyubinsk Oblast in equal annual instalments during the exploration period, subject to approval by the Akimat; and ● US\$300,000 to the Fund of Astana city in equal annual instalments during the exploration period
Pilot Production:	During Pilot Production, one hundred per cent. of the produced oil shall be supplied to local refineries on such terms as may be applicable to other subsoil users and agreed with such refineries
Employment:	Priority shall be afforded to local Kazakh personnel during the Exploration period
Environment:	Obligations pursuant to SSUC, international treaties to which Kazakhstan is a party and Kazakhstan legislation
Termination:	Failure to fulfil material obligations under SSUC or associated work program; failure to cure any breach of SSUC or associated work program where the SSUC has been suspended; failure to comply with provisions of the Subsoil Law of Kazakhstan bankruptcy of the contractor. The SSUC shall be terminated for the reasons stated above within sixty (60) days upon receipt by ADA Oil of the written notification to that effect from the competent authority
Language:	Kazakh and Russian, with the latter to prevail
Historical Costs:	ADA shall pay historical costs to the budget in accordance with Agreement on Obtaining Geological Information No. 1208 dated August 9, 2004 between the Committee of geology and subsoil use of the MEMR. Total amount of historical costs is US\$1,460,000
Relinquishment Contract Area:	<p>The Contract Area (except for the area where the Commercial Discovery has been made) shall be relinquished in accordance with the following schedule:</p> <p>-</p> <ul style="list-style-type: none"> – 25% by the end of the third year of the Contract term; – 25% by the end of the fourth year of the Contract term; – 25% by the end of the fifth year of the Contract term; and <p>the remaining area (except for the area where the Commercial Discovery has been made) by the end of the sixth year of the Contract term.</p>

4. Company's Operations and Work Programme

4.1 Operational Matters

The Group's near term strategy in relation to the Contract Areas is designed to maximise reserves growth and early production.

Should the Company exercise the option under the ADA Option Agreement, following ADA Completion, the Company intends in 2008 to commence development drilling on Bashinkol field in the ADA Oil Contract Area and two appraisal wells are planned for the Zhanatan field. Depending upon results of seismic

interpretation, two exploration wells are intended to be drilled on each of the ADA and ADA Oil Contract Areas.

4.2 Work Programme

The Group's near-term strategy in relation to the ADA Contract Area and ADA Oil Contract Area, should it complete the ADA Group Acquisition, includes:

- Applying for trial production on Bashinkol field located on the ADA Oil Contract Area in 2008;
- Re-evaluating existing seismic and acquiring new 2D seismic and 3D seismic on both Contract Areas; and
- Drilling between 4 and 9 new wells dependent on the results of the re-entries and the evaluation of new and existing seismic data.

5. Environmental Matters

ADA Contract Area and the ADA Oil Contract Areas: Overall the environmental and social conditions of these two Contract Areas do not raise any significant concerns other than those associated with ongoing monitoring. The most significant issues concern the ongoing monitoring and compliance with all environmental requirements under various environmental, regulatory and legislative requirements under Kazakhstan law and internationally accepted practices. In particular, it will be necessary to ensure that all necessary permits and authorisations for the planned drilling of exploration wells are obtained, the development, submission and monitoring of all obligations under the Environmental Impact Assessment associated with all such proposed works is properly carried out and in particular to ensure that all monitoring of air, ground water, soil and vegetation is undertaken in pursuant of such assessment. Finally, it will be necessary to ensure that the relevant permits and authorisations are obtained in relation to access to water from the Ural Caspian Basin.

RISK FACTORS – ADA GROUP

Roxi's due diligence investigations in connection with the ADA Group Acquisition will continue up to the point of any exercise of the option under the ADA Option Agreement. Accordingly, the Directors are not able to provide a full and balanced assessment of the risks attaching to the ADA Group Acquisition in this document.

There are a number of conditions precedent set out in paragraph 1 of this Part V which would need to be satisfied, including legal, financial and technical due diligence to the satisfaction of the Company, before the option is exercised. To date the following issues have been identified:

- There may have been some breaches of Kazakh regulations in relation to various matters, including transfers of participants' interests and lack of consents under the competition law;
- In addition, there are some missing documents evidencing previous participants' ownership, transfers of participants' interests and extensions to the Contract Areas.

The Directors believe certain actions can be taken to cure or significantly reduce the possible risks attached to the above.

In the event Roxi chooses to exercise the option a further admission document would be published which would include all relevant and applicable risk factors at that time.

ROXI PETROLEUM PLC

Competent Person's Report ADA and ADA Oil Contracts

January 2008



ROXI PETROLEUM PLC

Competent Person's Report

ADA and ADA Oil Contracts

Prepared For:

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APPENDIX – GLOSSARY OF TERMS

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January 31, 2008

Roxi Petroleum PLC
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Reference: **Roxi Petroleum PLC**
Competent Persons Report, as of September 30, 2007
ADA and ADA Oil Contracts

Dear Sirs:

Pursuant to your request we have prepared an evaluation, as of September 30, 2007, of the crude oil reserves and an assessment of the crude oil resources for the Sub Contracts of ADA and ADA Oil in the Republic of Kazakhstan. Roxi Petroleum PLC (“Roxi”) does not own a direct interest in these properties at this time but rather holds an option to purchase an equity interest in these contracts.

This evaluation was prepared to support a re-admission by Roxi to the AIM market in London. The future net revenues and net present values presented in this report were calculated using forecast prices and costs using McDaniel & Associates (“McDaniel”) opinion of future crude oil prices at September 30, 2007 and are presented in United States dollars. The reserves and resource estimates and future net revenue forecasts have been prepared in accordance with the 2007 SPE/WPC/AAPG/SPEE Petroleum Resource Management System. The format and content of this report follows the guidance set out in the March 2006 Guidance Note for Mining, Oil and Gas Companies published by the London Stock Exchange.

Roxi has advised McDaniel that Mr. Oraziman, a director of Roxi, has an interest in the assets that are the subject of this report. However, it should be pointed out that McDaniel has not conducted any review of the ownership of the assets or shares of Roxi and has accepted all ownership and interest information as presented to McDaniel by Roxi.

This evaluation was prepared during the period from September 2007 to January 2008 and was based on technical and financial data to the end of September 2007. Roxi has provided McDaniel

with written representation that no new data or information has been acquired between September 30, 2007 and the date of this report which might materially impact our opinions in this report. All of the basic information employed in the preparation of this report was obtained from Roxi. The data was generally of fair quality, consistent with the type and quality of information usually available in Kazakhstan. McDaniel personnel visited the offices of Roxi in Almaty, Kazakhstan at the end of September 2007 to gather all available technical data and to review geological interpretations with company engineers and geologists. A field visit was not conducted since there is very limited development in the properties to date.

1 EXECUTIVE SUMMARY

A summary of the ADA and ADA Oil Contract Areas in Kazakhstan is presented below:

Contract	Operator	Interest(1)	Status	Contract Expiry	Contract Area	Comment
ADA	ADA	50%	Exploration	Dec 7, 2013	2,717 km ²	Acquiring seismic 2007
ADA Oil	ADA Oil	50%	Exploration/ Appraisal	Dec 7, 2010	2,639 km ²	Drilling wells

(1) This represents the indirect interest Roxi would hold if the option is exercised.

Roxi has the option to acquire the above interests in ADA and ADA Oil following Admission and subject to the satisfaction of certain conditions including shareholder approval.

The two Contract Areas are all located in Kazakhstan as shown in Figure 1.



Figure 1 – Location Map showing the Contracts in which Roxi has an Option to Acquire an Interest

1.1 Reserves

Crude oil reserves were assigned in this report to the Bashenkol field in the ADA Oil Contract Area. Roxi's share of the remaining crude oil reserves assigned to this area as of September 30, 2007 was estimated to be as follows:

	Operator	Proved	Probable	Proved Plus Probable	Possible	Proved Plus Probable Plus Possible
Crude Oil Reserves						
Property Gross, Mbbl (1)						
ADA Oil (Bashenkol Field)	ADA Oil	881	2,263	3,144	4,903	8,047
Roxi Gross, Mbbl (1)						
ADA Oil (Bashenkol Field)	ADA Oil	441	1,132	1,572	2,451	4,024
Roxi Net, Mbbl (2)						
ADA Oil (Bashenkol Field)	ADA Oil	432	1,109	1,541	2,402	3,943

(1) Gross reserves include Roxi's working interest reserves before deductions of royalties payable to others.

(2) Net reserves include gross reserves after royalties payable to others.

The ADA Contract Area does not have reserves assigned.

1.2 Net Present Values of the Reserves

The net present values of the reserves were based on future production and revenue analyses. Roxi's share of the net present values of the reserves based on forecast prices and costs assumptions as of September 30, 2007 were estimated to be as follows:

ADA Oil - Bashenkol Field (Option to Purchase):

	Net Present Values at September 30, 2007 (US\$1000)				
	Discounted At				
	0%	5%	10%	15%	20%
Before Income Taxes (1) (2) (3)					
Proved Reserves	5,900	4,967	4,202	3,568	3,038
Probable Additional Reserves	16,489	11,991	8,863	6,617	4,961
Total Proved + Probable Reserves	22,389	16,958	13,065	10,186	7,999
Possible Reserves	43,846	32,624	24,810	19,215	15,112
Total Proved + Probable + Possible Reserves	66,236	49,582	37,874	29,401	23,111
After Income Taxes (1) (2) (3)					
Proved Reserves	4,513	3,744	3,114	2,592	2,156
Probable Additional Reserves	10,018	6,618	4,306	2,687	1,522
Total Proved + Probable Reserves	14,531	10,362	7,420	5,279	3,678
Possible Reserves	25,831	18,391	13,333	9,796	7,264
Total Proved + Probable + Possible Reserves	40,362	28,753	20,753	15,075	10,943

(1) Property Gross resources are before deductions of royalties payable to others.

(2) The net present values may not necessarily represent the fair market value of the reserves.

(3) The value of all wells and facilities are included in the net present value estimates

1.3 Contingent Resources

Contingent resource estimates were assigned to the Zhanatan field within the ADA Oil Contract Area, which Roxi has an option to purchase. Contingent resources, rather than reserves, were assigned as none of the wells drilled to date have produced oil at commercial rates. A summary of the resource estimates is presented below:

Contingent Resources	Operator	Property Gross (Mbbl) (1)			Net Interest (Mbbl) (2)		
		1C Low Est.	2C Best Est.	3C High Est.	1C Low Est.	2C Best Est.	3C High Est.
ADA Oil (Zhanatan Field)	ADA Oil LLP	1,391	4,158	12,915	696	2,079	6,458

(1) Property Gross resources are before deductions of royalties payable to others.

(2) Net Interest is Roxi's share of the resources before deduction of royalties payable to others.

The ADA Contract Area does not have contingent resources assigned.

1.4 Prospective Resources

Both the ADA and ADA Oil Contract Areas have exploration potential. In general the data available is too limited at this time to be able to define drillable prospects and hence prospective resources could not be quantified. A cursory review of the exploration potential has therefore been presented in this report.

The ADA Oil Contract Area is close to existing fields and already has two discoveries at Bashenkol and Zhanatan. There is undoubtedly potential within both the supra-salt and sub-salt stratigraphy. Exploration work is ongoing and the existing seismic dataset and information on the drilled wells now need to be properly evaluated.

The ADA Contract Area is located towards the centre of the Pre-Caspian basin and is some distance from any large producing fields. The exploration potential probably lies within the shallow supra-salt sequence where the presence of one discovery and a number of wells with oil shows suggests further discoveries may be possible. The Contract Area has some seismic and well data available, which needs integrating prior to deciding where more seismic should be acquired.

2 RESERVES AND RESOURCES DEFINITIONS

The definitions employed in this evaluation conform to the 2007 Petroleum Resource Management System jointly published by the Society of Petroleum Engineers ("SPE"), World Petroleum Council ("WPC"), American Association of Petroleum Geology ("AAPG") and the Society of Petroleum Evaluation Engineers ("SPEE").

2.1 Resources

The term “resources” is intended to encompass all quantities of petroleum naturally occurring on or within the Earth’s crust, discovered and undiscovered (recoverable and unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered “conventional” or “unconventional.”

The resources classification framework is summarized in Figure 2 and a summary of the definitions are given below.

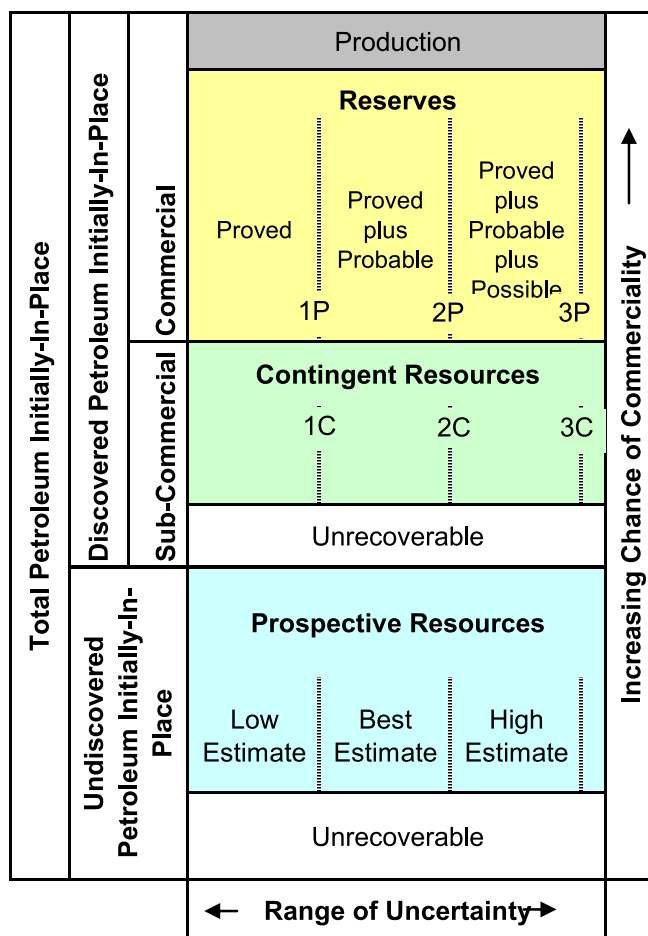


Figure 2 – Resource Classification Framework

The “Range of Uncertainty” reflects a range of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the “Chance of Commerciality”, that is, the chance that the project that will be developed and reach commercial producing status.

The quantities estimated to be initially-in-place are defined as Total Petroleum-initially-in-place, Discovered Petroleum-initially-in-place and Undiscovered Petroleum-initially-in-place, and the recoverable portions are defined separately as Reserves, Contingent Resources, and Prospective

Resources. Reserves constitute a subset of resources, being those quantities that are discovered (i.e. in known accumulations), recoverable, commercial and remaining.

Reserves

Reserves those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

The reserve classification system is covered in Section 2.3.

Contingent Resources

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

Prospective Resources

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

2.2 Range of Uncertainty

The range of uncertainty of the recoverable and/or potentially recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

- There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental (risk-based) approach, quantities at each level of uncertainty are estimated discretely and separately.

These same approaches to describing uncertainty may be applied to Reserves, Contingent Resources, and Prospective Resources. While there may be significant risk that sub-commercial and undiscovered accumulations will not achieve commercial production, it is useful to consider the range of potentially recoverable quantities independently of such a risk or consideration of the resource class to which the quantities will be assigned.

2.3 Reserves Categories and Status

For Reserves, the general cumulative terms low/best/high estimates are denoted as 1P/2P/3P, respectively. The associated incremental quantities are termed Proved, Probable and Possible. Reserves are a subset of, and must be viewed within context of, the complete resources classification system.

Proved Reserves

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

Probable Reserves

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus

Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Possible Reserves

Possible Reserves are those additional Reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

Reserves status categories define the development and producing status of wells and reservoirs.

Developed Reserves

Developed Reserves are expected quantities to be recovered from existing wells and facilities. Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-producing Reserves

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or, (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells, which will require additional completion work or future re-completion prior to start of production.

Undeveloped Reserves

Undeveloped Reserves are expected quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

2.4 Contingent Resource Categories

For Contingent Resources, the general cumulative terms low/best/high estimates are denoted as 1C/2C/3C respectively. No specific terms are defined for incremental quantities within Contingent Resources.

2.5 Prospective Resource Categories

For Prospective Resources, the general cumulative terms low/best/high estimates apply. No specific terms are defined for incremental quantities within Prospective Resources.

3 PRICE FORECASTS

The net present value estimates were based on the McDaniel & Associates September 30, 2007 price forecast. A summary of the reference crude oil price forecasts and the field prices for the Bashenkol field is presented below:

Year	Brent Crude Oil Price (1) US\$/bbl	Bashenkol Export Price (2) US\$/bbl	Bashenkol Domestic Price (3) US\$/bbl	Inflation Forecast %
2007	76.50	58.00	25.00	2.00
2008	73.00	54.13	25.50	2.00
2009	69.20	49.95	26.01	2.00
2010	67.90	48.27	26.53	2.00
2011	66.60	46.58	27.06	2.00
2012	65.10	44.67	27.60	2.00
2013	63.70	42.87	28.15	2.00
2014	64.90	43.65	28.72	2.00
2015	66.20	44.52	29.29	2.00
2016	67.50	45.39	29.88	2.00
2017	68.90	46.35	30.47	2.00
2018	70.30	47.30	31.08	2.00
2019	71.60	48.14	31.71	2.00
2020	73.10	49.17	32.34	2.00
2021	74.60	50.19	32.99	2.00
2022	76.09	51.19	33.65	2.00
2023	77.61	52.22	34.32	2.00
2024	79.17	53.26	35.01	2.00
2025	80.75	54.33	35.71	2.00
2026	82.36	55.41	36.42	2.00

Pricing Assumptions:

- (1) Brent price forecast based on the McDaniel & Associates September 30, 2007 price forecast
- (2) Export prices are based on Brent price less a constant (real terms) differential
- (3) The domestic price excludes VAT

4 NET PRESENT VALUE ESTIMATES

The net present values of the crude oil reserves were based on future production and revenue analyses. All of the net present value estimates presented in this report are presented in US dollars and include an allowance for Kazakhstan taxes. Both the ADA SSUC and the ADA Oil SSUC will pay taxes in accordance with the Kazakhstan Tax Code in-place at the time any future production contract is determined. For the purposes of this evaluation it has been assumed that the current Kazakhstan Tax Code applies, which includes principally Royalty, Export Rent Tax, Profit Tax, and Excess Profits Tax together with some other minor taxes. The future production forecasts were

based on detailed calculations including allowances for the benefits of future drilling or re-completions and are presented below for the next 10 years:

Year	Net Annual Oil Production		
	1P Mbbbl	2P Mbbbl	3P Mbbbl
2008	56	116	146
2009	112	268	407
2010	85	225	532
2011	65	189	578
2012	49	158	551
2013	37	133	453
2014	28	112	349
2015	-	94	269
2016	-	78	207
2017	-	66	160
Total	432	1,439	3,652

(1) Net production is based on a 50 per cent. working interest share and is after royalty deduction.

Future crude oil revenue was derived by employing the forecast production and the forecast Brent crude oil price less an estimate of the price differential between the Brent reference price and the field price. A summary of the calculation of the field price is presented in Section 3 of this report.

Operating and capital costs are based on our estimates in consultation with Roxi and are presented below for the next 10 years:

Year	Operating Costs (1)			Capital Costs (1)		
	1P US\$M	2P US\$M	3P US\$M	1P US\$M	2P US\$M	3P US\$M
2008	217	523	736	1,506	5,444	8,080
2009	521	1,118	1,794	563	3,613	7,940
2010	488	1,078	2,141	299	874	6,430
2011	464	1,047	2,243	289	581	3,598
2012	431	1,022	2,252	281	317	633
2013	402	1,003	2,166	5	323	646
2014	377	990	2,067	30	42	84
2015	-	981	1,997	-	42	85
2016	-	976	1,949	-	43	86
2017	-	932	1,919	-	13	87
Total	2,900	9,670	19,264	2,973	11,292	27,669

(1) Costs are Roxi's working interest share.

The crude oil reserves for the field in this report are mostly undeveloped. The new equipment required for development will consist of standard oil field equipment including new wells, pumps, wellsite measurement, and depending upon the stage of development, either flowlines to a group production station ("GPS") or a single well separator and tank with truck loading equipment. A GPS would typically comprise of separators (including a test separator), heaters, tanks (including possibly wash tanks), pumps, and a connection to either a pipeline or truck loading equipment. An allowance was made for well abandonment costs at the end of each respective forecast. An allowance for royalties and income taxes was made according to the terms of each contract.

5 PROPERTY OVERVIEW

Roxi has the option to acquire an interest in two contract areas through the potential transaction with ADA and ADA Oil and an overview of these contracts is presented in this section.

5.1 ADA Oil Contract Area

The ADA Oil Contract Area is located within the Aktyubinsk administrative area of the Republic of Kazakhstan approximately 350 kilometres south of the city of Aktobe, as presented in Figure 3, and covers a large area of 2,639 square kilometres.

Geologically the Contract Area is on the eastern side of the prolific Pre-Caspian Basin. The Contract Area lies close to several producing oil fields including Alibekmola, Akzhar, Kenkiyak, Kozhasay, Kokzhede and Zhanazhol so there is good infrastructure nearby.

The terrain is generally made up of gently undulating steppe cut by minor river valleys and some gullies. Close to Bashenkol there is a 2 to 4 kilometre wide strip of barkhan sand dunes running in a north-south direction, which in places reach heights of 50 metres.

Exploration in the area began in the 1960's and resulted in the discovery of the Bashenkol field which is a shallow, medium gravity oil pool (at a depth of approximately 400 metres subsea). A total of 13 wells were drilled during the 1960's but the field was left undeveloped, as it was considered too small to be commercial.



Figure 3 – ADA and ADA Oil Contract Area Location Map

The Zhanatan field was discovered during the 1980's when 7 wells were drilled in and around the structure. Well -7 flowed oil from a number of different pre-salt intervals (approximately 4,000 metres subsea) at rates up to 52 bopd. A further 3 wells were drilled during the 1990's (Wells -41, -43 and -46) with Well -41 producing gas at 2.5 MMcfpd (with 52 bopd). These flow rates were considered too low to be commercial and the field was left undeveloped.

A seismic base map of the Contract Area is presented in Figure 4 and shows the location of the Bashenkol and Zhanatan fields relative to the nearby producing fields.

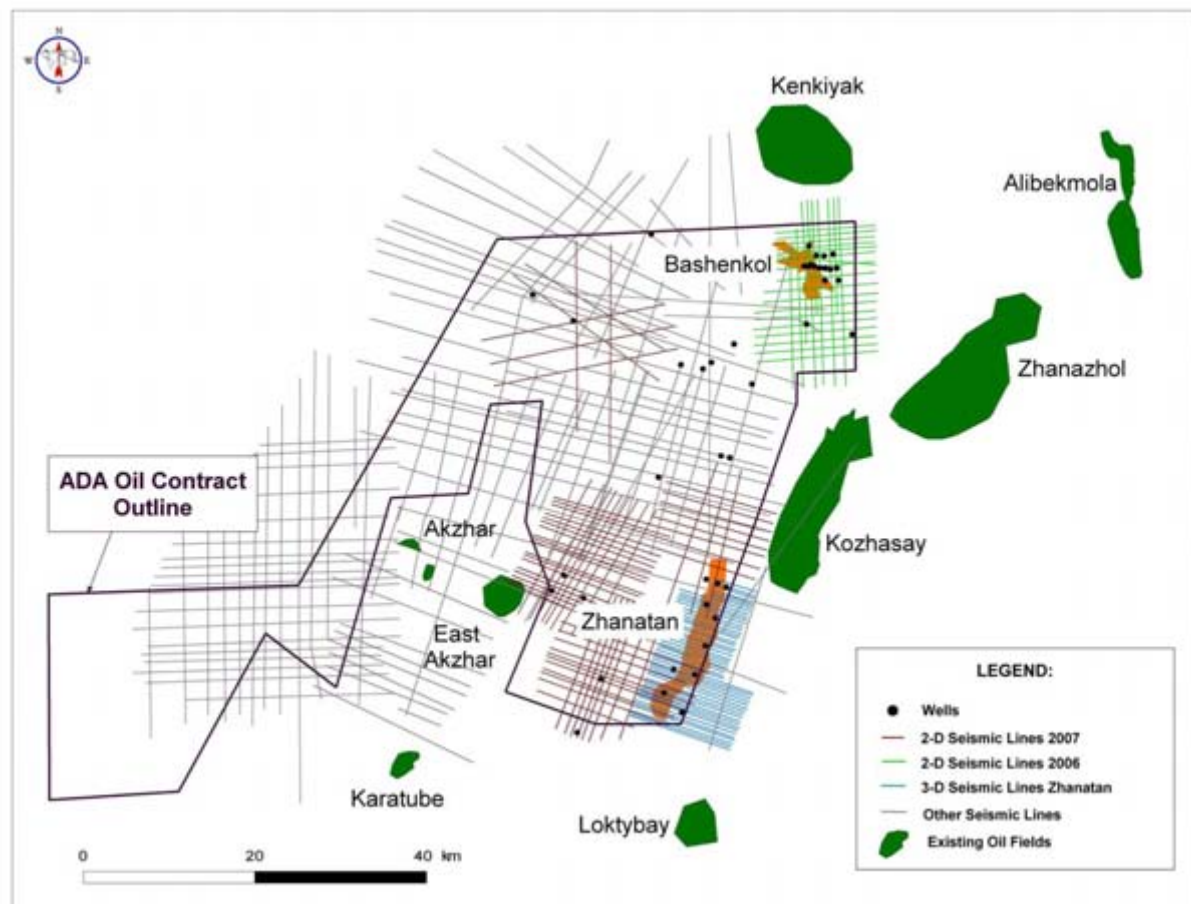


Figure 4 – ADA Oil Contract Area Seismic Base Map

ADA Oil is a limited liability partnership incorporated in Kazakhstan. The current ownership structure of ADA Oil was put in place in December 2005. LG and the Korean National Oil Corporation (“KNOC”) each own 22.5 per cent. of ADA Oil with the remaining 55 per cent. held directly or indirectly by a number of Kazakh individuals and entities. Roxi has an option to acquire a 50 per cent. indirect interest in ADA Oil from the Kazakh parties. The acquisition will be subject to Government approval.

The ADA Oil Sub-Soil User Contract (“ADA Oil SSUC”) is an exploration contract that was issued in December 2004 for a period of 6 years. The associated work programme is for US\$23.7 million and includes a requirement to drill 12 new wells. The ADA Oil SSUC requires 25 per cent. of the Contract Area to be relinquished at the end of each of the third, fourth, fifth and sixth years respectively. The first relinquishment proposal was submitted to the authorities by ADA Oil in December 2007 and is now progressing through the approval process. The proposed relinquishment comprises two sections with a total area of approximately 660 square kilometres. These sections are considered to be less prospective and are located in the eastern part of the Contract Area.

When a field is proven to be commercial a separate production contract would be awarded and an associated contract area created.

5.2 ADA Contract Area

The Contract Area is located within the Aktyubinsk administrative area of the Republic of Kazakhstan covering an area of 1,727 square kilometres. The location is approximately 320 kilometres southwest of the city of Aktobe, as presented in Figure 3 (Section 5).

The Contract Area lies towards the centre of the Pre-Caspian Basin away from any developed fields, which generally lie on the basin margins. Road access within the area is very limited and the nearest railway station (Sagiz) is approximately 80 kilometres away. The terrain in the area is undulating steppe with many gullies and ravines. The central and southern areas are partly covered by sand dunes.

Seismic data was acquired in the area during the late 1980's and early 1990's. Six salt domes have been identified (Taltogai, Saguimbai, Saurzubantobe, Zholdysai Karatau and Ergizkara). Drilling activity has been limited so far to around 60 shallow wells drilled down to a few hundred metres. A number of these are reported as having oil shows.

The ADA Sub-Soil User Contract ("ADA SSUC") is an exploration contract signed on December 7, 2004 by ADA for a period of six years. The associated minimum work programme is for US\$18 million and includes the drilling of fourteen wells. The ADA SSUC requires 25 per cent. of the Contract Area to be relinquished at the end of each of the third, forth, fifth and sixth years respectively. The first relinquishment should have occurred in December 2007, but ADA has informed Roxi that an amended relinquishment schedule has recently been approved such that 75 per cent. of the Contract Area will now be relinquished at the end of year 5 (December 2009) with the remaining 25 per cent. relinquished at the end of year 6.

When a field is proven to be commercial a separate production contract would be awarded and an associated contract area created.

ADA is a limited liability partnership incorporated in Kazakhstan which also owns the ADA Oil SSUC discussed in the previous section. The current ownership structure of ADA was put in place in December 2006. LG and KNOC each own, indirectly, 25 per cent. of ADA with the remaining 50 per cent. held by a number of Kazakh individuals and entities. Roxi has an option to acquire a 50 per cent. indirect interest in ADA from the Kazakh parties. The acquisition is subject to Government approval.

ADA drilled two wells (Well 26-A and E-1) prior to any foreign company involvement in 2006 on the flanks of the Ergyzkara salt dome, which is located in the south of the Contract Area (see Figure 5). A Cretaceous (Barremian) interval within Well 26-A is reported to have produced a thick film of oil with a density of 0.861 g/cc. Records are incomplete but an anecdotal flow rate of 110 bopd is most likely an inferred rate from fluid level changes measured in the well. The oil

density is lighter than would normally be expected in these shallow (400 metre) reservoirs and the sample may have been contaminated.

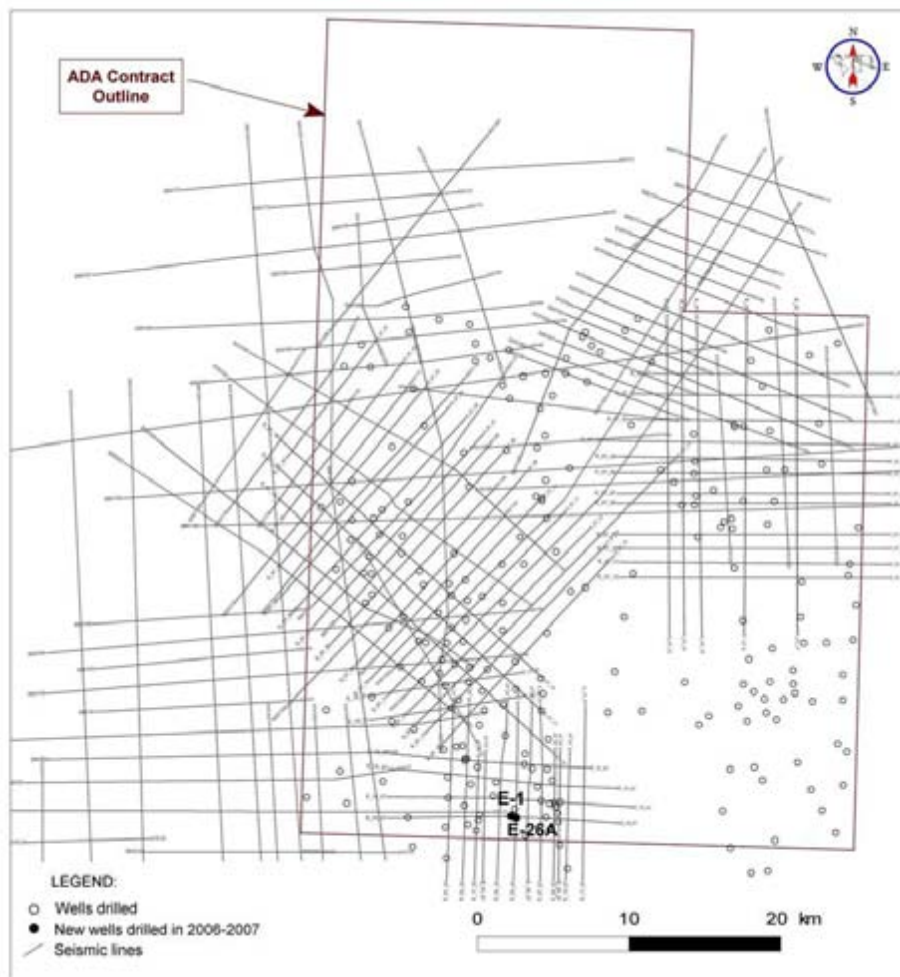


Figure 5 – ADA Contract Area Seismic Base Map with 2006 well locations

6 RESERVES ESTIMATES

The Bashenkol field within the ADA Oil portfolio has been assigned reserves in this evaluation.

6.1 Bashenkol Field

The Bashenkol field is located at the north-eastern corner of the ADA Oil Contract Area close to the Kenkiyak, Kozhasay and Kokzhide fields. The Bashenkol field was discovered during the 1960s with a number of shallow Triassic sands at a depth of approximately 500 metres (below ground level). The structure is interpreted to be fault bounded to the north east by a salt diapir

related fault, and dip closed in the other directions. A structure map for the lowest sand, T-4, is presented in Figure 6 below.

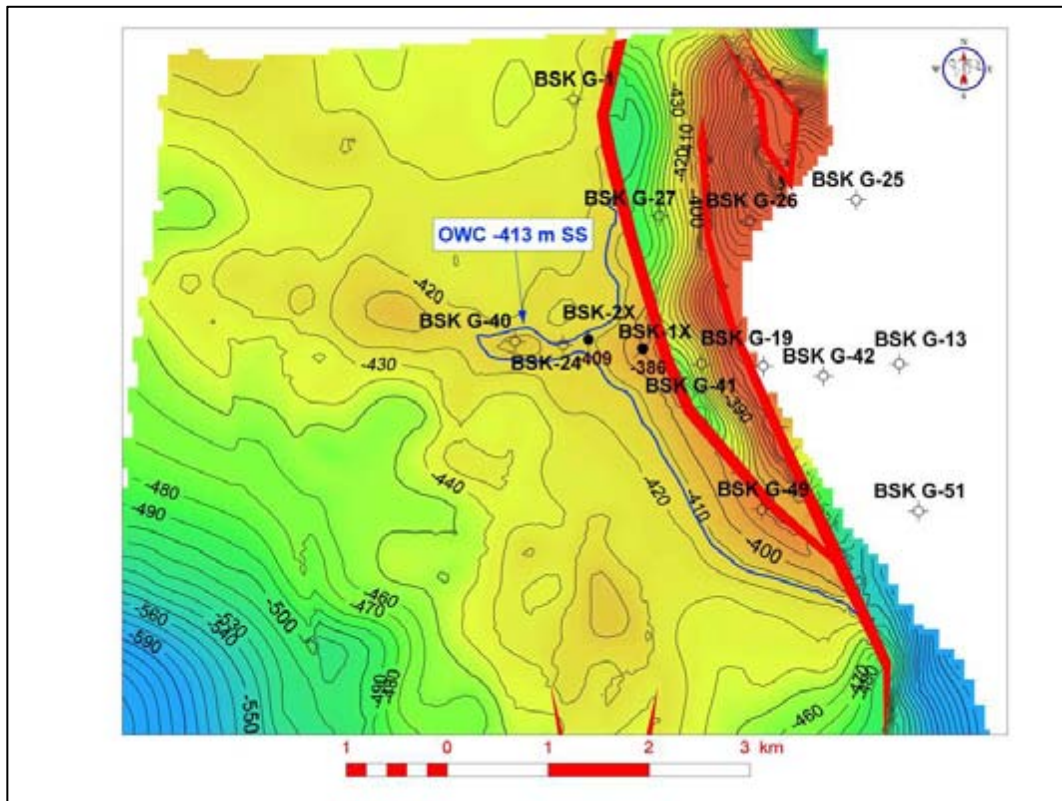


Figure 6 – Bashenkol, Triassic T-4 Top Structure Map

ADA Oil drilled two wells during 2006 (Wells 1-X and 2-X) as part of a plan to appraise then develop the field. Four separate Triassic sands were interpreted in the field and referred to from top to bottom as the T-1 through T-4 sands. Interpreted well logs for Well 1-X are presented in Figure 7 together with the perforated intervals.

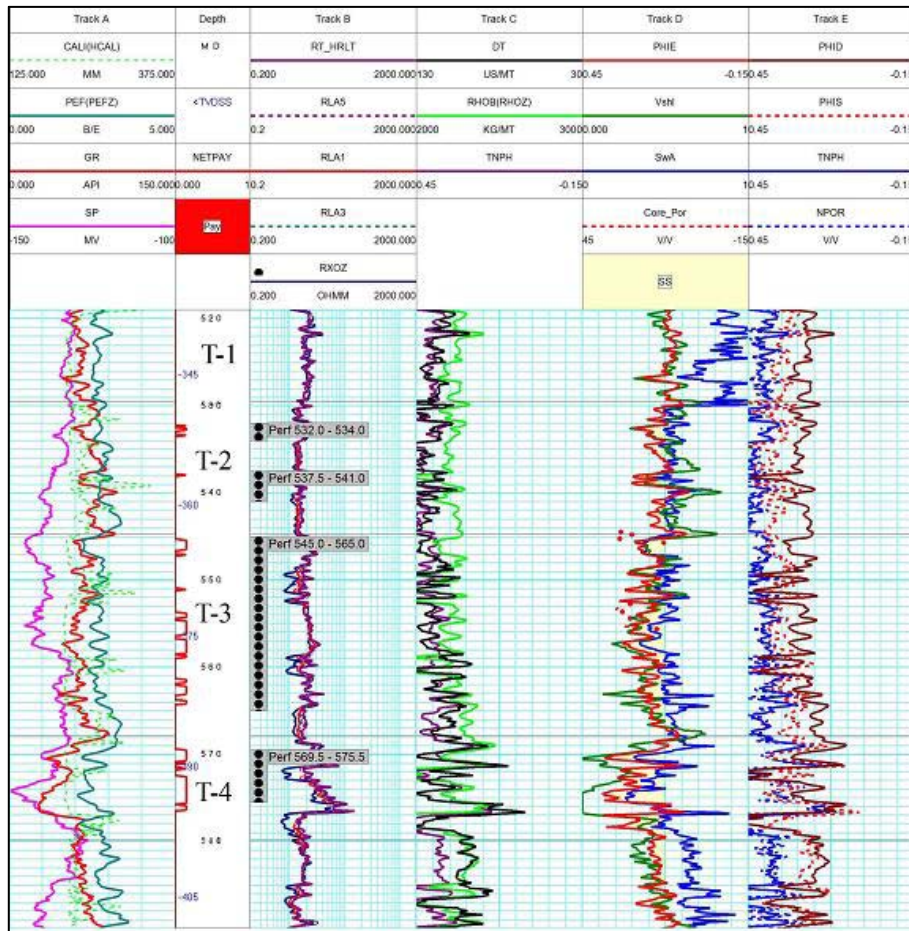


Figure 7 – Bashenkol 1-X Well Logs

The T-4 sand appears from the logs to be a fining upward sequence. The T-4 sand is interpreted to have 5.5 metres of net oil pay in Well 1-X and only a very thin oil column over water in Well 2-X. The overlying intervals, T-1, T-2 and T-3, occupy a 50 metre gross interval and are represented by an interbedded sand shale sequence with typical sand thicknesses of approximately 1 to 2 metres.

Net pay maps for each of the four sand intervals are presented in Figure 8 through Figure 11.

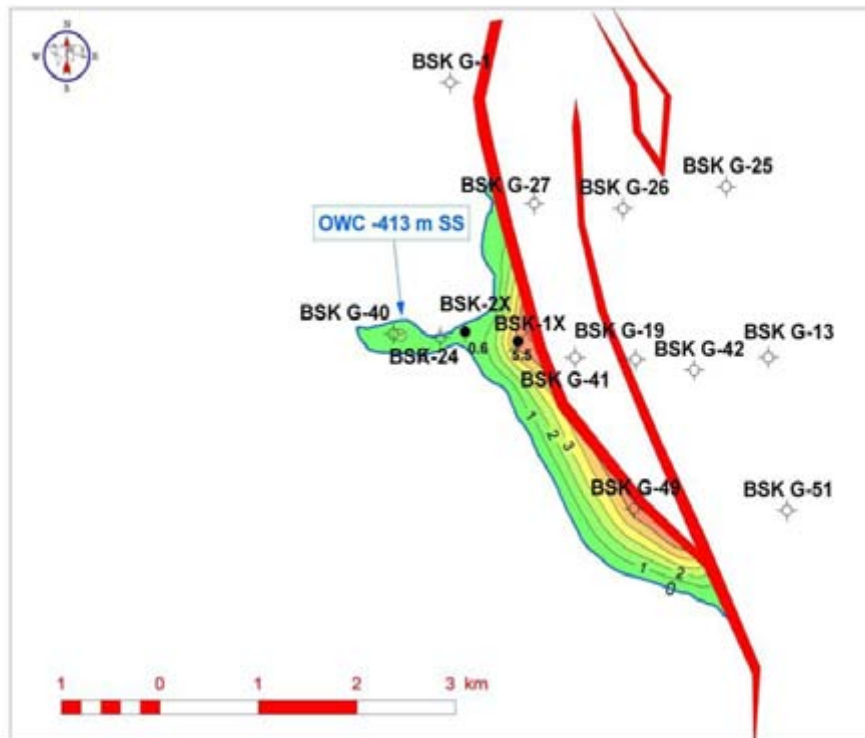


Figure 8 – Bashenkol, Triassic T-4 Net Pay Map

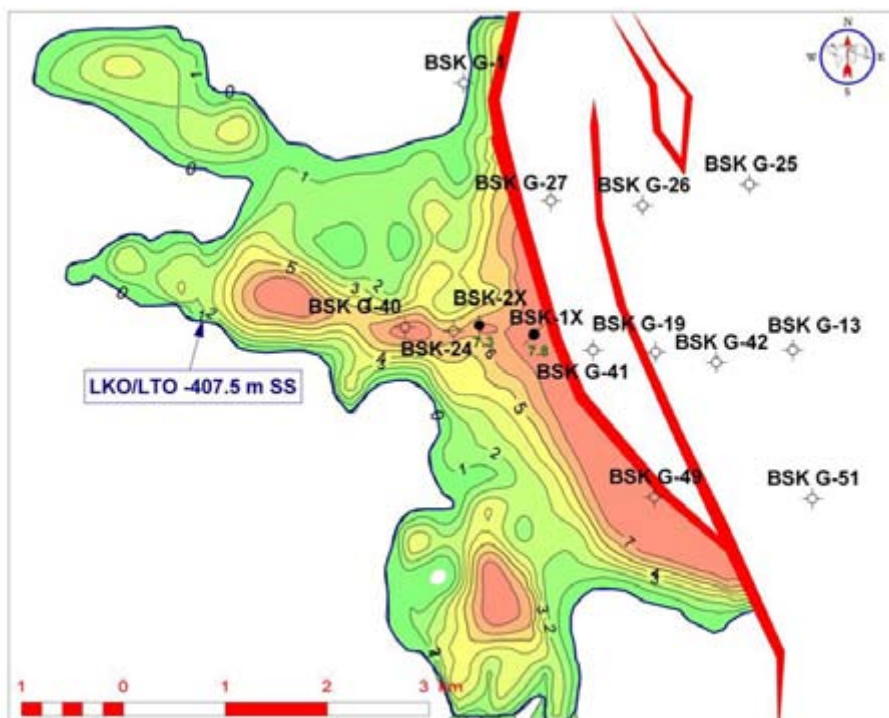


Figure 9 – Bashenkol, Triassic T-3 Net Pay Map

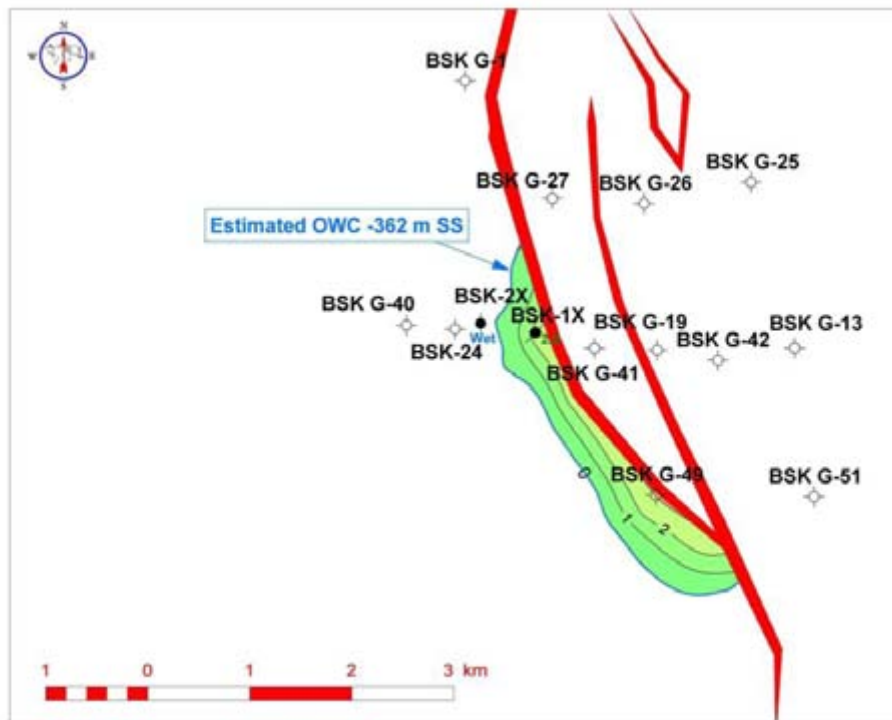


Figure 10 – Bashenkol, Triassic T-2 Net Pay Map

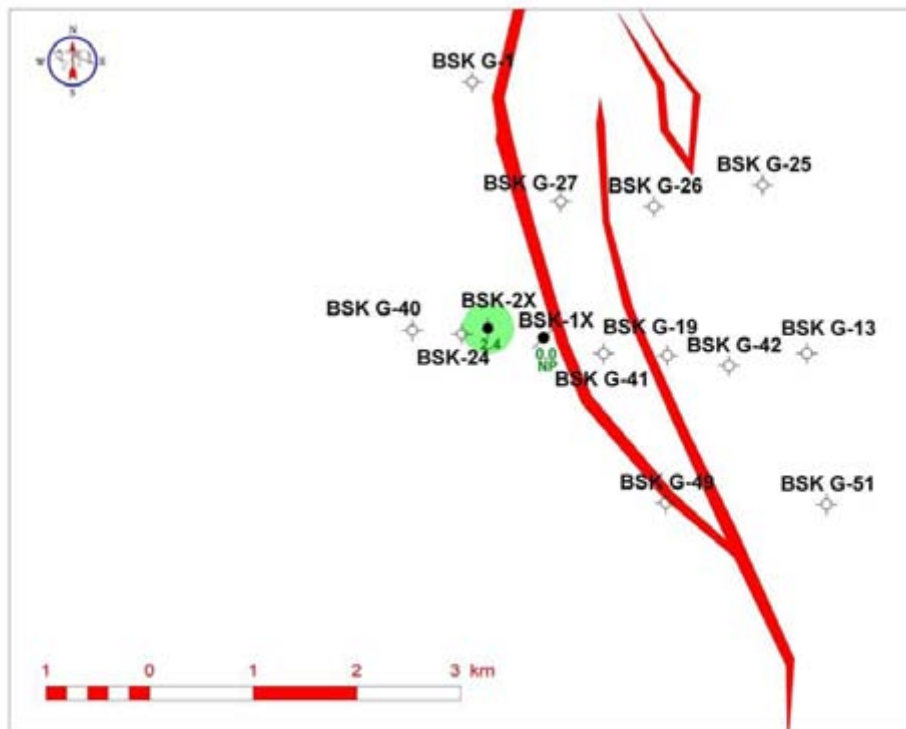


Figure 11 – Bashenkol, Triassic T-1 Net Pay Map

There is excellent extended well test information for both of the recent wells. Well 1-X was perforated across the T-2, T-3 and T-4 reservoir intervals. It initially produced at rates up to 180 bopd during a drill stem test. The build-up analysis from this test suggests a permeability of approximately 100mD. The well was then put on an extended test using a PCP pump between June 18 and September 18, 2007. During this time it produced a total of 16,360 bbls of oil at an overall average rate of 175 bopd with an average BS&W of 12 per cent. Pump rates were varied during the test and sustainable rates of over 300 bopd were achieved at the highest pump rate.

Well 2-X was perforated across the T-1 and T-3 sands, but failed to flow during the initial swabbing runs. Further swabbing and the installation of a pump was successful in getting the well to flow and between October 5 and November 12, 2007, the well had produced 4,295 bbls of oil with negligible water. Over the last 19 days the oil rate averaged 114 bopd.

The crude oil reserves estimates were based on volumetric calculations using McDaniel prepared geological maps and petrophysical interpretations. The four zones were assumed to be developed on 500 metre by 500 metre well spacing with a total of 5 proved wells (2 existing wells plus 3 new step out wells), 5 probable step out drilling locations and a further 13 possible step out drilling locations.

Recovery factors were based on a combination of factors including recovery efficiencies in analogous reservoirs and the anticipated performance of the wells. A waterflood project was assumed to be installed in the 2P and 3P reserves case. The resulting recovery factor for the 1P reserves case was estimated to be 12.5 per cent., 25 per cent. in the 2P reserves case and 30 per cent. in the 3P reserves case.

A summary of the crude oil reserves for each reserves category is presented below:

	Crude Oil Reserves at Sep 30, 2007 Mbbl		
	Total Proved	Proved Plus Probable	Proved + Probable + Possible
Property Gross (1)	881	3,144	8,047
Roxi Gross Share (2)	441	1,572	4,024
Roxi Net Share (3)	432	1,541	3,943

- (1) Property Gross Reserves are based on a 100 per cent. working interest.
(2) Roxi Gross Share is based on a 50 per cent. working interest.
(3) Roxi Net Share is based on the Roxi Gross share less royalties.

7 CONTINGENT RESOURCE ESTIMATES

One field within the ADA Oil Contract Area has been assigned contingent resources as part of this evaluation.

7.1 Zhanatan Field

The Zhanatan field is located at the southeast corner of the ADA Oil Contract Area just to the north of the Loktubai field. Oil was discovered in 1984 by Well G-1 which reported a minor oil flow from the Asselian (Permian) and Carboniferous. In total 7 wells were drilled during the 1980s with Wells G-5 and G-7 the most successful. Productive reservoirs were found below the Kungurian salt at depths between 3,600 and 4,050 metres. Well G-5 produced at 155 bopd from a 22 metre carbonate interval within the Carboniferous KT-II. Well G-7 produced at 52 bopd from a 19 metre clastic interval within the Viséan (Carboniferous). Three more wells were drilled during the 1990s. Two of these were dry but Well G-41 tested gas at 2.5 MMcfpd (with 52 bopd) from the Viséan. Hydrocarbons have therefore been found within a number of different stratigraphic intervals spread over a large distance (Well G-1 in the south is 14.2 kilometres from Well G-7 in the north). However, all the production rates were considered to be too low for commercial development.

ADA Oil re-entered Wells G-5, G-7 and G-41 in 2007 to try and re-complete and re-test them. The tests were largely unsuccessful due, according to ADA Oil, a number of operational problems. Well G-5 was tested and produced 150 bopd from the Carboniferous KT-II, which is the same as the original test. Plans to acidize the interval did not happen.

Due to the high development costs associated with developing these sour, deep reservoirs, a well will probably need to produce at stabilized rates above 500 bopd to be commercial. As none of the tests have demonstrated this capability all of the potentially recoverable volumes were classified as contingent resources.

Estimates of the resources were calculated probabilistically to determine the in-place volumes and associated recoverable volumes. In summary the contingent resources are as follows:

	Contingent Crude Oil Resources at Sep 30, 2007 Mbbl		
	1C Low Case	2C Best Est. Case	3C High Case
Property Gross (1)	1,391	4,158	12,915
Roxi Gross Share (2)	696	2,079	6,458

(1) Property Gross Resources are based on a 100 per cent. working interest.

(2) Roxi Gross Share is based on a 50 per cent. working interest.

8 EXPLORATION UPSIDE

Both the ADA and ADA Oil contract areas within the portfolio that Roxi has an option to buy are assessed to have exploration potential.

8.1 ADA Oil Contract Area

ADA Oil is currently reprocessing existing 2D seismic and acquiring additional 2D seismic at a number of locations within the Contract Area away from the existing discoveries. Potential exists within the supra-salt and sub-salt stratigraphy, as evidenced by the existing discoveries.

The supra-salt deposition is composed primarily of continental clastic sediments of Upper Permian, Triassic, Jurassic and Cretaceous age. The deposition and hydrocarbon trapping of the supra-salt sequence was dominated by complex salt tectonics. There are a number of different types of structural and stratigraphic trap plays including sediment drape along the flanks of salt domes, crestal highs over underlying salt domes and structural and stratigraphic traps under overhanging salt pillows.

The sub-salt deposition is characterized by thick marine carbonates and clastics of pre-Devonian, Devonian, Carboniferous and Lower Permian age. The carbonates were deposited as thick porous build-ups (bioherms) and platforms on the margin of the basin and central ridges, forming excellent hydrocarbon reservoirs. Seismic and well data suggests the carbonate platform edge lies just to the west of Zhanatan, which therefore limits the sub-salt potential to the eastern portion (approximately 25 per cent.) of the Contract Area. The potential for bioherm (reef) build-ups exists within and alongside the carbonate platform edge; a good example is the Kenkiyak field, just to the north. Reefs generally have excellent reservoir quality compared to platform carbonates, which generally have low matrix permeability and rely on natural fractures to enhance productivity.

Depending on the results of the 2D seismic and the Zhanatan 3D seismic, ADA Oil plans to drill three deep exploration wells during 2008.

8.2 ADA Contract Area

No review has been conducted of this area as there was insufficient data available at the time of this evaluation. The Contract Area lies towards the middle of the Pre-Caspian basin where the sub-salt is too deep to have preserved any permeability. ADA is of the opinion that there is potential within the supra-salt section on the crest and flanks of salt domes. This is supported by anecdotal reports that Well 26-A which was drilled in 2006 found oil within the Cretaceous at approximately 400 metres. Based on regional knowledge, these types of oil pools are typically in the range of 1 to 10 MMbbl of resources.

9 ABBREVIATIONS

The following is a list of the abbreviations used in this report. A glossary of terms is included in an Appendix.

<u>Abbreviation</u>	<u>Meaning</u>
1C	contingent resources, low estimate
2C	contingent resources, best estimate
3C	contingent resources, high estimate
1P	proved reserves
2P	proved plus probable reserves
3P	proved plus probable plus possible reserves
2D	two dimensional seismic
3D	three dimensional seismic
°API	oil density (degrees API)
AAPG	American Association of Petroleum Geologists
bbl	barrel
bopd	barrels of oil per day
g/cc	grammes per cubic centimetre
HKW	highest known oil
km ²	square kilometres
LKO	lowest known oil
LTO	lowest tested oil
m SS	metres subsea (depth relative to a sea level datum)
mD	millidarcy
MMbbl	million barrels
MMcfd	million cubic feet of gas per day
OWC	oil water contact
PCP	positive cavity pump
SPE	Society of Petroleum Engineers
SPPE	Society of Petroleum Evaluation Engineers
SSUC	Sub Soil User Contract
US\$	United States dollars
US\$M	thousand United States dollars
WPC	World Petroleum Congress

10 PROFESSIONAL QUALIFICATIONS

McDaniel & Associates Consultants Ltd. has over 50 years of experience in the evaluation of oil and gas properties. McDaniel is registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA). All of the professionals involved in the preparation of this report have in excess of 5 years of experience in the evaluation of oil and gas properties. Mr. Bryan Emslie, Senior Vice President, Mr. Paul Taylor, Senior Petroleum Engineer and Mr. Anatoli Tchernavskikh, Manager International Geology, all with McDaniel & Associates, were responsible for the preparation of this report. Mr. Emslie has over 25 years of experience in the evaluation of oil and gas properties Mr. Taylor has over 20 years of experience and Mr. Anatoli Tchernavskikh has in excess of 10 years. All of the persons involved in the preparation of this report and McDaniel & Associates are independent of Roxi, ADA and ADA Oil.

In preparing this report, we relied upon factual information including ownership, technical well and seismic data, contracts, and other relevant data supplied by Roxi. The extent and character of all factual information supplied were relied upon by us in preparing this report and has been accepted as represented without independent verification. We have relied upon representations made by Roxi as to the completeness and accuracy of the data provided and that all data proved to us was lawfully acquired.


This report was prepared by McDaniel & Associates Consultants Ltd. for Roxi to support a re-admission to the AIM market in London. It is not to be reproduced, distributed or made available, in whole or in part, to any person, company or organization other than Roxi for any other purpose without the knowledge and consent of McDaniel & Associates Consultants Ltd. We reserve the right to revise any opinions provided herein if any relevant data existing prior to preparation of this report was not made available or if any data provided is found to be erroneous.

Sincerely,

McDANIEL & ASSOCIATES CONSULTANTS LTD.



B. H. Emslie, P. Eng.
Senior Vice President



A. Tchernavskikh, P. Geol.
BHE/PMT/AT
[07-U031]



P. M. Taylor, MEI CEng

PERMIT TO PRACTICE
McDANIEL & ASSOCIATES CONSULTANTS LTD.

Signature 

Date Thursday, January 31, 2008

PERMIT NUMBER: P 3145

The Association of Professional Engineers,
Geologists and Geophysicists of Alberta

APPENDIX – GLOSSARY OF TERMS

This glossary contains a list of common technical terms that are used in the petroleum industry and contains the technical terms that are used in this document. Grammatical variations of these terms should be interpreted in the same way.

<u>Term</u>	<u>Meaning</u>
“2D Seismic”	seismic data acquired in a grid of lines that is relatively broad spaced, and is processed in two dimensions
“3D Seismic”	seismic data acquired in a grid that is relatively close-spaced and dense, and is processed in three dimensions
“abandonment” (of well)	a term to describe the sealing of a well with cement plugs, and removing the wellhead with no intention of re-entering the well
“anticlinal”	a hydrocarbon trap where the reservoir has a convex geometry
“appraisal well”	a well drilled as part of an appraisal drilling programme which is carried out to determine the physical extent, reserves and likely production rate of a field
“barrel”	a unit of volume measurement used for petroleum and its products (6.29 barrels = 1 cubic metre).
“bounding fault”	a fault that defines the limit of a prospect of hydrocarbon accumulation
“bubble point”	the pressure at which the first bubble of gas comes out of solution from in the oil
“Carboniferous”	geological period between 354 and 295 million years ago
“cement squeeze”	the process of setting cement in a well bore, by pumping cement under pressure in to perforations and behind casing
“clastic sequence”	rock series consisting of predominantly sedimentary rock made up of clasts (fragments) derived from pre-existing rocks transported and re-deposited before becoming lithified
“commercial discovery”	discovery of hydrocarbons which are determined to be commercially viable for appraisal and development
“completion”	the operation of perforating, stimulating and equipping an oil or gas well
“condensate”	hydrocarbons which are in the gaseous state under reservoir conditions and which become liquid when temperature or pressure is reduced. A mixture of pentanes and higher hydrocarbons

<u>Term</u>	<u>Meaning</u>
“contingent resources”	contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies (refer to Section 2).
“Cretaceous”	geological strata formed during the period 140 million to 65 million years ago
“datum”	an agreed and known value, such as the sea level, to which other measurements are corrected
“Devonian”	a geological strata/period depicted between 354 million and 417 million years ago
“dip”	the inclination of a horizontal structure from the horizontal
“discovery”	an exploration well which has encountered hydrocarbons
“downthrown”	relative movement of one fault block against another
“exploration drilling”	drilling carried out to determine whether hydrocarbons are present in a particular area or structure
“exploration phase”	the phase of operations which covers the search for oil or gas by carrying out detailed geological and geophysical surveys followed up where appropriate by exploratory drilling
“exploration well”	a well in an unproven area or prospect, may also be known as a “wildcat well”
“extended production test”	producing a well or formation for a long period of time in order to determine production performance
“fault”	a break in the earth’s crust where there has been displacement of one side relative to the other. Sometimes a layer of non-porous rock may be next to an oil-bearing porous interval along a fault and form a trap for the oil
“field”	a geographical area under which an oil or gas reservoir lies
“formation”	a unit of rock
“formation damage”	damage done to a reservoir formation by exposure to borehole fluids such as drilling mud, brine or fresh water
“gas field”	a field containing natural gas but no oil
“geophysical”	the measurement of the earths physical properties to explore and delineate hydrocarbons, including electrical, seismic, gravity, magnetics, but not including drilling
“graben”	a normally faulted elongate trough or block of rock, down-thrown on both sides

<u>Term</u>	<u>Meaning</u>
“gross pay”	the total thickness of hydrocarbon bearing sediments
“hydrogen sulphide”	a highly acidic and corrosive compound found in some crude oils which in gaseous form is deadly.
“hydrocarbon”	a compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term is mainly used in a catch-all sense for oil, gas and condensate
“Jurassic”	geological strata (or period) formed during the period from 144 million to 205 million years ago
“Mesozoic”	the secondary or reptilian age, from 250 million to 65 million years ago
“milling”	the process of drilling and grinding an obstacle that is lodged in the well bore
“natural gas”	gas, occurring naturally, and often found in association with crude petroleum
“net pay”	the total thickness of hydrocarbon bearing sediments that is classified as reservoir
“oil field”	a geographic area under which an oil reservoir lies
“oil”	a mixture of liquid hydrocarbons of different molecular weights
“operator”	the company that has legal authority to undertake petroleum operations.
“packer”	a device which is run into a well bore which expands to seal and isolate one section of the well bore from another
“Palaeozoic”	geological era between 540 and 250 million years ago. Includes the Permian, Carboniferous, Devonian, Silurian, Ordovician and Cambrian periods
“permeability”	the property of a formation which quantifies the flow of a fluid through the pore spaces and into the wellbore
“Permian”	a geological period between 250 to 295 million years ago
“Permo-Triassic”	geological period between 205 to 295 million years ago
“petroleum”	a generic name for hydrocarbons, including crude oil, natural gas liquids, natural gas and their products
“Pilot Production Project”	an early production scheme, which requires the approval of the Kazakhstan State Authorities
“plugging”	(of well) the process setting cement, or other plug in a well in order to make it safe, from any blow-out and cross flow or environmental impact

<u>Term</u>	<u>Meaning</u>
“pool”	an individual and separate accumulation of petroleum in a reservoir
“porosity”	the percentage of void in a porous rock compared to the total rock volume
“Pre-Caspian Basin”	the sedimentary basin at the North end of the Caspian extending from Astrakhan in Russia to Aktubinsk in West Kazakhstan. Sometimes called Pre-Caspian, and Peri Caspia
“probabilistic”	a method of estimating an uncertain outcome whereby a range of values is used for each parameter in a calculation. Results are generally expressed as a range with an associated probability of occurrence
“prospect”	a defined geological or geophysical feature or anomaly that has been surveyed and defined, usually by seismic data, to a degree that its configuration is fairly well established and that is considered potentially to have a hydrocarbon accumulation
“prospective resources”	prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects (refer to Section 2).
“Proterozoic”	geological era between 2,500 and 800 million years ago
“recompletion”	to repeat the initial “completion” of a well, at a later stage, to either enhance production from the existing “zone”, or to allow production from a new zone
“reserves”	reserves those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions (refer to Section 2).
“reservoir”	the underground formation where oil and gas has accumulated. It consists of a porous and permeable rock to hold the oil or gas, and a cap rock that prevents its escape
“saturated oil”	an oil at reservoir conditions that is at its “bubble point”
“stratigraphic trap”	a mode of trapping hydrocarbons which is not dependent on structural entrapment
“structural high”	an area where rocks have been elevated due to tectonic activity
“subsea”	below sea level. Where stated, depths in this report are referenced relative to this common datum
“swabbing”	the process of mechanically producing a pressure drop in the wellbore by rapidly pulling out of the hole, usually with a cup shaped tool
“TD”	total depth of a well, when drilling has finished
“Triassic”	geological period between 250 and 205 million years ago

<u>Term</u>	<u>Meaning</u>
“up-dip”	at a structurally higher elevation within dipping strata
“under-saturated oil”	an oil at reservoir conditions that is at a pressure above its “bubble point” (compare with “saturated oil”). Reductions in pressure can cause the oil to become saturated
“well log”	a record of geological formation penetrated during drilling, including technical details of the operation
“zone”	a general term meaning an interval or unit of rock. A zone in a well would be an interval typically defined by a top and bottom depth. A fault zone would be the unit of rock associated and the area around a fault

FINANCIAL INFORMATION – ADA GROUP

Part A: Financial Information on Firm ADA Oil LLP

Section A(i) – Accountant's Report on Firm ADA Oil LLP



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London
W1U 3LL

The Directors
Roxi Petroleum plc
2nd Floor
5 Old Bailey
London
EC4M 7BA

31 January 2008

WH Ireland Limited
5th Floor
24 Martin Lane
London
EC4R 0DR

Dear Sirs

Firm ADA Oil LLP ("ADA Oil")

Introduction

We report on the financial information set out in Section A (ii). This financial information has been prepared for inclusion in the admission document dated 31 January 2008 of Roxi Petroleum plc (the "Admission Document") on the basis of the accounting policies set out in note 3 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Roxi Petroleum plc are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the

amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited as we were not provided with full access to the books, accounting records and other relevant audit information of ADA Oil. There were no practical procedures that we could perform in the time available to ascertain the completeness of assets, liabilities and transactions.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion: disclaimer on view given by financial information

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial information gives, for the purposes of the admission document, a true and fair view of the state of ADA Oil's affairs as at the dates stated and of its losses, cash flows, changes in equity for the years or periods then ended in accordance with the basis of preparation set out in note 2 to the financial information and has been prepared in accordance with IFRSs as described in note 3 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO Stoy Hayward LLP

Chartered Accountants

Section A(ii) – Financial information on ADA Oil LLP

INCOME STATEMENTS

		<i>Period from formation to 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
	<i>Notes</i>			
Revenue		–	–	–
Administrative expenses	12	(167)	(2,245)	(1,433)
Loss from operations		(167)	(2,245)	(1,433)
Finance expenses	13	(12)	(24)	(10)
Loss for the period before and after taxation	14	(179)	(2,269)	(1,443)

All amounts relate to continuing activities.

BALANCE SHEETS

		<i>As at 31 December</i>		<i>As at</i>
		<i>2005</i>	<i>2006</i>	<i>30 June</i>
	<i>Notes</i>	<i>\$'000</i>	<i>\$'000</i>	<i>2007</i>
				<i>\$'000</i>
Non-current assets				
Property, plant and equipment	15	100	463	1,360
Exploration and evaluation assets	16	2,410	11,043	18,630
Restricted use cash	17	–	60	1,051
		<u>2,510</u>	<u>11,566</u>	<u>21,041</u>
Current assets				
Cash and cash equivalents		200	4,340	2,807
Inventories		–	480	1,250
Advances paid		20	689	953
Other receivables	18	11	127	1,946
		<u>231</u>	<u>5,636</u>	<u>6,956</u>
Total assets		<u>2,741</u>	<u>17,202</u>	<u>27,997</u>
Equity and liabilities				
Equity				
Partners' capital	19	–	3	3
Foreign currency translation reserve		–	24	(162)
Retained earnings		(179)	(2,448)	(3,891)
		<u>(179)</u>	<u>(2,421)</u>	<u>(4,050)</u>
Current liabilities				
Trade payables		96	2,353	2,206
Short-term financial liabilities	20	222	–	–
Short-term financial liabilities under the contract for subsoil use		300	–	–
Payables to related parties	21	2,026	6	–
Other payables	22	11	579	1,293
		<u>2,655</u>	<u>2,938</u>	<u>3,499</u>
Non-current liabilities				
Long-term financial liabilities	23	–	16,397	27,961
Other liabilities	24	265	288	587
		<u>265</u>	<u>16,685</u>	<u>28,548</u>
Total equity and liabilities		<u>2,741</u>	<u>17,202</u>	<u>27,997</u>

STATEMENT OF CHANGES IN EQUITY

	<i>Partners' capital</i> \$'000	<i>Foreign currency translation reserve</i> \$'000	<i>Retained earnings</i> \$'000	<i>Total</i> \$'000
Balance as at 5 July 2005	—	—	—	—
Losses after tax for the period	—	—	(179)	(179)
Balance as at 1 January 2006	—	—	(179)	(179)
Partners' capital contributed in the period	3	—	—	3
Foreign exchange differences	—	24	—	24
Losses after tax for the period	—	—	(2,269)	(2,269)
Balance as at 1 January 2007	3	24	(2,448)	(2,421)
Partners' capital contributed in the period	—	—	—	—
Foreign exchange differences	—	(186)	—	(186)
Losses after tax for the period	—	—	(1,443)	(1,443)
Balance as at 30 June 2007	<u>3</u>	<u>(162)</u>	<u>(3,891)</u>	<u>(4,050)</u>

CASH FLOW STATEMENTS

	<i>Period from incorporation to 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Cash flow from operating activities			
Payments to suppliers and contractors	(79)	(713)	(2,234)
Salaries paid	(10)	(790)	(698)
Advances paid	–	–	(1,499)
Taxes and obligatory payments	–	(355)	(428)
Other payments	(1)	(80)	(157)
Cash outflows from operating activities	(90)	(1,938)	(5,016)
Investing activities			
Acquisition of property, plant and equipment	(100)	(440)	(965)
Acquisition of exploration assets	(129)	(7,347)	(5,820)
Restricted use of cash	–	(60)	(962)
Payment for geological information	–	(2,071)	(7)
Net cash outflows from investing activities	(229)	(9,918)	(7,754)
Financing activities			
Receipt of short-term borrowings	520	16,644	11,018
Repayments of short-term borrowings	–	(297)	–
Repayment of bank loan	–	(309)	–
Partners' contribution	–	3	–
Net cash inflows from financing activities	520	16,041	11,018
Increase in cash and cash equivalents	201	4,185	(1,752)
Cash and cash equivalents at the start of the period	–	200	4,340
Foreign exchange	(1)	(45)	219
Cash and cash equivalents at the end of the period	200	4,340	2,807

NOTES TO THE FINANCIAL INFORMATION

1. Formation

Firm ADA Oil LLP ("ADA Oil") was formed on 5 July 2005.

2. Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The following principal accounting policies have been applied consistently to all the periods presented unless otherwise stated.

3. Accounting policies

3.1. Foreign currency

The financial information is presented in US Dollars (US\$) and all monetary amounts are rounded to the nearest thousand (US\$000) except where otherwise indicated.

The Kazakh Tenge is the functional currency (primary currency in which business is conducted).

On the preparation of this financial information, the results of ADA Oil are translated into US Dollars, the presentation currency at rates approximating to those ruling when the transaction took place. All assets and liabilities are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at the opening rate and the results at the actual rate are recognised directly in equity.

For the purpose of translating the Kazakh Tenge to US Dollars the following rates have been used:

	<i>Kazakh Tenge: 1 US Dollar</i>		
	<i>2005</i>	<i>2006</i>	<i>2007</i>
Statement of income and cash flows			
Rates approximating to the exchange rate at the date of transaction	<u>134.17</u>	<u>130.59</u>	<u>127.72</u>
Balance sheet			
Year end exchange rate	<u>133.96</u>	<u>132.06</u>	<u>124.45</u>

3.2. Income taxes

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

4. Exploration and evaluation assets

Capitalised costs relate to performance of works under the contract for hydrocarbon material exploration:

ADA Oil applies the full cost method of accounting for exploration and evaluation costs, in accordance with the requirement of IFRS 6 “Exploration for and Evaluation of Mineral Resources”. Under the full cost method of accounting, costs of exploring for and evaluating oil and gas properties are accumulated and capitalised.

Intangible fixed assets are reviewed for impairments if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount.

5. Financial instruments

ADA Oil's financial assets consist of cash on non-interest bearing short-term deposits. Other receivable are stated at cost less any provision for impairment.

ADA Oil's financial liabilities are non-interest bearing and consist of short term financial liabilities and other payables

6. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are defined as short-term cash deposits.

7. Financial risk management

ADA Oil's operations are exposed to a number of financial risks: market risk (including currency risk, risk of interest rate changes' influence on fair value), credit risk and liquidity risk.

- **Currency risk**

Foreign exchange rate risk arises from future business transactions, recognised assets and liabilities.

- **Credit risk**

ADA Oil is not exposed to material credit risk.

- **Liquidity risk**

Prudent liquidity risk management assumes maintenance of sufficient cash volume and availability of funding through an adequate amount of committed credit facilities and the ability of responsive management in case of any imbalance.

8. Cash flow statement

The cash flow statement is prepared using the direct method.

9. Going concern

The financial information is prepared based on the going concern assumption, which implies realization of assets and repayment of liabilities in the normal course of business. ADA Oil's ability to realise its assets and its operations in the future may be significantly influenced by the current and future economic conditions in Kazakhstan. This financial information does not contain any adjustments that would be required if ADA Oil were not able to continue its operations as a going concern.

10. Expected changes in IFRS and interpretations

A. ***Standards, interpretations and amendments to the published standards which, though being effective from 2006, are not applicable to ADA Oil***

The following standards, amendments and interpretations of the standards published are obligatory for those reporting periods began on or before 1 January 2006, but are currently not applicable to ADA Oil's activities:

- IFRIC 4. Determining whether an Arrangement Contains a Lease (applicable from 1 January 2006)
- IAS 39 (Amendment), Fair Value Option (applicable from 1 January 2006)
- IAS 21 (Amendment). Net Investment in a Foreign Operation (applicable from 1 January 2006).
- IAS 19 (Amendment). Actuarial Gains and Losses, Group Plans and Disclosures (applicable from 1 January 2006).
- IAS 39 (Amendment). Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006).
- IFRIC 5. Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006).

The interpretation is not applicable to ADA Oil's activities.

- IFRIC 6. Liabilities arising from Participating in a Specific Market: Waste Electrical and Electronic Equipment (effective from 1 December 2005)
- IFRIC 7. Application of restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies (applicable to the reporting periods beginning on or after 1 March 2006).
- IFRIC 8. Scope of IFRS 2 (applicable to the reporting periods beginning on or after 1 May 2006)
- IFRIC 9. Reassessment of Embedded Derivatives (applicable to the reporting periods beginning on or after 1 June 2006)
- IFRIC 10. Interim Financial Reporting and Impairment (applicable to the reporting periods beginning on or after 1 November 2006)

B. ***Standards published but not yet effective as well as amendments and interpretations thereto***

This section contains new standards, amendments and interpretations to the existing standards published and obligatory for ADA Oil to apply regarding the periods began on or after 1 January 2008, and which ADA Oil has chosen not to adopt early:

- IFRS 7. Financial Instruments: Disclosures and additional amendments to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007)
- IFRIC 11. Group and Treasury Share Transactions, IFRS 2, Share-based Payment: (applicable to the reporting period beginning on or after 1 March 2007)
- IFRS 8, Operating Segments (effective from 1 January 2009)
- IFRIC 12, Service Concession Arrangements (applicable to the reporting periods beginning on or after 1 January 2008)
- IFRIC 13, Customer Loyalty Programs (applicable to the reporting periods beginning on or after 1 July 2008)
- IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements. (applicable to the reporting periods beginning on or after 1 January 2008).

11. Segmental analysis

ADA Oil operates in one business segment, being the exploration for oil in the Republic of Kazakhstan.

12. Administrative expenses

Administrative expenses include:

	<i>Period from incorporation to 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Salaries	37	1,079	1,050
Foreign exchange (gain)/loss	2	107	(571)
	<u> </u>	<u> </u>	<u> </u>

13. Finance expenses

	<i>Period from incorporation to 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Finance expenses	11	19	10
Interest payable	1	5	–
	<u> 12 </u>	<u> 24 </u>	<u> 10 </u>

14. Taxation on loss from ordinary activities

	<i>Period from incorporation to 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Loss on ordinary activities	(179)	(2,269)	(1,443)
Loss on ordinary activities at the effective rate of corporation tax in the Republic of Kazakhstan of 30%	(54)	(681)	(433)
Tax losses carried forward	54	681	433
	<u> – </u>	<u> – </u>	<u> – </u>

15. Property, plant and equipment

	<i>Property, plant and equipment \$'000</i>
Cost	
Balance as at 1 January 2005	–
Additions	100
Balance as at 1 January 2006	100
Foreign exchange	(5)
Additions	440
Balance as at 1 January 2007	535
Foreign exchange	60
Additions	965
Disposals	(7)
Balance as at 30 June 2007	1,553
Accumulated depreciation	
Balance as at 1 January 2005	–
Additions	–
Balance as at 1 January 2006	–
Foreign exchange	(3)
Additions	75
Balance as at 1 January 2007	72
Foreign exchange	9
Additions	113
Disposals	(1)
Balance as at 30 June 2007	193
Net book value	
Balance as at 31 December 2005	100
Balance as at 31 December 2006	463
Balance as at 31 December 2007	1,360

16. Intangible assets

	<i>Exploration and evaluation assets \$'000</i>
Cost and net book value	
Balance as at 1 January 2005	–
Additions	2,410
Balance as at 1 January 2006	2,410
Foreign exchange	35
Additions	8,598
Balance as at 1 January 2007	11,043
Foreign exchange	852
Additions	6,735
Balance as at 30 June 2007	18,630

17. Restricted use cash

ADA Oil has allocated certain funds for the fulfillment of its obligations under the contract for subsoil use as described in Note 25 below.

18. Other receivables

	<i>As at 31 December 2005 \$'000</i>	<i>2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Receivables from related parties	–	48	1,367
Prepaid insurance	–	8	45
Current tax assets	–	12	414
Other receivables	11	59	120
	<u>11</u>	<u>127</u>	<u>1,946</u>

19. Partners' capital

	<i>As at 31 December 2005 \$'000</i>	<i>2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Partners' capital	–	3	3

On formation the partners contributed capital of KZT100,000.

20. Short term financial liabilities

	<i>As at 31 December</i>		<i>As at</i>
	<i>2005</i>	<i>2006</i>	<i>30 June</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>2007</i>
			<i>\$'000</i>
G. M. Kanasheva	2	–	–
K. R. Oraziman	109	–	–
D. O. Beisenov	108	–	–
Vhang Sunn Sol	3	–	–
	<u>222</u>	<u>–</u>	<u>–</u>

Short term loans are interest free.

21. Payables to related parties

	<i>As at 31 December</i>		<i>As at</i>
	<i>2005</i>	<i>2006</i>	<i>30 June</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>2007</i>
			<i>\$'000</i>
Acquisition costs	<u>2,026</u>	<u>6</u>	<u>–</u>

22. Other payables

	<i>As at 31 December</i>		<i>As at</i>
	<i>2005</i>	<i>2006</i>	<i>30 June</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>2007</i>
			<i>\$'000</i>
Taxes and other payables	<u>11</u>	<u>579</u>	<u>1,293</u>

23. Long-term financial liabilities

	<i>As at 31 December</i>		<i>As at</i>
	<i>2005</i>	<i>2006</i>	<i>30 June</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>2007</i>
			<i>\$'000</i>
Long-term loan	<u>–</u>	<u>16,397</u>	<u>27,961</u>

24. Other liabilities

	<i>As at 31 December</i>		<i>As at</i>
	<i>2005</i>	<i>2006</i>	<i>30 June</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>2007</i>
			<i>\$'000</i>
Abandonment fund	<u>265</u>	<u>288</u>	<u>587</u>

The liabilities under the contract for subsoil use are described in Note 25. The increase in long term liabilities during the period was due to foreign exchange movements and changes in the present value of liabilities arising from discounting. This discounting has been recognised in the income statement during the period.

25. Contractual liabilities, contingent liabilities, subsequent events and operational risks

Contract for subsoil use

In 2004 RK Ministry of Energy and Mineral Resources and ADA Oil concluded the contract for oil prospecting at Blocks XXII-21 (partially), 22 (partially), XXIII-20 (partially), 21 (partially), 22 (partially), XXIV-20 (partially) and 21 (partially) located in Aktobe oblast. The contract is valid until 7 December 2010. The exploration phase period lasts for 6 years, and ADA Oil has the exclusive right to progress to the production phase.

Contractual liabilities

Under the contract, ADA Oil has the following obligations:

- to contribute \$200,000 to the implementation of Aktobe oblast social programs by equal annual installments;
- to contribute \$300,000 to the Astana Fund by equal annual instalments as agreed with Akimat;
- to fund a minimum work program for the first six years of the exploration contract by providing \$23,700,000 per year;
- to allocate at least 1 per cent. of annual prospecting capital costs for the professional training of Kazakh personnel engaged in works under the contract;
- to establish an abandonment fund of at least 1 per cent. of annual prospecting capital costs; and
- to pay 1.5 per cent. of the historical costs amount of \$97,000 for the right to use geological information.

26. Taxation

Current Kazakh tax legislation is subject to different interpretation and frequent changes. The interpretation of tax legislation regarding the transactions and activities of ADA Oil by the tax authorities may differ from those of the management of ADA Oil. Hence the tax authorities may challenge the application of tax legislation by ADA Oil and may levy penalties and fines which can be significant. Tax and customs authorities have a five year period to review ADA Oil's financial records.

27. Environmental matters

Currently Kazakhstan is strengthening environmental legislation and the position of state bodies regarding its enforcement. ADA Oil estimates its liabilities on environmental matters on a regular basis. As liabilities are incurred, they are reflected in the financial statements immediately. Contingent liabilities that might arise as the result of changes in current legislation and regulations as well as in the result of litigation can not be estimated reliably though they can involve significant amounts. Based on the current control and punishment system for non-compliance with current environmental legislation the management of ADA Oil believes that it has no significant liabilities related to environmental matters.

Part B: Financial information on Firm ADA LLP

Section B(i) – Accountant's report on Firm ADA LLP



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London
W1U 3LL

The Directors
Roxi Petroleum plc
2nd Floor
5 Old Bailey
London
EC4M 7BA

31 January 2008

WH Ireland Limited
5th Floor
24 Martin Lane
London
EC4R 0DR

Dear Sirs

Firm ADA LLP ("ADA")

Introduction

We report on the financial information set out in Section B (ii). This financial information has been prepared for inclusion in the admission document dated 31 January 2008 of Roxi Petroleum plc (the "Admission Document") on the basis of the accounting policies set out in note 3 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Roxi Petroleum plc are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and

whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited as we were not provided with full access to the books, accounting records and other relevant audit information of ADA. There were no practical procedures that we could perform in the time available to ascertain the completeness of assets, liabilities and transactions.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion: disclaimer on view given by financial information

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial information gives, for the purposes of the admission document, a true and fair view of the state of ADA's affairs as at the dates stated and of its losses, cash flows, changes in equity for the years or periods then ended in accordance with the basis of preparation set out in note 2 to the financial information and has been prepared in accordance with IFRSs as described in note 3 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies item.

Yours faithfully

BDO Stoy Hayward LLP

Chartered Accountants

Section B(ii) – Financial information on Firm ADA LLP

INCOME STATEMENTS

		<i>Year ended 31 December 2004 \$'000</i>	<i>Year ended 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
	<i>Notes</i>				
Revenue		–	–	–	–
Administrative expenses	6	–	(108)	(8)	(132)
Loss from operations		–	(108)	(8)	(132)
Finance expenses			(8)	(9)	(5)
Other income			97		
Loss for the period before and after taxation	7	–	(19)	(17)	(137)

All amounts relate to continuing activities.

BALANCE SHEETS

		As at 31 December			As at
		2004	2005	2006	30 June
	Notes	\$'000	\$'000	\$'000	2007
					\$'000
Non-current assets					
Property, plant and equipment	8	–	1	2	111
Exploration and evaluation assets	9	139	842	1,305	6,220
		<u>139</u>	<u>843</u>	<u>1,307</u>	<u>6,331</u>
Current assets					
Cash and cash equivalents		–	–	–	2,290
Inventories		–	–	–	68
Other receivables	10	–	2,026	8	43
		<u>–</u>	<u>2,026</u>	<u>8</u>	<u>2,401</u>
Total assets		<u>139</u>	<u>2,869</u>	<u>1,315</u>	<u>8,732</u>
Equity and liabilities					
Equity					
Partners' capital	11	–	–	3	6,923
Foreign currency translation reserve		–	(1)	1	(4)
Retained earnings		–	(19)	(36)	(173)
		<u>–</u>	<u>(20)</u>	<u>(32)</u>	<u>6,746</u>
Current liabilities					
Trade payables		–	68	74	1,144
Short-term financial liabilities	12	23	2,696	1,138	537
Other liabilities		–	–	–	4
		<u>23</u>	<u>2,764</u>	<u>1,212</u>	<u>1,685</u>
Non-current liabilities					
Other liabilities	13	116	125	135	301
		<u>116</u>	<u>125</u>	<u>135</u>	<u>301</u>
Total equity and liabilities		<u>139</u>	<u>2,869</u>	<u>1,315</u>	<u>8,732</u>

STATEMENT OF CHANGES IN EQUITY

	<i>Partners' capital</i> \$'000	<i>Foreign currency translation reserve</i> \$'000	<i>Retained earnings</i> \$'000	<i>Total</i> \$'000
Balance as at 1 January 2004	—	—	—	—
Partners' capital contributed in the period	—	—	—	—
Foreign exchange differences	—	—	—	—
Losses after tax for the period	—	—	—	—
Balance as at 1 January 2005	—	—	—	—
Partners' capital contributed in the period	—	—	—	—
Foreign exchange differences	—	(1)	—	(1)
Losses after tax for the period	—	—	(19)	(19)
Balance as at 1 January 2006	—	(1)	(19)	(20)
Partners' capital contributed in the period	3	—	—	3
Foreign exchange differences	—	2	—	2
Losses after tax for the period	—	—	(17)	(17)
Balance as at 1 January 2007	3	1	(36)	(32)
Partners' capital contributed in the period	6,920	—	—	6,920
Foreign exchange differences	—	(5)	—	(5)
Losses after tax for the period	—	—	(137)	(137)
Balance as at 30 June 2007	<u>6,923</u>	<u>(4)</u>	<u>(173)</u>	<u>6,746</u>

CASH FLOW STATEMENTS

	<i>Year ended 31 December 2004 \$'000</i>	<i>Year ended 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Cash flow from operating activities				
Payments to suppliers and contractors	–	(46)	(8)	(103)
Salaries paid		(1)	(2)	(44)
Other payments	–	(14)	(3)	(23)
Cash outflows from operating activities	–	(61)	(13)	(170)
Investing activities				
Acquisition of property, plant and equipment	–	(1)	(1)	(2)
Acquisition of exploration assets	(22)	(1,948)	(393)	(3,293)
Proceeds from sale of subsoil rights	–	–	2,071	7
Net cash outflows from investing activities	(22)	(1,949)	1,677	(3,288)
Financing activities				
Receipt of short-term borrowings	22	2,030	324	259
Repayment of short-term borrowings	–	–	(1,992)	(1,308)
Partners' contribution	–	–	4	6,743
Net cash inflows (outflows) from financing activities	22	2,030	(1,664)	5,694
Increase in cash and cash equivalents	–	20	–	2,236
Cash and cash equivalents at the start of the period	–	–	–	–
Foreign exchange	–	(20)	–	54
Cash and cash equivalents at the end of the period	–	–	–	2,290

NOTES TO THE FINANCIAL INFORMATION

1. Formation

Firm ADA LLP ("ADA") was formed on 17 August 1994.

2. Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the European Union. The following principal accounting policies have been applied consistently to all the periods presented unless otherwise stated.

3. Accounting policies

3.1 Foreign currency

The financial information is presented in US Dollars (US\$) and all monetary amounts are rounded to the nearest thousand (US\$000) except where otherwise indicated.

The Kazakh Tenge is the functional currency (primary currency in which business is conducted).

On the preparation of this financial information, the results of ADA are translated into US Dollars, the presentation currency at rates approximating to those ruling when the transaction took place. All assets and liabilities are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at the opening rate and the results at the actual rate are recognised directly in equity.

For the purpose of translating the Kazakh Tenge to US Dollars the following rates have been used:

	<i>Kazakh Tenge: 1 US Dollar</i>		
	<i>2005</i>	<i>2006</i>	<i>2007</i>
Statement of income and cash flows			
Rates approximating to the exchange rate at the date of transaction	<u>134.17</u>	<u>130.59</u>	<u>127.72</u>
Balance sheet			
Year end exchange rate	<u>133.96</u>	<u>132.06</u>	<u>124.45</u>

3.2 Income taxes

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

3.3 Exploration and evaluation assets

ADA applies the full cost method of accounting for exploration and evaluation costs, in accordance with the requirement of IFRS 6 “Exploration for and Evaluation of Mineral Resources”. Under the full cost method of accounting, costs of exploring for and evaluating oil and gas properties are accumulated and capitalised.

Intangible fixed assets are reviewed for impairments if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount.

3.4 Financial instruments

ADA’s financial assets consist of cash on non-interest bearing short-term deposits. Other receivables are stated at cost less any provision for impairment.

ADA’s financial liabilities are non-interest bearing and consist of short term financial liabilities and other payables

3.5 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are defined as short-term cash deposits.

3.6 Financial risk management

ADA’s operations are exposed to a number of financial risks: market risk (including currency risk, risk of interest rate changes’ influence on fair value), credit risk and liquidity risk.

- **Currency risk**

Foreign exchange rate risk arises from future business transactions, recognised assets and liabilities.

- **Credit risk**

ADA is not exposed to material credit risk.

- **Liquidity risk**

Prudent liquidity risk management assumes maintenance of sufficient cash volume and availability of funding through an adequate amount of committed credit facilities and the ability of responsive management in case of any imbalance.

3.7 Cash flow statement

The cash flow statement is prepared using the direct method.

3.8 Going concern

The financial information is prepared based on the going concern assumption, which implies realization of assets and repayment of liabilities in the normal course of business. ADA’s ability to realise its assets and its operations in the future may be significantly influenced by the current and future economic conditions in Kazakhstan. This financial information does not contain any adjustments that would be required if ADA were not able to continue its operations as a going concern.

4. Expected changes in IFRS and interpretations

A. *Standards, interpretations and amendments to the published standards which, though being effective from 2006, are not applicable to ADA*

The following standards, amendments and interpretations of the standards published are obligatory for those reporting periods began on or before 1 January 2006, but currently not applicable to ADA's activities:

- IFRIC 4. Determining whether an Arrangement Contains a Lease (applicable from 1 January 2006)
- IAS 39 (Amendment). Fair Value Option (applicable from 1 January 2006)
- IAS 21 (Amendment). Net Investment in a Foreign Operation (applicable from 1 January 2006).
- IAS 19 (Amendment). Actuarial Gains and Losses, Group Plans and Disclosures (applicable from 1 January 2006).
- IAS 39 (Amendment). Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006).
- IAS 39 and IFRS 4 (Amendment). Financial Guarantee Contracts (effective from 1 January 2006)
- IFRIC 5. Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006).
- IFRIC 6. Liabilities arising from Participating in a Specific Market: Waste Electrical and Electronic Equipment (effective from 1 December 2005)
- IFRIC 7. Application of restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies (applicable to the reporting periods beginning on or after 1 March 2006).
- IFRIC 8. Scope of IFRS 2 (applicable to the reporting periods beginning on or after 1 May 2006)
- IFRIC 9. Reassessment of Embedded Derivatives (applicable to the reporting periods beginning on or after 1 June 2006)
- IFRIC 10. Interim Financial Reporting and Impairment (applicable to the reporting periods beginning on or after 1 November 2006)

B. *Standards published but not yet effective as well as amendments and interpretations thereto*

This section contains new standards, amendments and interpretations to the existing standards published and obligatory for ADA to apply regarding the periods began on or after 1 January 2008, and which ADA has chosen not to adopt early:

- IFRS 7. Financial Instruments: Disclosures and additional amendments to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007)
- IFRIC 11. Group and Treasury Share Transactions, IFRS 2, Share-based Payment: (applicable to the reporting period beginning on or after 1 March 2007)
- IFRS 8. Operating Segments (effective from 1 January 2009)
- IFRIC 13. Customer Loyalty Programs (applicable to the reporting periods beginning on or after 1 July 2008)
- IFRIC 14. The Limit on a Defined Benefit Asset, Minimum Funding Requirements (applicable to the reporting periods beginning on or after 1 January 2008)

5. Segmental analysis

ADA operates in one business segment, being the exploration for oil in the Republic of Kazakhstan.

6. Administrative expenses

Administrative expenses include:

	Year ended 31 December 2004 \$'000	Year ended 31 December 2005 \$'000	Year ended 31 December 2006 \$'000	6 months ended 30 June 2007 \$'000
Salaries	–	1	2	74

7. Taxation on loss from ordinary activities

	Year ended 31 December 2004 \$'000	Year ended 31 December 2005 \$'000	Year ended 31 December 2006 \$'000	6 months ended 30 June 2007 \$'000
Loss on ordinary activities	–	(19)	(17)	(137)
Loss on ordinary activities at the effective rate of corporation tax in the Republic of Kazakhstan of 30%	–	(6)	(5)	(41)
Tax losses carried forward	–	6	5	41
Tax charge for the period	–	–	–	–

8. Property, plant and equipment

	Property, plant and equipment \$'000
Cost and net book value	
Balance as at 1 January 2004	–
Additions	–
Balance as at 1 January 2005	–
Additions	1
Balance as at 1 January 2006	1
Additions	1
Balance as at 1 January 2007	2
Foreign exchange	2
Additions	107
Balance as at 30 June 2007	111

9. Intangible assets

	<i>Exploration and evaluation assets \$'000</i>
Cost and net book value	
Balance as at 1 January 2004	–
Foreign exchange	3
Additions	136
Balance as at 1 January 2005	139
Foreign exchange	2
Additions	2,626
Disposals	(1,925)
Balance as at 1 January 2006	842
Foreign exchange	12
Additions	451
Balance as at 1 January 2007	1,305
Foreign exchange	80
Additions	4,835
Balance as at 30 June 2007	6,220

Net book value

Capitalised costs relate to expenditure in respect of the contract for oil prospecting at the Yegizkara deposit (see note 14).

10. Other receivables

	<i>As at 31 December</i>			<i>As at</i>
	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>30 June</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>2007</i>
				<i>\$'000</i>
Current tax assets	–	–	1	29
Other receivables	–	2,026	7	14
	<hr/>	<hr/>	<hr/>	<hr/>
	–	2,026	8	43

11. Partners' capital

	<i>As at 31 December</i>			<i>As at</i>
	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>30 June</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>2007</i>
				<i>\$'000</i>
Partners' capital	—	—	3	6,923

12. Short-term financial liabilities

		As at 31 December		As at
	2004	2005	2006	30 June
	\$'000	\$'000	\$'000	2007
				\$'000
Investment support centre	23	4	4	–
Altyn	–	49	49	4
K. R. Oraziman	–	1,043	367	–
S. T. Sadykov	–	558	–	–
D. O. Beisenov	–	1,042	365	–
Munaily Dos	–	–	299	397
Ravninnoe Oil LLP	–	–	54	56
Founders' loan	–	–	–	68
ADA Oil LLP	–	–	–	12
	<u>23</u>	<u>2,696</u>	<u>1,138</u>	<u>537</u>

13. Other liabilities

		As at 31 December		As at
	2004	2005	2006	30 June
	\$'000	\$'000	\$'000	2007
				\$'000
Long-term liabilities under the contract for subsoil use	<u>116</u>	<u>125</u>	<u>135</u>	<u>301</u>

The liabilities under the contract for subsoil use are described in Note 14. The increase in long term liabilities during the period was due to foreign exchange movements and changes in the present value of liabilities arising from discounting. This discounting has been recognised in the income statement during the period.

14. Contractual liabilities, contingent liabilities, subsequent events and operational risks

Contract for subsoil use

In 2004 RK Ministry of Energy and Mineral Resources and ADA concluded the contract for oil prospecting at the Yegizkara deposit in the territory of Aktobe oblast (Contract number 1616 dated 7 December 2004). The contract is valid until 7 December 2010. The exploration phase period lasts for 6 years, and ADA has the exclusive right to progress to the production phase.

Contractual liabilities

Under the contract ADA has the following obligations:

- to contribute \$200,000 for implementation of Aktobe oblast social programs by equal annual shares;
- to contribute \$300,000 to the Astana Fund by equal annual shares;
- to fund a minimum work program for the first six years of the exploration contract by providing \$18,000 per year;
- to allocate at least 1 per cent. of annual prospecting capital costs for the professional training of Kazakh personnel engaged in works under the contract;
- to establish an abandonment fund of at least 1 per cent. of annual prospecting capital costs; and
- to pay 1.5 per cent. of the historical costs amount of \$21,900 for the right to use geological information.

15. Taxation

Current Kazakh tax legislation is subject to alternative interpretations and is subject to frequent changes. The interpretation of tax legislation regarding the transactions and activities of ADA by tax authorities may differ from those of the management of ADA. Hence tax authorities may challenge the application of tax legislation by ADA and may levy penalties and fines which can be significant. Tax and customs authorities have a five year period to review ADA's fiscal reporting.

16. Environmental matters

Currently Kazakhstan is strengthening environmental legislation and the position of state bodies regarding its enforcement. ADA estimates its liabilities on environmental matters on a regular basis. As liabilities are incurred they are reflected in the financial statements immediately. Contingent liabilities that might arise as the result of changes in current legislation and regulations as well as in the result of litigation, can not be estimated reliably though they can involve significant amounts. Based on the current control and punishment system for non-compliance with current environmental legislation the management of the Partnership believes that it has no significant liabilities related to environmental matters.

Part C: Financial information on Kernhem B.V.

Section C(i) – Accountant's report on Kernhem B.V.



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London
W1U 3LL

The Directors
Roxi Petroleum plc
2nd Floor
5 Old Bailey
London
EC4M 7BA

31 January 2008

WH Ireland Limited
5th Floor
24 Martin Lane
London
EC4R 0DR

Dear Sirs

Kernhem B.V. ("Kernhem")

Introduction

We report on the financial information set out in Section C (ii). This financial information has been prepared for inclusion in the admission document dated 31 January 2008 of Roxi Petroleum plc (the "Admission Document") on the basis of the accounting policies set out in note 3 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Roxi Petroleum plc are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and

whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited as we were not provided with full access to the books, accounting records and other relevant audit information of Kernhem. There were no practical procedures that we could perform in the time available to ascertain the completeness of assets, liabilities and transactions.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion: disclaimer on view given by financial information

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial information gives, for the purposes of the admission document, a true and fair view of the state of Kernhem's affairs as at the dates stated and of its losses, cash flows, changes in equity for the years or periods then ended in accordance with the basis of preparation set out in note 2 to the financial information and has been prepared in accordance with IFRSs as described in note 3 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO Stoy Hayward LLP

Chartered Accountants

Section C(ii) – Financial information on Kernhem B.V.

CONSOLIDATED INCOME STATEMENTS

		<i>Year ended 31 December 2004 \$'000</i>	<i>Year ended 31 December 2005 \$'000</i>	<i>Year ended 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
	<i>Notes</i>				
Revenue		–	–	–	–
Administrative expenses	6	–	(20)	(2,265)	(1,433)
Loss from operations		–	(20)	(2,265)	(1,433)
Finance expenses	7	–	(239)	(2,420)	(1,785)
Loss for the period before taxation		–	(259)	(4,685)	(3,218)
Income tax credit	8	–	72	557	275
Loss for the period after taxation		–	(187)	(4,128)	(2,943)
Loss attributable to minority interest		–	(10)	(902)	(527)
Loss attributable to equity shareholders		–	(177)	(3,226)	(2,416)
		–	(187)	(4,128)	(2,943)

All amounts relate to acquired activities.

CONSOLIDATED BALANCE SHEETS

		As at 31 December			As at
		2004	2005	2006	30 June
	Notes	\$'000	\$'000	\$'000	2007
					\$'000
Non-current assets					
Property, plant and equipment	9	–	100	463	1,360
Exploration and evaluation assets	10	–	7,297	15,476	22,329
Restricted use cash		–	–	60	1,051
		–	7,397	15,999	24,740
Current assets					
Cash and cash equivalents		–	200	6,657	2,845
Inventories		–	–	480	1,250
Advances paid		–	20	689	953
Other receivables	12	23	34	150	1,969
		23	254	7,976	7,017
Total assets		23	7,651	23,975	31,757
Equity and liabilities					
Equity					
Share capital	13	23	23	23	23
Capital contribution		–	13,000	13,000	13,000
Foreign currency translation reserve		–	(1)	(631)	(651)
Retained earnings		–	(177)	(3,403)	(5,819)
		23	12,845	8,989	6,553
Minority interests		–	3,243	2,341	1,814
Current liabilities					
Short-term financial liabilities	14	–	222	–	–
Trade payables		–	96	2,353	2,206
Other payables	15	–	2,347	141	115
		–	2,665	2,494	2,321
Non-current liabilities					
Deferred tax	16	–	6,965	6,408	6,133
Borrowings	17	–	(18,332)	3,455	14,349
Other liabilities	18	–	265	288	587
		–	(11,102)	10,151	21,069
Total equity and liabilities		23	7,651	23,975	31,757

STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	Capital contribution \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000	Minority interest \$'000	Total equity \$'000
Balance as at 1 January 2004	–	–	–	–	–	–	–
Share capital issued	23	–	–	–	23	–	23
Balance as at 1 January 2005	23	–	–	–	23	–	23
Acquisition of subsidiary undertaking	–	–	–	–	–	3,253	3,253
Receipt of capital contribution	–	13,000	–	–	13,000	–	13,000
Foreign exchange differences	–	–	(1)	–	(1)	–	(1)
Losses after tax for the period	–	–	–	(177)	(177)	(10)	(187)
Balance as at 1 January 2006	23	13,000	(1)	(177)	12,845	3,243	16,088
Foreign exchange differences	–	–	(630)	–	(630)	–	(630)
Losses after tax for the period	–	–	–	(3,226)	(3,226)	(902)	(4,128)
Balance as at 1 January 2007	23	13,000	(631)	(3,403)	8,989	2,341	11,330
Foreign exchange differences	–	–	(20)	–	(20)	–	(20)
Losses after tax for the period	–	–	–	(2,416)	(2,416)	(527)	(2,943)
Balance as at 30 June 2007	23	13,000	(651)	(5,819)	6,553	1,814	8,367

CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 31 December 2004 Notes \$'000	Year ended 31 December 2005 \$'000	Year ended 31 December 2006 \$'000	6 months ended 30 June 2007 \$'000
Cash flow from operating activities				
Payments to suppliers and contractors	—	(79)	(713)	(2,234)
Salaries paid	—	(10)	(790)	(698)
Other payments	—	(1)	(435)	(2,066)
Cash outflows from operating activities	—	(90)	(1,938)	(4,998)
Investing activities				
Acquisition of property, plant and equipment	—	(10)	(440)	(965)
Acquisition of exploration assets	—	(129)	(7,347)	(5,820)
Restricted use cash	—	—	(60)	(962)
Proceeds from sale of subsoil rights	—	—	(2,071)	(7)
Net cash outflows from investing activities	—	(229)	(9,918)	(7,754)
Financing activities				
Receipt of short-term borrowings	—	520	18,670	8,738
Repayment of short-term borrowings	—	—	(308)	—
Net cash inflows (outflows) from financing activities	—	520	18,358	8,738
Increase/(decrease) in cash and cash equivalents	—	201	6,502	(4,014)
Cash and cash equivalents at the start of the period	—	—	200	6,657
Foreign exchange	—	(1)	(45)	202
Cash and cash equivalents at the end of the period	—	200	6,657	2,845

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Incorporation

Kernhem BV ("Kernhem") was formed on 4 December 1991 under the laws of the Netherlands.

2. Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board as applicable to the relevant period. The following principal accounting policies have been applied consistently to all the periods presented unless otherwise stated.

3. Accounting policies

3.1 Consolidation

The consolidated financial information incorporates the financial information of Kernhem and entities controlled by Kernhem (its subsidiary undertakings). Kernhem has one subsidiary undertaking, ADA Oil LLP ("ADA Oil"). The consolidated financial information comprises the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, statement of changes in equity and related notes.

Subsidiaries are entities that are directly or indirectly controlled by Kernhem. Control exists where the Kernhem Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

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

Inter-company transactions, balances and unrealised gains on transactions between Kernhem and its subsidiaries are eliminated.

3.2 Foreign currency

The financial information is presented in US Dollars (US\$) and all monetary amounts are rounded to the nearest thousand (US\$000) except where otherwise indicated. The US Dollar is the functional currency (primary currency in which business is conducted) of Kernhem.

The Kazakh Tenge is the functional currency of ADA Oil.

On the preparation of this financial information, the results of the Kernhem Group are translated into US Dollars, the presentation currency at rates approximating to those ruling when the transaction took place. All assets and liabilities are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at the opening rate and the results at the actual rate are recognised directly in equity.

For the purpose of translating the results of Kernhem's subsidiary undertaking from the Kazakh Tenge to US Dollars the following rates have been used:

	<i>Kazakh Tenge: 1 US Dollar</i>			
	<i>14 November</i>	<i>31 December</i>	<i>31 December</i>	<i>30 June</i>
	<i>2005</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
Statement of income and cash flows				
Rates approximating to the exchange rate at the date of transaction		134.17	130.59	127.72
		<u> </u>	<u> </u>	<u> </u>
Balance sheet				
Year end exchange rate	131.27	133.96	132.06	124.45
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

3.3 Income taxes

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

3.4 Exploration and evaluation assets

Kernhem applies the full cost method of accounting for exploration and evaluation costs, in accordance with the requirement of IFRS 6 "Exploration for and Evaluation of Mineral Resources". Under the full cost method of accounting, costs of exploring for and evaluating oil and gas properties are accumulated and capitalised.

Intangible fixed assets are reviewed for impairments if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount.

3.5 Financial instruments

The Kernhem Group's financial assets consist of cash on non-interest bearing short-term deposits. Other receivable are stated at cost less any provision for impairment.

The Kernhem Group's financial liabilities are non-interest bearing and consist of short term financial liabilities and other payables.

The Kernhem Group's long-term financial liabilities comprise loans received from shareholders, which bear interest at a rate lower than that which the directors consider the Kernhem Group would bear the facility had been granted by a third party. Such borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost. Any difference between the proceeds (net

of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

3.6 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are defined as short-term cash deposits.

3.7 Financial risk management

Kernhem's operations are exposed to a number of financial risks: market risk (including currency risk, risk of interest rate changes' influence on fair value), credit risk and liquidity risk.

- **Currency risk**

Foreign exchange rate risk arises from future business transactions, recognised assets and liabilities.

- **Credit risk**

Kernhem is not exposed to material credit risk.

- **Liquidity risk**

Prudent liquidity risk management assumes maintenance of sufficient cash volume and availability of funding through an adequate amount of committed credit facilities and the ability of responsive management in case of any imbalance.

3.8 Cash flow statement

The cash flow statement is prepared using the direct method.

3.9 Going concern

The financial information is prepared based on the going concern assumption, which implies realization of assets and repayment of liabilities in the normal course of business. Kernhem's ability to realise its assets and its operations in the future may be significantly influenced by the current and future economic conditions in Kazakhstan. This financial information does not contain any adjustments that would be required if Kernhem were not able to continue its operations as a going concern.

4. Expected changes in IFRS and interpretations

A. **Standards, interpretations and amendments to the published standards which, though being effective from 2006, are not applicable to Kernhem**

The following standards, amendments and interpretations of the standards published are obligatory for those reporting periods began on or before 1 January 2006, but currently not applicable to Kernhem's activities:

- *IFRIC 4. Determining whether an Arrangement Contains a Lease (applicable from 1 January 2006)*
- *IAS 39 (Amendment). Fair Value Option (applicable from 1 January 2006)*
- *IAS 21 (Amendment). Net Investment in a Foreign Operation (applicable from 1 January 2006)*
- *IAS 19 (Amendment). Actuarial Gains and Losses, Group Plans and Disclosures (applicable from 1 January 2006)*
- *IAS 39 (Amendment). Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006)*
- *IAS 39 and IFRS 4 (Amendment). Financial Guarantee Contracts (effective from 1 January 2006)*
- *IFRIC 5. Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006)*

- *IFRIC 6. Liabilities arising from Participating in a Specific Market: Waste Electrical and Electronic Equipment (effective from 1 December 2005)*
- *IFRIC 7. Application of restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies (applicable to the reporting periods beginning on or after 1 March 2006)*
- *IFRIC 8. Scope of IFRS 2 (applicable to the reporting periods beginning on or after 1 May 2006)*
- *IFRIC 9. Reassessment of Embedded Derivatives (applicable to the reporting periods beginning on or after 1 June 2006)*
- *IFRIC 10. Interim Financial Reporting and Impairment (applicable to the reporting periods beginning on or after 1 November 2006)*

B. Standards published but not yet effective as well as amendments and interpretations thereto

This section contains new standards, amendments and interpretations to the existing standards published and obligatory for Kernhem to apply regarding the periods began on or after 1 January 2008, and which Kernhem has chosen not to adopt early:

- *IFRS 7. Financial Instruments: Disclosures and additional amendments to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007)*
- *IFRIC 11. Group and Treasury Share Transactions, IFRS 2, Share-based Payment: (applicable to the reporting period beginning on or after 1 March 2007)*
- *IFRS 8. Operating Segments (effective from 1 January 2009)*
- *IFRIC 1. Customer Loyalty Programs (applicable to the reporting periods beginning on or after 1 July 2008)*
- *IFRIC 14. The Limit on a Defined Benefit Asset, Minimum Funding Requirements (applicable to the reporting periods beginning on or after 1 January 2008)*

5. Segmental analysis

The Kernhem Group operates in one business segment, being the exploration for oil in the Republic of Kazakhstan.

6. Administrative expenses

Administrative expenses include:

	Year ended 31 December 2004 \$'000	Year ended 31 December 2005 \$'000	Year ended 31 December 2006 \$'000	6 months ended 30 June 2007 \$'000
Salaries	–	–	1,079	1,050

7. Finance expenses

	Year ended 31 December 2004 \$'000	Year ended 31 December 2005 \$'000	Year ended 31 December 2006 \$'000	6 months ended 30 June 2007 \$'000
Bank interest payable	–	–	24	10
Interest payable to related parties	–	–	539	859
Amortisation of fair value of discounted loan	–	239	1,857	916
	<u>–</u>	<u>239</u>	<u>2,420</u>	<u>1,785</u>

8. Taxation on loss from ordinary activities

	Year ended 31 December 2004 \$'000	Year ended 31 December 2005 \$'000	Year ended 31 December 2006 \$'000	6 months ended 30 June 2007 \$'000
Analysis of tax charge in period				
Current tax	–	–	–	–
Deferred tax	–	72	557	275
Tax credit for the period	<u>–</u>	<u>72</u>	<u>557</u>	<u>275</u>

The tax credit is lower than the standard rate of corporation tax in the Netherlands due to the items explained below:

	Year ended 31 December 2004 \$'000	Year ended 31 December 2005 \$'000	Year ended 31 December 2006 \$'000	6 months ended 30 June 2007 \$'000
Loss on ordinary activities	<u>–</u>	<u>(259)</u>	<u>(4,685)</u>	<u>(3,218)</u>
Loss on ordinary activities at the effective rate of corporation tax in the Netherlands of 25%	–	(64)	(1,171)	(804)
Adjustments in respect of foreign tax rates	–	(21)	(207)	(119)
Expenses not deductible for tax purposes	–	72	557	275
Tax losses carried forward	<u>–</u>	<u>14</u>	<u>821</u>	<u>648</u>
Current tax charge for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The weighted average applicable tax rate was 29 per cent. based on domestic tax rates applicable to profits in the respective countries in which the Kernhem Group operates.

9. Property, plant and equipment

*Property,
plant and
equipment
\$'000*

Cost

Balance as at 1 January 2004 and 2005

Acquisition	100
-------------	-----

Balance as at 1 January 2006

Foreign exchange	(5)
------------------	-----

Additions	440
-----------	-----

Balance as at 1 January 2007

Foreign exchange	60
------------------	----

Additions	965
-----------	-----

Disposals	(7)
-----------	-----

Balance as at 30 June 2007

1,553

Accumulated depreciation

Balance as at 1 January 2005 and 1 January 2006

Foreign exchange	(3)
------------------	-----

Charge	75
--------	----

Balance as at 1 January 2007

Foreign exchange	9
------------------	---

Charge	113
--------	-----

Disposals	(1)
-----------	-----

Balance as at 30 June 2007

193

Net book value

Balance as at 31 December 2005

100

Balance as at 31 December 2006

463

Balance as at 31 December 2007

1,360

10. Exploration and evaluation assets

	<i>Exploration and evaluation assets \$'000</i>
Balance as at 1 January 2004 and 2005	–
Acquisitions	7,297
Balance as at 1 January 2006	7,297
Foreign exchange	35
Additions	8,144
Balance as at 1 January 2007	15,476
Foreign exchange	708
Additions	6,145
Balance as at 30 June 2007	22,329
Net book value	

11. Acquisitions

On 14 November 2005 Kernhem acquired 75 per cent. of the partnership capital in ADA Oil.

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

		<i>Adjustments</i>		
	<i>Book value</i>	<i>(1)</i>	<i>(2)</i>	<i>Provisional</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>fair value</i>
				<i>\$'000</i>
Property, plant and equipment	100	–	–	100
Exploration and production assets	2,410	4,887	–	7,297
Cash and cash equivalents	200	–	–	200
Advances paid	20	–	–	20
Other receivables	11	–	–	11
Short-term loans	(222)	–	–	(222)
Short-term liabilities under the contract for subsoil use	(300)	–	–	(300)
Trade payables	(75)	–	–	(75)
Payables to related parties	(2,026)	–	–	(2,026)
Other payables	(11)	–	–	(11)
Liabilities under the contract for subsoil use	(265)	–	–	(265)
Fair value of loan facility granted	–	–	18,571	18,571
Deferred tax	–	(1,466)	(5,571)	(7,037)
	<u>(158)</u>	<u>3,421</u>	<u>13,000</u>	<u>16,263</u>
Minority interest				<u>(3,253)</u>
Net assets acquired				<u>13,010</u>
Fair value of the consideration given:				
Deferred consideration				10
Fair value of loan facility granted				13,000
Net assets acquired				<u>13,010</u>

12. Other receivables

	As at 31 December			As at 30 June
	2004	2005	2006	2007
	\$'000	\$'000	\$'000	\$'000
Receivables from related parties	23	23	71	1,390
Prepaid insurance	–	–	8	45
Current tax assets	–	–	12	414
Other receivables	–	11	60	120
	<u>23</u>	<u>34</u>	<u>150</u>	<u>1,969</u>

13. Share capital

	Number	€'000	\$'000
Authorised			
Ordinary shares of €1 each	<u>67,500</u>	<u>90</u>	<u>85</u>
Issued			
Ordinary shares of €1 each	<u>18,000</u>	<u>18</u>	<u>23</u>

14. Short-term financial liabilities

	As at 31 December			As at 30 June
	2004	2005	2006	2007
	\$'000	\$'000	\$'000	\$'000
K. R. Oraziman	–	109	–	–
D. O. Beisenov	–	108	–	–
Other	–	5	–	–
	<u>–</u>	<u>222</u>	<u>–</u>	<u>–</u>

K. R. Oraziman and D. O. Beisenov are considered to be related parties as they are participants in ADA Oil. The amount outstanding at 31 December 2005 was acquired with ADA Oil, and was repaid during 2006.

15. Other payables

	As at 31 December			As at 30 June
	2004	2005	2006	2007
	\$'000	\$'000	\$'000	\$'000
Short-time liabilities under the contract for subsoil use	–	300	–	–
Consideration payable	–	2,036	16	10
Tax and other payables	–	11	125	105
	<u>–</u>	<u>2,347</u>	<u>141</u>	<u>115</u>

The liabilities under the contract for subsoil use are described in Note 19.

16. Deferred tax

		As at 31 December		As at
	2004	2005	2006	30 June
	\$'000	\$'000	\$'000	2007
				\$'000
Balance as at the beginning of the period	–	–	6,965	6,408
Arising on acquisition	–	7,037	–	–
Credited to the income statement	–	(72)	(557)	(275)
Balance as at the end of the period	–	6,965	6,408	6,133

The provision for deferred tax comprises:

		As at 31 December		As at
	2004	2005	2006	30 June
	\$'000	\$'000	\$'000	2007
				\$'000
Deferred tax on exploration and evaluation assets acquired	–	1,466	1,466	1,466
Deferred tax on the fair value of borrowings	–	5,499	4,942	4,667
	–	6,965	6,408	6,133

17. Borrowings

		As at 31 December		As at
	2004	2005	2006	30 June
	\$'000	\$'000	\$'000	2007
				\$'000
Long-term loan	–	–	19,392	28,511
Long-term loan interest	–	–	539	1,397
Fair value of long-term loan facility	–	(18,332)	(16,476)	(15,559)
	–	(18,332)	3,455	14,349

18. Other liabilities

		As at 31 December		As at
	2004	2005	2006	30 June
	\$'000	\$'000	\$'000	2007
				\$'000
Abandonment fund	–	265	288	587

The increase in long term liabilities during the period was due to foreign exchange movements and changes in the present value of liabilities arising from discounting. This discounting has been recognised in the income statement during the period.

19. Contractual liabilities, contingent liabilities, subsequent events and operational risks

19.1 Contract for subsoil use

In 2004 RK Ministry of Energy and Mineral Resources and ADA Oil concluded the contract for oil prospecting at Blocks XXII-21 (partially), 22 (partially), XXIII-20 (partially), 21 (partially), 22 (partially), XXIV-20 (partially) and 21 (partially) located in Aktobe oblast. The Contract is valid until 7 December 2010. The exploration phase period lasts for 6 years, and ADA Oil has the exclusive right to progress to the production phase.

19.2 Contractual liabilities

Under the contract, ADA Oil has the following obligations:

- to contribute \$200,000 to the implementation of Aktobe oblast social programs by equal annual installments;
- to contribute \$300,000 to the Astana Fund by equal annual instalments as agreed with Akimat;
- to fund a minimum work program for the first six years of the exploration contract by providing \$23,700,000;
- to allocate at least 1 per cent. of annual prospecting capital costs for the professional training of Kazakh personnel engaged in works under the contract;
- to establish an abandonment fund of at least 1 per cent. of annual prospecting capital costs; and
- to pay 1.5 per cent. of the historical costs amount of \$97,000 for the right to use geological information.

20. Taxation

Current Kazakh tax legislation is subject to different interpretation and frequent changes. The interpretation of tax legislation regarding the transactions and activities of ADA Oil by tax authorities may differ from those of the management of ADA Oil. Hence the tax authorities may challenge the application of tax legislation by ADA Oil and may levy penalties and fines which can be significant. Tax and customs authorities have a five year period to review ADA Oil's financial records.

21. Environmental matters

Currently Kazakhstan is strengthening environmental legislation and the position of state bodies regarding its enforcement. ADA Oil estimates its liabilities on environmental matters on a regular basis. As liabilities are incurred they are reflected in the financial statements immediately. Contingent liabilities that might arise as the result of changes in current legislation and regulations as well as in the result of litigation can not be estimated reliably though they can involve significant amounts. Based on the current control and punishment system for non-compliance with current environmental legislation the management of ADA Oil believes that it has no significant liabilities related to environmental matters.

22. Related party transactions

On 25 January 2006 as detailed in paragraph 12.9(c) of Part VI of this document Kernhem (i) as borrower, entered into a loan agreement with LG International Corp. (LG) and Korea National Oil Corporation (KNOC) and (ii) as on-lender, entered into a loan agreement with ADA Oil. As a result an initial amount of US\$25,600,000 (which can be increased by LG and KNOC up to US\$45,500,000) was lent by LG to Kernhem which, in turn, lent it to ADA Oil to cover its minimum work obligations under the ADA Oil subsoil use contract.

Part D – Financial information on Fosco B.V.

Section D(i): Accountant's report on Fosco B.V.



BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
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The Directors
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EC4M 7BA

31 January 2008

WH Ireland Limited
5th Floor
24 Martin Lane
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Dear Sirs

Fosco B.V. ("Fosco")

Introduction

We report on the financial information set out in Section D(ii). This financial information has been prepared for inclusion in the admission document dated 31 January 2008 of Roxi Petroleum plc (the "Admission Document") on the basis of the accounting policies set out in note 3 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Roxi Petroleum plc are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and

whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited as we were not provided with full access to the books, accounting records and other relevant audit information of Fosco. There were no practical procedures that we could perform in the time available to ascertain the completeness of assets, liabilities and transactions.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion: disclaimer on view given by financial information

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial information gives, for the purposes of the admission document, a true and fair view of the state of Fosco's affairs as at the dates stated and of its losses, cash flows, changes in equity for the years or periods then ended in accordance with the basis of preparation set out in note 2 to the financial information and has been prepared in accordance with IFRSs as described in note 3 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO Stoy Hayward LLP

Chartered Accountants

Section D(ii): Financial information on Fosco B.V.

CONSOLIDATED INCOME STATEMENTS

		<i>Period from 29 August to 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
	<i>Notes</i>		
Revenue		–	–
Administrative expenses	6	–	(127)
Loss from operations		–	(127)
Finance expenses	7	–	(540)
Loss for the period before taxation		–	(667)
Income tax credit	8	–	119
Loss for the period after taxation		–	(548)
Loss attributable to minority interest		–	(107)
Loss attributable to equity shareholders		–	(441)
		–	(548)

All amounts relate to acquired activities.

CONSOLIDATED BALANCE SHEETS

		As at 31 December 2006 \$'000	As at 30 June 2007 \$'000
	Notes		
Non-current assets			
Property, plant and equipment	9	–	111
Exploration and evaluation assets	10	–	29,844
		<u>–</u>	<u>29,955</u>
Current assets			
Cash and cash equivalents		–	2,290
Inventories		–	68
Trade receivables		–	36
Other receivables	11	23	29
		<u>23</u>	<u>2,423</u>
Total assets		<u>23</u>	<u>32,378</u>
Equity and liabilities			
Equity			
Share capital	13	23	23
Capital contribution		–	6,000
Foreign currency translation reserve		–	(6)
Retained earnings		–	(441)
		<u>23</u>	<u>5,576</u>
Minority interests		<u>–</u>	<u>11,313</u>
Current liabilities			
Short-term financial liabilities	14	–	541
Trade payables		–	1,144
Other payables		–	2,500
		<u>–</u>	<u>4,185</u>
Non-current liabilities			
Deferred tax	15	–	9,539
Borrowings	16	–	1,464
Other liabilities	17	–	301
		<u>–</u>	<u>11,304</u>
Total equity and liabilities		<u>23</u>	<u>32,378</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	Capital contribution \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000		Minority interest \$'000	Total equity \$'000
Balance as at 29 August 2006							
Issued share capital	23	–	–	–	23	–	23
Balance as at 1 January 2007	23	–	–	–	23	–	23
Receipt of capital contribution	–	6,000	–	–	6,000	–	6,000
Acquisition of subsidiary undertaking	–	–	–	–	–	4,500	4,500
Capital contribution to subsidiary by minority shareholders	–	–	–	–	–	6,920	6,920
Foreign exchange differences	–	–	(6)	–	(6)	(2)	(8)
Losses after tax for the period	–	–	–	(441)	(441)	(107)	(548)
Balance as at 30 June 2007	23	6,000	(6)	(441)	5,576	11,311	16,889

CONSOLIDATED CASH FLOW STATEMENTS

	<i>Period from 29 August to 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Cash flow from operating activities		
Payments to suppliers and contractors	–	(103)
Salaries paid	–	(44)
Other payments	–	(23)
	<hr/>	<hr/>
Cash outflows from operating activities	–	(170)
Investing activities		
Acquisition of property, plant and equipment	–	(2)
Acquisition of exploration assets	–	(3,293)
Proceeds from sale of subsoil rights	–	7
Purchase of subsidiary undertaking	–	(9,500)
	<hr/>	<hr/>
Net cash outflows from investing activities	–	(12,788)
Financing activities		
Receipt of short-term borrowings	–	259
Repayment of short-term borrowings	–	(1,308)
Receipt of long-term borrowings	–	9,500
Partners' contribution	–	6,743
	<hr/>	<hr/>
Net cash inflows (outflows) from financing activities	–	15,194
Increase in cash and cash equivalents	–	2,236
Cash and cash equivalents at the start of the period	–	–
Foreign exchange	–	54
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	–	2,290
	<hr/>	<hr/>

NOTES TO THE FINANCIAL INFORMATION

1. Incorporation

Fosco B.V. (Fosco) was incorporated on 29 August 2006 under the laws of the Netherlands.

2. Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board as applicable to the relevant period. The following principal accounting policies have been applied consistently to all the periods presented unless otherwise stated.

3. Accounting policies

3.1 Consolidation

Subsidiaries are entities that are directly or indirectly controlled by Fosco. Control exists where Fosco has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

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

Inter-company transactions, balances and unrealised gains on transactions between Fosco and its subsidiaries are eliminated.

3.2 Foreign currency

The financial information is presented in US Dollars (US\$) and all monetary amounts are rounded to the nearest thousand (US\$000) except where otherwise indicated. The US Dollar is the functional currency (primary currency in which business is conducted) of Fosco.

The Kazakh Tenge is the functional currency of Firm ADA LLP ("ADA"), Fosco's subsidiary undertaking.

On the preparation of this financial information, the results of ADA are translated into US Dollars, the presentation currency at rates approximating to those ruling when the transaction took place. All assets and liabilities are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at the opening rate and the results at the actual rate are recognised directly in equity.

For the purpose of translating the results of Fosco's subsidiary undertaking from the Kazakh Tenge to US Dollars the following rates have been used:

	<i>Kazakh Tenge: 1 US Dollar</i>	
	<i>2006</i>	<i>2007</i>
Statement of income and cash flows		
Rates approximating to the exchange rate at the date of transaction	130.59	127.72
	<hr/>	<hr/>
Balance sheet		
Year end exchange rate	132.06	124.45
	<hr/>	<hr/>

3.3 Income taxes

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

3.4 Exploration and evaluation assets

Capitalised costs relate to performance of works under the contract for hydrocarbon material exploration:

The Fosco Group applies the full cost method of accounting for exploration and evaluation costs, in accordance with the requirement of IFRS 6 “Exploration for and Evaluation of Mineral Resources”. Under the full cost method of accounting, costs of exploring for and evaluating oil and gas properties are accumulated and capitalised.

Intangible fixed assets are reviewed for impairments if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount.

3.5 Financial instruments

The Fosco Group's financial assets consist of cash on non-interest bearing short-term deposits. Other receivable are stated at cost less any provision for impairment.

The Fosco Group's short-term financial liabilities are non-interest bearing and consist of short term financial liabilities and other payables.

The Fosco Group's long-term financial liabilities comprise loans received from shareholders, which bear interest at a rate lower than that which the directors consider the Fosco Group would bear if the facility had been granted by a third party. Such borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

3.6 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are defined as short-term cash deposits.

3.7 Financial risk management

The Fosco Group's operations are exposed to a number of financial risks: market risk (including currency risk, risk of interest rate changes' influence on fair value), credit risk and liquidity risk.

- *Currency risk*
Foreign exchange rate risk arises from future business transactions, recognised assets and liabilities.
- *Credit risk*
The Fosco Group is not exposed to material credit risk.
- *Liquidity risk*
Prudent liquidity risk management assumes maintenance of sufficient cash volume and availability of funding through an adequate amount of committed credit facilities and the ability of responsive management in case of any imbalance.

3.8 Cash flow statement

The cash flow statement is prepared using the direct method.

3.9 Going concern

The financial information is prepared based on the going concern assumption, which implies realization of assets and repayment of liabilities in the normal course of business. The Fosco Group's ability to realise its assets and its operations in the future may be significantly influenced by the current and future economic conditions in Kazakhstan. This financial information does not contain any adjustments that would be required if the Fosco Group were not able to continue its operations as a going concern.

4. Expected changes in IFRS and interpretations

4.1 Standards, interpretations and amendments to the published standards which, though being effective from 2006, are not applicable to the Fosco Group

The following standards, amendments and interpretations of the standards published are obligatory for those reporting periods began on or before 1 January 2006, but are currently not applicable to the Fosco Group's activities:

- *IFRIC 4. Determining whether an Arrangement Contains a Lease (applicable from 1 January 2006)*
- *IAS 39. (Amendment), Fair Value Option (applicable from 1 January 2006)*
- *IAS 21. (Amendment). Net Investment in a Foreign Operation (applicable from 1 January 2006).*
- *IAS 19. (Amendment). Actuarial Gains and Losses, Group Plans and Disclosures (applicable from 1 January 2006).*
- *IAS 39. (Amendment). Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006).*
- *IAS 39. and IFRS 4 (Amendment). Financial Guarantee Contracts (effective from 1 January 2006)*
- *IFRIC 5. Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006).*
- *IFRIC 6. Liabilities arising from Participating in a Specific Market: Waste Electrical and Electronic Equipment (effective from 1 December 2005)*
- *IFRIC 7. Application of restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies (applicable to the reporting periods beginning on or after 1 March 2006).*
- *IFRIC 8. Scope of IFRS 2 (applicable to the reporting periods beginning on or after 1 May 2006)*

- *IFRIC 9. Reassessment of Embedded Derivatives (applicable to the reporting periods beginning on or after 1 June 2006)*
- *IFRIC 10. Interim Financial Reporting and Impairment (applicable to the reporting periods beginning on or after 1 November 2006)*

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This section contains new standards, amendments and interpretations to the existing standards published and obligatory for the Fosco Group to apply regarding the periods began on or after 1 January 2008, and which the Fosco Group has chosen not to adopt early:

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- *IFRIC 11. Group and Treasury Share Transactions, IFRS 2, Share-based Payment: (applicable to the reporting period beginning on or after 1 March 2007)*
- *IFRS 8. Operating Segments (effective from 1 January 2009)*
- *IFRIC 13. Customer Loyalty Programs (applicable to the reporting periods beginning on or after 1 July 2008)*
- *IFRIC 14. The Limit on a Defined Benefit Asset, Minimum Funding Requirements. (applicable to the reporting periods beginning on or after 1 January 2008).*

5. Segmental analysis

The Fosco Group operates in one business segment, being the exploration for oil in the Republic of Kazakhstan.

6. Administrative expenses

Administrative expenses include:

	<i>Period from 29 August to 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Salaries	–	74

7. Finance expenses

	<i>Period from 29 August to 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Accretion expense	–	5
Interest payable to related parties	–	138
Amortisation of fair value of discounted loan	–	397
	–	540

8. Taxation on loss from ordinary activities

	<i>Period from 29 August to 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Analysis of charge in period		
Current tax	–	–
Deferred tax	–	119
	<hr/>	<hr/>
Tax credit for the period	–	119
	<hr/>	<hr/>

The tax credit is lower than the standard rate of corporation tax in the Netherlands due to the items explained below:

	<i>Period from 29 August to 31 December 2006 \$'000</i>	<i>6 months ended 30 June 2007 \$'000</i>
Loss on ordinary activities	–	(667)
	<hr/>	<hr/>
Loss on ordinary activities at the effective rate of corporation tax in the Netherlands of 25%	–	(167)
Adjustments in respect of foreign tax rates	–	(27)
Expenses not deductible for tax purposes	–	99
Tax losses carried forward	–	95
	<hr/>	<hr/>
Tax charge for the period	–	–
	<hr/>	<hr/>

The weighted average applicable tax rate was 29 per cent. based on domestic tax rates applicable to profits in the respective countries in which the Fosco Group operates.

9. Property, plant and equipment

	<i>Property, plant and equipment \$'000</i>
Cost and net book value	
Balance as at 29 August 2006 and 1 January 2007	–
Foreign exchange	3
Acquisitions	2
Additions	106
	<hr/>
Balance as at 30 June 2007	111
	<hr/>

10. Intangible assets

	<i>Exploration and evaluation assets \$'000</i>
Cost and net book value	
Balance as at 29 August 2006 and 1 January 2007	–
Foreign exchange	203
Acquisitions	24,929
Additions	4,712
	<hr/>
Balance as at 30 June 2007	29,844
	<hr/> <hr/>

11. Other receivables

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Receivable from related parties	23	–
Current tax assets	–	29
	<hr/>	<hr/>
	23	29
	<hr/> <hr/>	<hr/> <hr/>

12. Acquisitions

On 12 January 2007, Fosco acquired 75 per cent. of the partnership capital in ADA.

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

	<i>Book value</i>	<i>Adjustments</i>		<i>Provisional fair value</i>
	<i>\$'000</i>	<i>(1)</i>	<i>(2)</i>	<i>\$'000</i>
		<i>\$'000</i>	<i>\$'000</i>	
Property, plant and equipment	2	–	–	2
Exploration and production assets	1,305	23,624	–	24,929
Other receivables	8	–	–	8
Short-term loans	(1,138)	–	–	(1,138)
Trade payables	(79)	–	–	(79)
Liabilities under the contract for subsoil use	(135)	–	–	(135)
Fair value of loan facility granted	–	–	8,571	8,571
Deferred tax	–	(7,087)	(2,571)	(9,658)
	<u>(37)</u>	<u>16,537</u>	<u>6,000</u>	<u>22,500</u>
Minority interest				(4,500)
Net assets acquired				<u>18,000</u>
Fair value of the consideration given:				
Cash consideration				9,500
Deferred consideration				2,500
Fair value of loan facility granted				6,000
Net assets acquired				<u>18,000</u>

13. Share capital

	<i>Number</i>	<i>€'000</i>	<i>\$'000</i>
Authorised			
Ordinary shares of €1 each	<u>90,000</u>	<u>90</u>	<u>116</u>
Issued			
Ordinary shares of €1 each	<u>18,000</u>	<u>18</u>	<u>23</u>

Upon incorporation Fosco issued 18,000 Ordinary shares of €1 each at par. These remained unpaid at the end of each period.

14. Short-term financial liabilities

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Altyn	–	4
Munaily Dos	–	396
Ravninnoe Oil LLP	–	56
Founders' loan	–	73
ADA Oil LLP	–	12
	<u>–</u>	<u>541</u>

15. Deferred tax

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Balance as at the beginning of the period	–	–
Arising on acquisition	–	9,658
Credited to the income statement	–	(119)
Balance as at the end of the period	<u>–</u>	<u>9,539</u>

The provision for deferred tax comprises:

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Deferred tax on exploration and evaluation assets acquired	–	7,087
Deferred tax on the fair value of borrowings	–	2,452
	<u>–</u>	<u>9,539</u>

16. Borrowings

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Long-term loan	–	9,500
Long-term loan interest	–	138
Fair value of long-term loan facility	–	(8,174)
	<u>–</u>	<u>1,765</u>

As part of Fosco's acquisition of ADA, Fosco's shareholders provided a credit facility of \$18.3 million, of which \$9.5 million had been drawn down at 30 June 2007. Amounts drawn down bear interest at LIBOR plus 2 per cent. These borrowings are repayable in quarterly instalments equal to 50 per cent. of each quarter's EBITDA of ADA. Such repayments will not commence until ADA generates a positive EBITDA following the commencement of production, which is not expected within twelve months of the balance sheet date. Further details of the loan are given in Note 12 below.

The directors consider that interest rate payable on these borrowings is lower than that which the Fosco Group would bear if the facility had been granted by a third party. As a result, the borrowings are recognised at fair value, based on the net present value of the cashflows which would result from the facility having been granted at an arms-length interest rate.

17. Other liabilities

	<i>As at 31 December 2006 \$'000</i>	<i>As at 30 June 2007 \$'000</i>
Liabilities under the contract for subsoil use	—	301

The liabilities under the contract for subsoil use are described in Note 18. The increase in long term liabilities during the period was due to foreign exchange movements and changes in the present value of liabilities arising from discounting. This discounting has been recognised in the income statement during the period.

18. Contractual liabilities, contingent liabilities, subsequent events and operational risks

18.1 Contract for subsoil use

In 2004 RK Ministry of Energy and Mineral Resources and ADA concluded the contract for oil prospecting at Yegizkara deposit in the territory of Aktobe oblast (Contract number 1616 dated 07 December 2004). The contract is valid until 7 December 2010. The exploration phase period lasts for 6 years, and the Fosco Group has the exclusive right to progress to the production phase.

18.2 Contractual liabilities

Under the contract the Fosco Group has the following obligations:

- to contribute \$200,000 for implementation of Aktobe oblast social programs by equal annual shares;
- to contribute \$300,000 to the Astana Fund by equal annual shares;
- to fund a minimum work program for the first six years of the exploration contract by providing \$18,000 per year;
- to allocate at least 1 per cent. of annual prospecting capital costs for the professional training of Kazakh personnel engaged in works under the contract;
- to establish an abandonment fund of at least 1 per cent. of annual prospecting capital costs; and
- to pay 1.5 per cent. of the historical costs amount of \$21,900 for the right to use geological information.

19. Taxation

Current Kazakh tax legislation is subject to alternative interpretations and is subject to frequent changes. The interpretation of tax legislation regarding the transactions and activities of the Group by tax authorities may differ from those of the management of the Group. Hence tax authorities may challenge the application of tax legislation by the Group and may levy penalties and fines which can be significant. Tax and customs authorities have a five year period to review the Group's fiscal reporting.

20. Environmental matters

Currently Kazakhstan is strengthening environmental legislation and the position of state bodies regarding its enforcement. The Fosco Group estimates its liabilities on environmental matters on a regular basis. As liabilities are incurred they are reflected in the financial statements immediately. Contingent liabilities that might arise as the result of changes in current legislation and regulations as well as in the result of litigation, can not be estimated reliably though they can involve significant amounts. Based on the current control and punishment system for non-compliance with current environmental legislation the management of the Fosco Group believes that it has no significant liabilities related to environmental matters.

21. Related party transactions

On 30 November 2006, Fosco as borrower, entered into a loan agreement with LG International Corp. ("LG") and (ii) as lender, entered into a loan agreement with ADA. The result of these two loan agreements is that:

- An initial amount of US\$18,320,000 (which can be increased by LG and Fosco up to US\$23,000,000) was lent by LG to Fosco which, in turn, was lent to ADA to cover its minimum work obligations under the ADA subsoil use contract;
- An amount of US\$9,500,000 was lent by LG to Fosco which was forwarded to Munaily Dos as part payment of the purchase price for LG's indirect interest in ADA; and
- An additional US\$2,500,000 may be lent by LG to Fosco to be forwarded to Munaily Dos as final payment of the purchase price for LG's indirect interest in ADA.

PART VI

ADDITIONAL INFORMATION

1. Responsibility Statements and Confirmations

- 1.1 The Directors accept full responsibility, collectively and individually, for the Company's compliance with the AIM Rules for Companies. The Company and each of the Directors accept responsibility for the information contained in this document, save for the recommendation of the Independent Directors set out at page 27 of this document, for which the Independent Directors are solely responsible. To the best of the knowledge of the Company and the Directors, having taken all reasonable care to ensure that such is the case, the information contained in this document for which they are respectively responsible (as above) is in accordance with the facts and contains no omission likely to affect its import.
- 1.2 McDaniel & Associates Consultants Ltd. (whose registered office appears on page 3 of this document) accepts responsibility for the information contained the Competent Person's Reports in Part III and Part V of this document. To the best of the knowledge of McDaniel & Associates Consultants Ltd., having taken all reasonable care to ensure that such is the case, the information contained the Competent Person's Reports in Part III and Part V of this document is in accordance with the facts and makes no omission likely to affect its import.
- 1.3 The directors of Baverstock and Vertom and the members of the Concert Party accept responsibility for the information contained in this document relating to the Concert Party and statements relating to themselves, the members of their immediate family and related trusts, and their associates and affiliated persons (as defined in the Takeover Code). To the best of the knowledge and belief of the directors of Baverstock and Vertom and the members of the Concert Party (having taken all reasonable steps to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated and registered in, and is domiciled in, England and Wales on 13 October 2006 under the 1985 Act as a public company with the name Roxi Petroleum plc and its registered number is 5966431. The principal legislation under which the Company operates is the Acts and the regulations made thereunder and the Ordinary Shares are created under the 1985 Act. The liability of the members of the Company is limited.
- 2.2 The Company has no commercial name other than its registered name.
- 2.3 The Company's registered office is at 11 Gough Square, London EC4A 3DE. The Company's principal place of business is at 152A Karasi Batir, 7th Floor, Almaty 050026, Kazakhstan. The Company's telephone number at such address is +7727 244 0920.
- 2.4 The Company will on Admission be the holding company of a group of companies.

2.5 As at the date of this document, the Company has the following subsidiaries:

<i>Name of Group Company</i>	<i>Registered office</i>	<i>Place of incorporation</i>	<i>Issued Share Capital</i>	<i>Registration number</i>	<i>Percentage owned or, if different, percentage of voting power held</i>
Roxi Petroleum Services LLP	142 Zhamakayev Street, Almaty 050059 Kazakhstan	Republic of Kazakhstan	KZT 103,000	82087-1910-TOO-NY	100%
Roxi Petroleum Kazakhstan LLP	142 Zhamakayev Street, Almaty 050059 Kazakhstan	Republic of Kazakhstan	KZT 103,000	82087-1910-TOO-NY	100%
RS Munai B.V.	Dr Hub van Doorneweg 153, 5026 RC, Tilburg, PosHus 4222, 5004 JE, Tilburg, The Netherlands	The Netherlands	€18,000	34253630	100%
Beibars B.V.	Dr Hub van Doorneweg 153, 5026 RC, Tilburg, PosHus 4222, 5004 JE, Tilburg, The Netherlands	The Netherlands	€18,000	34257786	100%
Ravninoe B.V.	Dr Hub van Doorneweg 153, 5026 RC, Tilburg, PosHus 4222, 5004 JE, Tilburg, The Netherlands	The Netherlands	€18,000	34257787	100%
RS Munai LLP	87, Dostyk av., Office 12, Almaty, Republic of Kazakhstan	Republic of Kazakhstan	KZT 103,000	81512-1910-TOO-NY	50%, held by RS Munai B.V.
Beibars Munai LLP	17, Kurmangalieva str., Almaty, Republic of Kazakhstan	Republic of Kazakhstan	KZT 98,000	71135-1910-TOO-NY	50%, held by Beibars B.V.
Ravninnoe Oil LLP	17, Kurmangalieva str., Almaty, Republic of Kazakhstan	Republic of Kazakhstan	KZT 100,000	60824-1910-TOO	50%, held by Ravninoe B.V.
ADA B.V.*	Dr Hub van Doorneweg 153, 5026 RC, Tilburg, The Netherlands	The Netherlands	€18,000	17215087	100%
ADA Oil B.V.*	Dr Hub van Doorneweg 153, 5026 RC, Tilburg, The Netherlands	The Netherlands	€18,000	17215091	100%
Munaili B.V.*	Dr Hub van Doorneweg 153, 5026 RC, Tilburg, The Netherlands	The Netherlands	€18,000	18063194	100%

*Note: Dormant companies. Please note also that the Company is currently intending to dispose of Munaili B.V. and it is expected that such sale would occur shortly following the publication of this document.

- 2.6 Following Admission and completion of the Eragon Acquisition, the Company will have the following additional subsidiaries, which together comprise the “Eragon Group”:

<i>Name of Group Company</i>	<i>Registered office</i>	<i>Place of incorporation</i>	<i>Issued Share Capital</i>	<i>Registration number</i>	<i>Percentage owned or, if different, percentage of voting power held</i>
Sytero 4 B.V.	Prins Bernhardplein 200, 1097 JB, Amsterdam The Netherlands	The Netherlands	€18,000	34260382	100%
Sytero 5 B.V.	Prins Bernhardplein 200, 1097 JB, Amsterdam The Netherlands	The Netherlands	€18,000	34271592	100%
Galaz & Company LLP	13 Alleyway Dariger Aly, Kyzylorda, Republic of Kazakhstan	Republic of Kazakhstan	KZT 97,200	6417-1933-TOO	85%, held by Sytero 4
BNG Ltd. LLP	152 Karasai Batyr Street, Almaty, Republic of Kazakhstan	Republic of Kazakhstan	KZT 100,000	64205-1910-TOO	99%, held by Sytero 5
Munaily Kazakhstan LLP	Medue Region, Office 50, 87-B Dostyk Avenue, Almaty, Republic of Kazakhstan	Republic of Kazakhstan	KZT 134,300,000	80593-1910-TOO	99%, held by Sytero 5

- 2.7 Save as disclosed in paragraphs 2.5 and 2.6 of this Part VI, there are no undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

3. Share Capital

- 3.1 The Company was incorporated under the 1985 Act and the regulations made thereunder with an authorised share capital of £100,000,000 divided into 1,000,000,000 ordinary shares of 10p each, of which two were issued at par, nil paid, to the subscribers to the Memorandum of Association of the Company.
- 3.2 Since the incorporation of the Company, there have been the following changes to its authorised and issued share capital:
- on 26 October 2006, 499,998 Ordinary Shares were subscribed for in cash at a price of 10p per share and issued paid up as to one quarter to Aristeia International S.A., and the two subscriber shares paid as to one quarter, for an aggregate consideration of £12,500;
 - on 5 February 2007, 10,000,000 Ordinary Shares were issued to Pinegrove credited as fully paid as partial consideration under the Sytero 2 SPA, as referred to at paragraph 12.6(a) of this Part VI;
 - on 2 March 2007, 20,000,000 Ordinary Shares were issued to Pinegrove credited as fully paid as partial consideration under the Sytero SPA, as referred to at paragraph 12.6(a) of this Part VI;
 - on 2 March 2007, 30,000,000 Ordinary Shares were issued to Pinegrove credited as fully paid as partial consideration under the Sytero 3 SPA, as referred to at paragraph 12.6(a) of this Part VI;
 - on 22 May 2007, 5,263,158 Ordinary Shares were issued to Pinegrove credited as fully paid as partial consideration under the Sytero 3 SPA, as referred to in paragraph 12.6(a) of this Part VI; and
 - on 22 May 2007, 102,444,332 Ordinary Shares were issued to subscribers at a price per share of 38 pence pursuant to the placing conducted by the Company at the time of, and conditional on, Initial Admission (the “Placing”).

3.3 Resolutions with the following effect were passed by the Company on 3 May 2007, which became effective on Initial Admission on 22 May 2007, of which the resolutions set out at (a) and (b) below were passed as ordinary resolutions and the resolution set out at (c) below was passed as a special resolution:

- (a) the directors of the Company were generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80 of the 1985 Act) up to an aggregate nominal amount of £19,223,341.00. Such authority was limited to the allotment of relevant securities: (i) up to an aggregate nominal amount of £10,770,749.00 for the purposes of the Placing and the issue of the Ordinary Shares referred to in paragraph 3.2(e) of this Part VI; (ii) up to an aggregate nominal amount of £1,850,280.00 pursuant to the 2007 Scheme; (iii) up to an aggregate nominal amount of £1,002,312.00 in connection with warrants granted by the Company; and (iv) (otherwise than pursuant to (i), (ii) or (iii) above) up to an aggregate nominal amount of £5,600,000.00 provided such allotment represented no more than one-third of the aggregate nominal value of the ordinary share capital of the Company in issue following the allotment of the relevant equity securities pursuant to the authorities set out in (i) above. Such authority expired on the conclusion of the annual general meeting of the Company held on 19 October 2007;
- (b) the 2007 Scheme was approved and adopted; and
- (c) the directors of the Company were empowered pursuant to section 95 of the 1985 Act to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the 1985 Act) for cash pursuant to the general authority conferred on them by the resolution referred to in paragraph (a) above and/or to sell equity securities held as treasury shares for cash pursuant to section 162D of the 1985 Act, as if section 89(1) of the 1985 Act did not apply to any such allotment or sale. Such authority was limited to any such allotment and/or sale of equity securities in connection with (i) the Placing and the issue of the Ordinary Shares referred to in paragraph 3.2(e) of this Part VI; (ii) pursuant to the Scheme; (iii) pursuant to warrants granted by the Company; (iv) a pre-emptive share issue; or (v) any such allotment and/or sale, otherwise than pursuant to (i), (ii), (iii) or (iv) above, of equity securities having, in the case of relevant shares (as defined in section 94(5) of the Act), an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having an aggregate nominal value, not exceeding the sum of £850,000.00. Such authority expired simultaneously with the general authority conferred on the directors of the Company by the resolution referred to in paragraph (a) above.

3.4 As at 30 June 2007 (being the date of the most recent balance sheet included in the historical financial information) there were 168,207,490 Ordinary Shares issued and outstanding.

3.5 At the General Meeting, the Resolutions are proposed to be passed by the Shareholders as referred to in the letter from the Chairman of Roxi forming part of this document, and as set out in the Notice of GM.

3.6 The Consideration Shares, Consulting Option Shares, Consulting Success Shares and Project Management Shares will be issued pursuant to the authorities and powers proposed to be granted to the Directors pursuant to Resolutions 4 and 5.

3.7 The issue and allotment of any Ordinary Shares other than within the powers and authorities referred to in paragraph 3.6 of this Part VI shall be subject to the statutory pre-emption rights set out in section 95 of the 1985 Act.

3.8 Save for:

- (a) the issue of Ordinary Shares as partial consideration under the Sytero SPA, the Sytero 2 SPA and the Sytero 3 SPA as described in paragraph 3.2 (b), (c),(d) and (e) of this Part VI;
- (b) the issue of the Consideration Shares pursuant to the Eragon Acquisition Agreement;
- (c) the issue of the Consulting Option Shares and the Consulting Success Shares pursuant to the Consulting Services Agreement; and
- (d) the issue of the Project Management Shares pursuant to the Eragon Project Management Agreement

no more than 10 per cent. of the issued ordinary share capital of the Company as at the date of this document has been paid for with assets other than cash for the period covering the latest three financial years.

3.9 The authorised and issued and fully paid ordinary share capital of the Company as at the 30 June 2007 and at the date of this document is as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
Ordinary Shares	1,000,000,000	£100,000,000	168,207,490	£16,820,749

3.10 Immediately following Admission, the authorised and issued and fully paid ordinary share capital of the Company will be as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
Ordinary Shares	1,000,000,000	£100,000,000	320,130,567	£32,013,056.70

3.11 The percentage of immediate dilution resulting from completion of the Eragon Acquisition, the issue of the Consideration Shares, and the issue of the Project Management Shares issuable on Admission will be 47.46 per cent.

3.12 No securities of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3.13 Save as disclosed in this Part VI and apart from the issue of Ordinary Shares pursuant to (i) the Eragon Acquisition Agreement, the Consulting Services Agreement and the Eragon Project Management Agreement (in respect of the Eragon Acquisition), and (ii) the ADA Option Agreement, the ADA Acquisition Agreements and the ADA Group Acquisition facilitator and project management agreement, details of which are set out at paragraph 12.14(c) of this Part VI (in respect of the ADA Group Acquisition):

- (a) no share or loan capital of the Company has been issued or is proposed to be issued;
- (b) there are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
- (c) there are no shares in the Company not representing capital;
- (d) there are no shares in the Company held by or on behalf of the Company itself or by subsidiaries of the Company;
- (e) there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company or an undertaking to increase the share capital of the Company;
- (f) no person has any preferential subscription rights for any share capital of the Company;
- (g) no share or loan capital of the Company or any member of the Group is under option or agreed conditionally or unconditionally to be put under option; and
- (h) no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

3.14 The Ordinary Shares have not been admitted to dealings on any recognised investment exchange or other trading facility nor has any application for such admission been made, and it is not intended to make any other arrangements for dealings in the Ordinary Shares on any such exchange.

3.15 The Ordinary Shares are not redeemable or convertible.

3.16 The Ordinary Shares may be held in certificated form or uncertificated form. The Company's registrars are in charge of keeping the records in respect of Ordinary Shares held in uncertificated form.

3.17 The currency of the Consideration Shares, the Consulting Option Shares, the Consulting Success Shares and the Project Management Shares is Pounds Sterling.

3.18 The Consideration Shares and the Project Management Shares issuable on Admission will be issued credited as fully paid up and free from all liens, charges, encumbrances and other third party rights and will rank in full for all dividends and other distributions declared, paid or made by the Company after Admission. The Consideration Shares, the Consulting Option Shares, the Consulting Success Shares and the Project Management Shares will be created under the Acts. The International Security Identification Number of the Ordinary Shares is GB00B1W0VW36.

4. Memorandum of Association

The Memorandum of Association of the Company provides that its principal object (which is set out in clause 4.1 thereof) is to carry on business as a general commercial company.

5. Articles of Association

The articles of association of the Company, which were adopted by a special resolution of the Company passed on 3 May 2007 contain, *inter alia*, provisions to the following effect:

5.1 *Voting*

Subject to the provisions of the 1985 Act, the Articles and to any special rights or restrictions as to voting attached to any class of shares which may have been issued or may for the time being be held, at any general meeting every member (being an individual) who is present in person or (being a corporation) is present by a duly authorised representative shall, on a show of hands, have one vote, and on a poll, every member so present in person or by proxy shall have one vote for every Ordinary Share of which he is a holder. A proxy need not be a member of the Company.

A member entitled to vote may appoint more than one proxy to attend on the same occasion. A member entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

In the case of joint holders of a share who are entitled to vote, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

5.2 *Variation of rights*

Subject to the provisions of the 1985 Act, any of the rights attached to any class of shares may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class, whether while the Company is a going concern or during, or in contemplation of, a winding-up. At every such separate meeting (except an adjourned meeting) the quorum shall be not less than two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

Subject to the terms on which any shares may be issued, the rights attached to any class of shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects with or ranking subsequent to those already issued or by the purchase or redemption by the Company of its own shares or the sale of any shares held as treasury shares in accordance with the provisions of the 1985 Act and the Articles.

5.3 *Alteration of capital*

The Company may by ordinary resolution:

- (a) increase its share capital by such sum to be divided into shares of such amounts as the resolution prescribes;
- (b) consolidate and divide all or any of its share capital into shares of a larger nominal amount than its existing shares;
- (c) cancel any shares which, at the date of the resolution, have not been taken up or agreed to be taken up by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or
- (d) sub-divide all or any of its shares into shares of a smaller amount.

The Company may by special resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner authorised by the 1985 Act.

5.4 *Dividends*

Subject to the provisions of the 1985 Act and the Articles, the Company may, by ordinary resolution, declare dividends to be paid to members according to their respective rights and interests in the profits of the Company, but so that no dividend shall exceed the amount recommended by the directors.

Subject to the provisions of the 1985 Act, the directors may pay such interim dividends as appear to them to be justified by the financial position of the Company.

Except as otherwise provided by the rights attaching to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

A general meeting declaring a dividend may, upon the recommendation of the board, direct that the payment of any dividend may be satisfied wholly or partly by the distribution of assets of any kind, and in particular of paid up shares, securities or debentures of any other company and, where any difficulty arises in regard to such distribution, the board may settle it as it thinks fit, including in particular, *inter alia*, fixing the value for distribution of such assets or any part thereof and determining that cash payments be made to any members on the basis of the value so fixed in order to secure equality of distribution.

Subject to relevant legislation, the board may, if authorised by an ordinary resolution, offer the holders of ordinary shares the right to elect to receive further ordinary shares in the Company, credited as fully paid, instead of cash in respect of all or part (as determined by the board) of such dividend.

If cheques, warrants or orders for dividends or other moneys payable in respect of a share sent by the Company to the person entitled thereto are left uncashed or returned to the Company undelivered on two consecutive occasions or on one occasion if such cheque, warrant or order is returned to the Company undelivered and the board having made reasonable enquiries has failed to establish a new address for the person entitled thereto, the Company shall not be obliged to send any dividends or other moneys payable in respect of that share due to that person until he notifies the Company of an address to be used for the purpose.

All dividends unclaimed for 12 months after having become payable may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become due for payment shall (if the board so resolves) be forfeited and shall cease to remain owing by the Company.

5.5 *Return of Capital*

On a winding up of the Company the surplus assets available for distribution will be divided among the members in proportion to the amounts paid up on the ordinary shares held by them in accordance with the Articles and the Insolvency Act 1986. The liquidator may, with the sanction of an extraordinary resolution of the Company and subject to the rights of dissenting members, divide among the members in specie the whole or any part of the assets of the Company. The liquidator may, with like sanction, vest the whole or any part of the assets in trustees upon trust for the benefit of such members as the liquidator shall think fit, but so that no member shall be compelled to accept any such assets on which there is a liability.

5.6 *Transfer of Shares*

Subject to such restrictions of the Articles as may be applicable, a member may transfer all or any of his shares (held in certificated form) by an instrument of transfer in writing in any usual form or in any other form approved by the directors. A transfer shall be executed by or on behalf of the transferor and (if the share is partly paid) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the register of members in respect thereof. Shares which are held in uncertificated form may be transferred in accordance with and subject to the CREST Regulations and in the manner provided for in the rules and procedures of CREST.

Subject to relevant legislation and notwithstanding any other provisions of the Articles, the board shall have power to implement such arrangements as it may think fit in relation to:

- (a) the evidencing and transfer of shares held in uncertificated form, subject to the CREST Regulations and the rules and procedures of CREST; and
- (b) rights attaching to such securities to be exercised notwithstanding that such securities are held in uncertificated form where, in the board's opinion, the Articles do not otherwise allow or provide for such exercise.

In exceptional circumstances approved by the UKLA and the London Stock Exchange, the approval of a transfer of a fully paid share (in certificated form) may be refused by the board.

Subject to relevant legislation the board may, in its absolute discretion and without giving any reason therefor, refuse to register the transfer of shares which is not fully paid provided that, where any such shares are admitted to AIM, such discretion may not be exercised in such a way as to prevent dealings in shares taking place on an open and proper basis.

Subject to relevant legislation, the board may also refuse to register the transfer of a share:

- (a) if it is in respect of a share on which the Company has a lien;
- (b) if it is not in respect of only one class of share;
- (c) if it is not in favour of four or fewer transferees;
- (d) in the case of shares held in certificated form, if it is not lodged, duly stamped (if necessary), at the registered office of the Company or at such other place as the board may determine and accompanied by the certificate for the shares to which it relates (where a certificate has been issued in respect of the shares) and such other evidence as the board may reasonably require to prove the title of the transferor and the due execution by him or on his behalf of the transfer;
- (e) if it is in favour of a minor, bankrupt or person of mental ill health; or
- (f) where the board is obliged or entitled to refuse to do so as a result of any failure to comply with a notice under section 793 of the 1985 Act.

Subject to the requirements of the UKLA and the London Stock Exchange, the directors may refuse to register a transfer of a share in uncertificated form to the extent that the Company is permitted to do so by the CREST Regulations and the requirements of CREST.

If the board refuses to register a transfer it shall, in the case of shares held in certificated form, within two months after the date on which the transfer was lodged with the Company and, in the case of shares held in uncertificated form, within two months after the date on which the relevant CREST instruction was received by or on behalf of the Company, send to the transferee notice of the refusal.

The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any year) as the board may determine but the Company will not close the register of members in respect of a security permitted to be transferred through CREST in accordance with the CREST Regulations without the prior consent of CRESTCo.

The Company shall not charge any fee in respect of the registration of any instrument of transfer or other documentation relating to or affecting the title to any share. All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the board refuses to register shall (except in any case where fraud or any other crime involving dishonesty is suspected in relation to such transfer) be returned to the person lodging it when notice of the refusal is given.

5.7 *Rights of pre-emption*

The Articles do not contain any provisions which set out a procedure for the exercise of pre-emption rights, in addition to that provided for by the 1985 Act.

5.8 *Suspension of voting rights*

Subject to the requirements of the London Stock Exchange, if a member, or any other person appearing to be interested in shares held by that member, has been given a notice under section 793 of the 1985 Act (a "default notice") and has failed in relation to any shares (the "default shares") to give the Company the information required by such default notice within 14 days of the date of such default notice, then (unless the board shall determine otherwise) from the expiry of that period:

- (a) the member is not entitled in respect of the default shares to be present or to vote (either in person or by proxy) at any general meeting or at a separate meeting of the holders of any class of shares or on a poll; and
- (b) where the default shares represent at least 0.25 per cent. of the issued shares of their class (calculated exclusive of shares held as treasury shares):
 - (i) a dividend (or any part of dividend) or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it and the member is not entitled to elect to receive shares instead of a dividend; and
 - (ii) no transfer (other than certain excepted transfers) of any shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required and the transfer when lodged for registration is accompanied by a proof from the member satisfactory to the board that after due and careful enquiry the member is satisfied that no person in default in supplying the information is interested in any of the shares the subject of the transfer.

5.9 *Purchase of own shares*

Subject to the 1985 Act and to the sanction by an extraordinary resolution passed at a separate class meeting of the holders of any convertible shares, the Company may purchase any of its own shares of any class (including redeemable shares) at any price.

5.10 *Untraced shareholders*

The Company shall be entitled to sell the shares of a member or the shares to which a person is entitled by transmission if, during a period of 12 years, at least 3 dividends have been paid in relation to such shares during those 12 years and no dividend has been claimed and within a further period of 3 months from the date of advertisements giving notice of its intention to sell such shares placed after the expiry of the period of 12 years, the Company has not received any communication in respect of such shares from the member or the person entitled to the shares by transmission.

5.11 *Provisions relating to directors*

Director's right to vote on a matter in which he is materially interested

A director shall not vote on, or be counted in the quorum in relation to, any resolution of the board or of a committee of the board concerning any contract, arrangement, transaction or proposal in which he has an interest (other than his interest in shares or debentures or other securities of, or otherwise in or through, the

Company) (together with any interest of a person connected with him within the meaning of section 346 of the 1985 Act).

The prohibition will not apply to the following:

- (a) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (c) any contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiaries for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting of which he is to participate;
- (d) any contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning any other company (not being a company in which the director owns 1 per cent. or more of either its equity share capital or of its voting rights) in which he is interested (directly or indirectly) and whether as an officer, shareholder, creditor or otherwise;
- (e) any contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiaries which does not award to any director any privilege or benefit not generally awarded to the employees to whom it relates; and
- (f) any contract, arrangement, transaction or proposal concerning any insurance which the company is empowered to purchase or maintain for the benefit of any directors or for persons who include directors.

Director's fees and expenses

The directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors such sum and on such terms as the board may determine provided that the aggregate remuneration shall not exceed £200,000 per annum or such larger sum as the Company in general meeting may from time to time determine (excluding any amounts payable under any other provision of the Articles). The salary or remuneration of any director appointed to hold any employment or executive office in accordance with the provisions of the Articles may be either a fixed sum of money, or may in whole or in part be governed by business done or profits made or otherwise determined by the board, and may be in addition to or in lieu of any fee payable to him for his services as director pursuant to the Articles.

Each director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the discharge of his duties as a director including any expenses incurred in attending meetings of the board or of any committee of the board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company.

Voting on directors' terms of appointment

A director shall not vote on or be counted in the quorum on any resolution of the board or committee of the board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested but, where proposals are under consideration concerning the appointment (including fixing or varying the terms of his appointment or its termination) of two or more directors to offices or places of profit with the Company or any company in which the Company is interested, a separate resolution may be considered in relation to each director and in such case each of the directors concerned (if not otherwise debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

Relaxation of rules relating to directors' interests

Subject to the provisions of the 1985 Act, the Company may by ordinary resolution suspend or relax those provisions of the Articles relating to directors' interests or ratify any transaction not duly authorised by reason of a contravention of such provisions, provided that none of the shares in which a director or any connected person is directly or indirectly interested shall entitle the holders thereof to vote on such resolution.

Directors' gratuities and pensions

The board may procure the establishment and maintenance of or participate in, or contribute to, any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to, any persons who are or shall have been at any time directors or in the employment or service of the Company or of any company which is or was a subsidiary or subsidiary undertaking of or associated with the Company or of the predecessors in business of the Company or of any such subsidiary or subsidiary undertaking or associated company or the wives, widows, families, relatives or dependants of any

such persons. The board may also procure the establishment and subsidy of or subscription to and support of any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons or otherwise to advance the interests and well-being of the Company or of any such other company as referred to above, or its members, and may make or procure payments for or towards the insurance of any such persons and subscriptions or guarantees for charitable or benevolent objects or for any exhibition or for any public, general or useful object. The board may procure that any of such matters be done by the Company either alone or in conjunction with any other person.

Number of Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors shall be not less than two and not more than 10.

Directors not to retire on account of age

No persons shall be ineligible for appointment or election as a director, and no director shall be required to vacate that office, on account of his having attained the age of 70 years or any other age nor shall special notice or any other special formality in connection therewith be required.

Retirement of directors by rotation

Subject to the Articles, at each annual general meeting one-third of the directors shall retire from office by rotation, having been determined (both as to number and identity) by the composition of the board at the start of business on the date of the notice convening the annual general meeting. If the number of directors is not three or a multiple of three, the number to retire shall be that which is nearest to but not greater than one-third (unless their number is fewer than three, in which case one of them shall retire). Those to retire shall comprise, so far as necessary to obtain the numbers required, first, any director who wishes to retire and not to offer himself for re-election, and secondly, those who have been longest in office since their last appointment or reappointment. As between two or more directors who have been in office an equal length of time, the director to retire shall in default of agreement between them be determined by lot. No director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the directors after that time on the date of the notice but before the close of the meeting.

Position of retiring director

The Company at the meeting at which a director retires by rotation may fill the vacated office and, if he does not do so, the retiring director shall, if willing to act, be deemed to have been reappointed unless it is expressly resolved not to fill the vacancy or a resolution for the reappointment of the director is put to the meeting and lost. If he is not reappointed or deemed to be reappointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

Vacation of office by a director

Without prejudice to the provisions for retirement (by rotation or otherwise) contained in the Articles, the office of a director shall be vacated if:

- (a) he ceases to be a director by virtue of any provision of the 1985 Act, is removed from office pursuant to the Articles, or becomes prohibited or disqualified by law from being a director;
- (b) he resigns by notice in writing to the company secretary at the registered office of the Company or tendered at a meeting of the board;
- (c) he becomes Insolvent (as described in the Articles);
- (d) a court order for his detention on the grounds of mental disorder is made or he is admitted to hospital for treatment and the board resolves that his office is vacated;
- (e) without the permission of the board, both he and his alternate director are absent from board meetings for six consecutive months and the board resolves that his office is vacated;
- (f) he is requested to resign by all the other directors by written notice addressed to him at his last known address and signed by all the other directors; or
- (g) his contract of service as a director expires or is terminated without being renewed within 14 days.

Eligibility of new directors

No person other than a director retiring at that general meeting shall be appointed as a director at any general meeting unless:

- (a) recommended by the board; or
- (b) not less than seven nor more than 42 clear days before the day appointed for the meeting, notice in writing signed by a member (other than the person to be proposed) duly qualified to vote at the meeting has been lodged at the registered office of the Company stating the intention to propose that person for appointment

and the particulars which would, if he was so appointed, be required to be included in the Company's register of directors, and a notice signed by that person of his willingness to be appointed.

Power to appoint directors

Subject to the provisions of the Articles, the Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an addition to the existing board.

The board has the power at any time to appoint any person who is willing to act as a director either to fill a vacancy or as an addition to the existing board. Any director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election.

Proceedings of the directors

Subject to the provisions of the Articles, the board may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit.

The quorum necessary for the transaction of the business may be determined by the board and until otherwise so determined shall be two directors. A duly convened meeting of the board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions for the time being vested in or exercisable by the board.

Questions arising at any board meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the board shall have a second or casting vote.

Powers of the board

Subject to the provisions of the 1985 Act, the Memorandum of Association of the Company and the Articles and to any directions given by special resolution of the Company, the business of the Company shall be managed by the board, which may exercise all the powers of the Company whether relating to the management of the business or otherwise.

The board may delegate or entrust to and confer on any director holding any executive office (including the chairman or a deputy chairman or a chief executive or a managing director) such of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit, and may revoke, withdraw, alter or vary all or any of such powers.

The board may exercise all the powers of the Company to borrow money, and to mortgage or charge the whole or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the 1985 Act, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The board may delegate any of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit to any committee consisting of one or more directors and (if thought fit) one or more other persons, provided that:

- (a) a majority of the members of a committee shall be directors or alternate directors; and
- (b) no resolution of a committee shall be effective unless a majority of those present when it is passed are directors (or their alternates).

For details of the audit and remuneration committees established by the Company, see Part I of this document.

The board may by power of attorney or otherwise appoint any person or persons to be the agent of the Company and may delegate to any such person or persons any of its powers, authorities and discretions (with power to sub-delegate), in each case for such purposes and for such time, on such terms (including as to remuneration) and subject to such conditions as it thinks fit.

5.12 General meetings

Except as provided by section 366(2) of the 1985 Act, the Company shall in each year hold a general meeting as its annual general meeting in accordance with the requirements of the 1985 Act. All general meetings, other than annual general meetings, shall be called extraordinary general meetings.

The board may convene an extraordinary general meeting to be held at such time and in such place as the board thinks fit. An extraordinary general meeting shall also be convened by the board on a requisition from members, or in default of the board, may be convened by such requisitionists, as is provided by section 368 of the 1985 Act. The board shall proceed to convene an extraordinary general meeting on the requisition of members for a date not later than 28 days after receipt of the requisition. At any general meeting convened on such requisition or by such requisitionists no business shall be transacted except that stated by the requisition or proposed by the board.

Subject to the Articles and to the provisions of the Acts, an annual general meeting and an extraordinary general meeting convened for the purpose of passing a special resolution shall be convened by not less than 21 clear days' notice in writing. All other extraordinary general meetings shall be convened by not less than 14 clear days' notice in writing.

The quorum for general meetings is not less than two persons entitled to attend and to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member.

If within 15 minutes (or such longer interval as the chairman of that general meeting in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a general meeting such a quorum ceases to be present, that meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such time and place as the chairman (or, in default, the board) may determine. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, one person entitled to attend and to vote on the business to be transacted, being a member or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.

The chairman of any general meeting may, with or without the consent of that meeting (and shall, if so directed by that meeting), adjourn the meeting from time to time (or indefinitely) and from place to place as that meeting shall determine.

Where a general meeting is adjourned indefinitely, the board shall fix the time and place for the adjourned general meeting. Whenever a general meeting is adjourned for 14 days or more or indefinitely, 7 clear days' notice at the least, specifying the place, the day and the time of such adjourned meeting and the general nature of the business to be transacted, shall be given.

No business shall be transacted at any adjourned general meeting other than the business which might properly have been transacted at the meeting from which the adjournment took place.

At any general meeting a resolution put to the vote of that meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded by:

- (i) the chairman of the meeting;
- (ii) not less than five members present in person or by proxy and entitled to vote at that meeting;
- (iii) a member or members present in person or by proxy and entitled to vote at that meeting and representing not less than one-tenth of the total voting rights of all the members having the right to vote at that meeting; or
- (iv) a member or members present in person or by proxy and entitled to vote and holding shares conferring a right to vote at that meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

No member shall, unless the board otherwise determines, be entitled to vote at a general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him or to exercise any right as a member unless all calls or other sums presently payable by him in respect of that share in the Company have been paid.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of that meeting at which the show of hands takes place or at which the poll was demanded shall be entitled to a second or casting vote in addition to any other vote he may have.

5.13 *Borrowing powers*

The board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertakings, property, assets (present or future) and uncalled capital and, subject to the provisions of the Act, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

5.14 *Change in control*

The Articles do not contain any provisions that would have the effect of delaying, deferring or preventing a change in control of the Company.

5.15 *Disclosure of interests*

There are no provisions in the Articles governing the ownership threshold above which shareholder ownership must be disclosed. Disclosure of interests by a shareholder is governed by the DTR.

6. Directors' and Other Interests

- 6.1 As at the date of this document and immediately following Admission, the voting rights held (within the meaning of rule 5 of the DTR), directly or indirectly, by the Directors in the issued share capital of the Company, are and will be as follows:

<i>Director</i>	<i>Number of Ordinary Shares as at the date of this document</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Ordinary Shares immediately following Admission</i>	<i>Percentage of Enlarged Share Capital</i>
Rob Schoonbrood	—	—%	—	—%
David Barker	—	—%	—	—%
Clive Carver	—	—%	—	—%
Kuat Oraziman ¹	2,239,975	1.33%	63,864,975	19.95%
Duncan McDougall ²	—	—%	153,847	0.04%

¹ Mr Oraziman holds an interest in 2,239,975 Ordinary Shares issued as part consideration by the Company in connection with the purchase of an indirect interest in Ravinnoe Oil on 22 May 2007 under the Sytero 3 SPA, as referred to in paragraph 12.6(a) of this Part VI. Mr Oraziman is also interested in the share capital of Vertom and the share capital of Baverstock, as referred to in the letter from the Chairman of Roxi in this document; the above interests represent Mr Oraziman's pro rata indirect interests in Ordinary Shares.

Should the Subscription Agreement and Baverstock Deed be entered into prior to Admission, on Admission Mr K Oraziman would have an indirect interest over 62,347,118 Ordinary Shares representing 19.48 per cent. of the Enlarged Share Capital.

² Mr McDougall, together with his wife, holds 100 per cent. of the share capital of Saxford Limited. The above Ordinary Shares will be issued to Saxford Limited on Admission pursuant to the arrangements set out in paragraph 12.14(b) of this Part VI.

- 6.2 As at the date of this document the Directors hold the following options to subscribe for Ordinary Shares under the 2007 Scheme:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Exercise price</i>	<i>Date of grant</i>	<i>Exercise period and expiry date</i>
Rob Schoonbrood	5,786,338	38p	3 May 2007	22 November 2007 to 21 May 2017
David Barker	2,287,622	38p	3 May 2007	22 November 2007 to 21 May 2017
Clive Carver	1,345,660	38p	3 May 2007	22 November 2007 to 21 May 2017
Kuat Oraziman	672,830	38p	3 May 2007	22 November 2007 to 21 May 2017
Duncan McDougall	2,018,490	38p	3 May 2007	22 November 2007 to 21 May 2017

All of such options were granted pursuant to the 2007 Scheme, and vest in four equal instalments over a two year period from 22 May 2007. Accordingly, one quarter of such options have vested on 22 November 2007 and are currently exercisable by the relevant holder.

- 6.3 As at the date of this document, the following senior manager of the Company holds the following options to subscribe for Ordinary Shares under the 2007 Scheme:

<i>Manager</i>	<i>Number of Ordinary Shares</i>	<i>Exercise price</i>	<i>Date of grant</i>	<i>Exercise period and expiry date</i>
Brian Garvey	1,345,660	38p	3 May 2007	22 November 2007 to 21 May 2017

All of such options were granted pursuant to the 2007 Scheme, and vest in four equal instalments over a two year period from 22 May 2007.

- 6.4 The new options proposed to be issued to the Board and to Brian Garvey pursuant to the 2008 Scheme in connection with the Eragon Acquisition, the extension to the BNG Contract Area and the ADA Group Acquisition are on a pro rata basis to the options they received at the Initial Admission in May 2007, and are as set out below. Additionally, new options are proposed to be issued to Paul Puxon, Company Secretary, Brooks Frasier, Area Manager Western Kazakhstan and Wonsuk Lee, Manager Corporate Development. A proportion of these new options will vest only on the achievement of production targets in respect of the Eragon Group and the ADA Group as set out below.

As at Admission, and subject to the approval by Shareholders of the 2008 Scheme at the GM and to the other conditions described below, the following Directors, senior managers and officers of the Company will hold the following options to subscribe for Ordinary Shares under the 2008 Scheme:

Conditional on completion of the Eragon Acquisition

<i>Recipient</i>	<i>Number of Ordinary Shares</i>	<i>Exercise price</i>	<i>Date of grant</i>	<i>Exercise period</i>
Rob Schoonbrood	5,226,154	65p	Admission	Ten years from grant
David Barker	2,066,154	65p	Admission	Ten years from grant
Duncan McDougall	1,823,077	65p	Admission	Ten years from grant
Clive Carver	1,215,385	65p	Admission	Ten years from grant
Brian Garvey	1,215,385	65p	Admission	Ten years from grant
Kuat Oraziman	607,692	65p	Admission	Ten years from grant
Paul Puxon	607,692	65p	Admission	Ten years from grant
Brooks Frasier	703,846	65p	Admission	Ten years from grant
Wonsuk Lee	200,000	65p	See below	Ten years from grant

These options will vest as follow:

- For each recipient other than Brooks Frasier and Wonsuk Lee, 12.5 per cent. of the options granted to each recipient, up to a total of 50 per cent., will vest every 6 months from the date of grant over a period of 2 years.
- In the case of Brooks Frasier, (a) 100,000 of his options will vest every 6 months over a period of 2 years starting on 1 September 2008 up to a total of 400,000 options (which are not conditional on completion of the Eragon Acquisition) and (b) 12.5 per cent. of the remaining 303,846 options, up to a total of 50 per cent. of 303,846 options, will vest every 6 months from the date of grant over a period of 2 years.
- In the case of Wonsuk Lee, the effective date of grant will be 26 November 2007 and 12.5 per cent. of the options granted to him, up to a total of 50 per cent., will vest every 6 months from the date of grant over a period of 2 years.
- 12.5 per cent. of the options granted to each recipient (excluding Brooks Frasier), up to a total of 50 per cent., will vest upon the achievement of the following targets, the achievement of which is also subject to the criteria described further below:

Target Production

Rate from the

Company's interests

in the Eragon assets % of options vesting

200 bopd	12.5 per cent.
400 bopd	12.5 per cent.
500 bopd	12.5 per cent.
1000 bopd	12.5 per cent.

- In the case of Brooks Frasier, 12.5 per cent. of 303,846 options, up to a total of 50 per cent. of 303,846 options, will vest upon the achievement of the foregoing targets, subject to the same achievement criteria.

Conditional on the award of the extension to the BNG Contract Area

<i>Recipient</i>	<i>Number of Ordinary Shares</i>	<i>Exercise price</i>	<i>Date of grant</i>	<i>Exercise period</i>
Rob Schoonbrood	1,667,077	65p	See below	Ten years from grant
David Barker	659,077	65p	See below	Ten years from grant
Duncan McDougall	581,538	65p	See below	Ten years from grant
Clive Carver	387,692	65p	See below	Ten years from grant
Brian Garvey	387,692	65p	See below	Ten years from grant
Kuat Oraziman	193,846	65p	See below	Ten years from grant
Paul Puxon	193,846	65p	See below	Ten years from grant
Brooks Frasier	96,923	65p	See below	Ten years from grant

These options will be granted upon the award of the extension to the BNG Contract Area and 25 per cent. of the options granted to each recipient will vest every 6 months from the date of grant over a period of 2 years.

Conditional on the completion of the ADA Group Acquisition

<i>Recipient</i>	<i>Number of Ordinary Shares</i>	<i>Exercise price</i>	<i>Date of grant</i>	<i>Exercise period</i>
Rob Schoonbrood	9,503,001	80p	See below.	Ten years from grant
David Barker	3,757,000	80p	See below.	Ten years from grant
Duncan McDougall	3,315,000	80p	See below.	Ten years from grant
Clive Carver	2,210,000	80p	See below.	Ten years from grant
Brian Garvey	2,210,000	80p	See below.	Ten years from grant
Kuat Oraziman	1,105,000	80p	See below.	Ten years from grant
Paul Puxon	1,105,000	80p	See below.	Ten years from grant
Brooks Frasier	552,500	80p	See below.	Ten years from grant

These options will be granted upon completion of the ADA Group Acquisition.

These options will vest as follows:

- 12.5 per cent. of the options granted to each recipient, up to a total of 50 per cent., will vest every 6 months from the date of grant over a period of 2 years.
- 12.5 per cent. of the options granted to each recipient, up to a total of 50 per cent., will vest upon the achievement of the following targets, the achievement of which is also subject to the criteria described further below:

*Target Production
Rate from the
Company's interests
in the ADA*

<i>Group assets</i>	<i>% of options vesting</i>
500 bopd	12.5 per cent.
1000 bopd	12.5 per cent.
1500 bopd	12.5 per cent.
2000 bopd	12.5 per cent.

With respect to the grants of options made upon completion of the Eragon Acquisition and the ADA Group Acquisition and which are subject to the achievement of production targets, the following criteria shall also apply:

- production levels will be sustainable and stable for three months on average;
- production will be measured to the Company's interest only, prior to any royalty deduction calculations;
- for the avoidance of doubt, production from other fields or assets will not count towards the targets set for the relevant assets;
- should production levels fall back after breaching a vesting threshold there will be no cancellations of any options already vested; and
- vesting will be subject to approval by the Company's Remuneration Committee.

- 6.5 Additionally, it is proposed following Admission, subject to the grant of sufficient authority to allot shares to the Directors at the GM, to grant options over an aggregate of 1,500,000 Ordinary Shares under the 2008 Scheme to certain employees of Roxi at an exercise price of 65p. These options would vest in four equal instalments over a two year period from the date of grant.

6.6 The following persons hold the following warrants to subscribe for Ordinary Shares:

<i>Manager</i>	<i>Number of Ordinary Shares</i>	<i>Exercise price</i>	<i>Date of grant</i>	<i>Exercise period and expiry date</i>
Valentine				
Developments Inc	3,500,000	38p	16 May 2007	22 May 2007 to 21 May 2017
Nordel Trading Group S.A.	2,500,000	38p	16 May 2007	22 May 2007 to 21 May 2017
Romiland Consultants Limited	1,250,000	38p	16 May 2007	22 May 2007 to 21 May 2017
Zondor Capital Limited	250,000	38p	16 May 2007	22 May 2007 to 21 May 2017
WH Ireland	2,523,112	38p	16 May 2007	22 May 2007 to 21 May 2010

All of such warrants were granted in consideration of corporate and advisory services to the Company, pursuant to the deeds of warrant grant described at paragraphs 12.4 and 12.11 of this Part VI.

- 6.7 Save as disclosed above, none of the Directors nor any member of a Director's family (as defined in the AIM Rules for Companies) nor any person connected with him (within the meaning of Section 252 of the 2006 Act) holds or has any interest, whether beneficial or otherwise, directly or indirectly, in any shares or options to subscribe for or securities convertible into, shares of the Company or any of its subsidiary undertakings.
- 6.8 Save as disclosed in this document, none of the Directors or any member of a Director's family (as defined in the AIM Rules for Companies) is interested in any related financial product (as defined in the AIM Rules for Companies) whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet.
- 6.9 There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any outstanding loans or guarantees provided by any of the Directors for the benefit of the Company.
- 6.10 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.
- 6.11 The Directors are aware of the following persons who, as at the date of this document and immediately following Admission are or will be holding voting rights (within the meaning of rule 5 of the DTR), directly or indirectly, in 3 per cent. or more of the issued ordinary share capital of the Company:

<i>Shareholder</i>	<i>Number of Ordinary Shares as at the date of this document</i>	<i>Percentage of existing issued share capital</i>	<i>Number of Ordinary Shares on Admission</i>	<i>Percentage of Enlarged Share Capital on Admission</i>
Baverstock ¹	–	–	145,000,000	45.29%
Credit Suisse Securities (Europe) Limited Principal ACCT	15,140,000	9.00%	15,140,000	4.73%
HSBC Global Custody Nominee (UK) Limited 813259 ACCT	12,261,803	7.29%	12,261,803	3.83%
Credit Agricole Cheuvreux International Limited 3439 ACCT	12,244,095	7.28%	12,244,095	3.82%
Goldman Sachs Securities (Nominees) Limited ILSEG ACCT	11,297,229	6.72%	11,297,229	3.53%
Deutsche Bank Aktiengesellschaft London PROP0001 ACCT	10,349,966	6.15%	10,349,966	3.23%
Pershing Keen Nominees Limited TYCLT ACCT	9,110,603	5.42%	9,110,603	2.85%
ABN Amro Bank NV Branch HUB ACCT	7,944,078	4.72%	7,944,078	2.48%
Chase Nominee Limited	5,987,600	3.56%	5,987,600	1.87%
Chocolate Chip Participation Corporation	5,876,903	3.49%	5,876,903	1.84%
Pinegrove Equities Inc.	5,263,158	3.13%	5,263,158	1.64%
Chase Nominee Limited CMBL ACCT	5,197,300	3.09%	5,197,300	1.62%

¹ Should the Subscription Agreement and Baverstock Deed be entered into, Baverstock would hold 141,428,571 shares representing 44.18 per cent. of the Enlarged Share Capital on Admission.

- 6.12 Save as disclosed in paragraphs 6.1 to 6.11 of this Part VI, the Directors are not aware of any person who, at the date of this document and immediately following Admission, is or will be holding voting rights (within the meaning of rule 5 of the DTR) directly or indirectly, in 3 per cent. or more of the issued share capital of the Company nor, so far as the Directors are aware, are there any persons who at the date of this document or immediately following Admission, directly or indirectly, jointly or separately, exercise or could exercise control over the Company. The Company has entered into the relationship agreement referred to in paragraph 12.7(g) of this Part VI to procure that, *inter alia*, Baverstock conducts all transactions and relationships with the Company on an arm's length and normal commercial basis.
- 6.13 On Admission the Company's share capital will consist of one class of ordinary shares with equal voting rights (subject to the Articles). The Company's major Shareholders (as disclosed in this paragraph 6) do not have different voting rights from the other Shareholders.
- 6.14 Save as disclosed in this paragraph 6, the Company is not directly or indirectly owned or controlled by any person.
- 6.15 Save as disclosed in this document, there are no arrangements known to the Company the operation of which may at a subsequent date result in a change of control of the Company.

7. Director's Service Contracts

- 7.1 Mr Schoonbrood entered into an executive service agreement with the Company, dated 4 May 2007, in which he agreed to act as Chief Executive Officer. The agreement was terminable on not less than six months' written notice by either party to expire on or at any time after 22 May 2008; in addition, the Company might terminate the agreement and make payment in lieu of notice. Subject to early termination, the agreement was for a fixed term of three years from 22 May 2007, to be extended by mutual agreement. Mr Schoonbrood's basic annual salary was £150,000 and he was eligible to receive an annual performance related bonus to be determined at the discretion of the Board. Mr Schoonbrood was entitled to the benefits of private medical insurance, life insurance, a housing allowance and executive participation in the retirement and welfare benefit schemes of the Company from time to time.
- 7.2 Mr Schoonbrood entered into a new executive service agreement with the Company, dated 1 January 2008, in which he agreed to act as Chief Executive Officer from the commencement date 22 May 2007. The agreement is terminable on not less than six months' written notice by either party to expire on or at any time after 22 May 2008; in addition, the Company may terminate the agreement and make payment in lieu of notice. Subject to early termination, the agreement is for a fixed term of three years from 22 May 2007 to be extended by mutual agreement. Mr Schoonbrood's basic annual salary is £250,000 and he is eligible to receive an annual performance related bonus which will be determined at the discretion of the remuneration committee of the board. Mr Schoonbrood has been granted options under the 2007 Scheme and is proposed to be granted options under the 2008 Scheme, as referred to in paragraphs 6.2 and 6.4 of this Part VI. Upon termination of the agreement, options granted to Mr Schoonbrood that remain unvested will vest unless the agreement is terminated by the Company for 'good cause' which, in this context, includes if Mr Schoonbrood resigns, or ceases to be a director otherwise than at the request of the Company. Mr Schoonbrood is entitled to the benefits of private medical insurance, life insurance, a housing allowance and executive participation in the retirement and welfare benefit schemes of the Company from time to time.
- 7.3 Mr Barker entered into an executive service agreement with the Company, dated 4 May 2007, in which he agreed to act as Chief Operating Officer from the commencement date 1 November 2006. The agreement was terminable on not less than six months' written notice by either party to expire on or at any time after 22 May 2008; in addition, the Company might terminate the agreement and make payment in lieu of notice. Subject to early termination, the agreement was for a fixed term of three years from 22 May 2007 to be extended by mutual agreement. Mr Barker's annual salary was US\$240,000 and he was eligible to receive an annual performance related bonus to be determined at the discretion of the board. Mr Barker has also been granted options under the Share Option Scheme and will be granted options under the 2008 Incentive Scheme.
- 7.4 Mr Barker entered into a new executive service agreement with the Company, dated 1 January 2008, in which he agreed to act as Chief Operating Officer from the commencement date 1 November 2006. The agreement is terminable on not less than six months' written notice by either party to expire. In addition, the Company may terminate the agreement and make payment in lieu of notice. Subject to early termination, the agreement is for a fixed term of three years from 22 May 2007 to be extended by mutual agreement. Mr Barker's annual salary is US\$400,000 and he is eligible to receive an annual performance related bonus which will be determined at the discretion of the remuneration committee of the board. Mr Barker has also been granted options under the 2007 Scheme and is proposed to be granted options under the 2008 Incentive Scheme, as referred to in paragraphs 6.2 and 6.4 of this Part VI. Upon termination of the agreement, options granted to Mr Barker that remain unvested will vest unless the agreement is terminated by the Company for 'good cause' which, in this context, includes if Mr Barker resigns, or ceases to be a director otherwise than at the request of the Company. Mr Barker

is entitled to the benefits of private medical insurance, life insurance, a housing allowance and executive participation in the retirement and welfare benefit schemes of the Company from time to time.

- 7.5 Mr McDougall entered into an executive service agreement with the Company, dated 4 May 2007, in which he agreed to act as Technical Director for Roxi Petroleum Kazakhstan LLP. The agreement was terminable on not less than six months' written notice by either party to expire on or at any time after 22 May 2008; in addition, the Company might terminate the agreement and make payment in lieu of notice. Subject to early termination, the agreement was for a fixed term of three years from 22 May 2007 to be extended by mutual agreement. Mr McDougall's annual salary was US\$228,000 and he was eligible to receive an annual performance related bonus to be determined at the discretion of the board. Mr McDougall was entitled to the benefits of private medical insurance, life insurance, a housing allowance and executive participation in the retirement and welfare benefit schemes of the Company from time to time.
- 7.6 Following his appointment as a director on 28 November 2007, Mr McDougall entered into a new executive service agreement with the Company, dated 1 January 2008, in which he agreed to act as Technical Director for the Company. The agreement is terminable on not less than six months' written notice by either party to expire on or at any time after 22 May 2008; in addition, the Company may terminate the agreement and make payment in lieu of notice. Subject to early termination, the agreement is for a fixed term of three years from 22 May 2007 to be extended by mutual agreement. Mr McDougall's annual salary is US\$380,000 and he is eligible to receive an annual performance related bonus which will be determined at the discretion of the remuneration committee of the board. Mr McDougall has also been granted options under the 2007 Scheme and is proposed to be granted options under the 2008 Scheme, as referred to in paragraphs 6.2 and 6.4 of this Part VI. Upon termination of the agreement options granted to Mr McDougall that remain unvested will vest unless the agreement is terminated by the Company for 'good cause' which, in this context, includes if Mr McDougall resigns, or ceases to be a director otherwise than at the request of the Company. Mr McDougall is entitled to the benefits of private medical insurance, life insurance, a housing allowance and executive participation in the retirement and welfare benefit schemes of the Company from time to time.
- 7.7 Mr Carver and Mr Oraziman were engaged as non-executive directors of the Company under the terms of agreements dated 1 November 2006 and 1 April 2007 respectively. Pursuant to these agreements, the non-executive directors received an annual fee of £36,000 and £12,000 respectively plus an additional fee of £1,800 and £1,000 respectively per day worked in excess of 20 days per annum respectively. Mr Carver's agreement was terminable on six months' written notice by either party, such notice to expire on or at any time after 22 May 2008. Mr Oraziman's agreement was terminable on three months' written notice by either party. Subject to early termination, each non-executive director was appointed for an initial period of three years. Mr Carver and Mr Oraziman have also been granted options under the Share Option Scheme.
- 7.8 Mr Carver and Mr Oraziman are engaged as non-executive directors of the Company under the terms of new agreements dated 1 January 2008 commencing respectively upon 1 November 2006 and 1 April 2007. Pursuant to these agreements, they receive an annual fee of £50,000 and £18,000 respectively plus an additional fee of £2,000 and £1,500 respectively per day worked in excess of 25 and 12 days per annum respectively. Mr Carver's agreement is terminable on six months' written notice by either party. Mr Oraziman's agreement is terminable on six months' written notice by either party. Subject to early termination, each non-executive director is appointed for an initial period of three years. Mr Carver and Mr Oraziman have also been granted options under the 2007 Scheme and the 2008 Scheme, as referred to in paragraphs 6.2 and 6.4 of this Part VI. Upon termination of the agreements options granted to Mr Carver and Mr Oraziman that remain unvested will vest unless the relevant agreement is terminated by the Company for 'good cause' which, in this context, includes if Mr Carver or Mr Oraziman ceases to be a director otherwise than at the request of the Company.
- 7.9 Save as disclosed in this paragraph 7, no member of the administrative, management or supervisory bodies' service contracts with the Company or any member of the Group provide for benefits upon termination of employment.
- 7.10 Details of the length of service of each of the Directors to date in their current office are set out below:

<i>Name</i>	<i>Commencement date in office</i>
Rob Schoonbrood	22 May 2007
David Barker	1 November 2006
Clive Carver	1 November 2006
Kuat Oraziman	1 April 2007
Duncan McDougall	28 November 2007

8. Incentive Plans

8.1 2007 Scheme

- (a) The Company has adopted the Roxi Petroleum plc 2007 Unapproved Share Option Scheme (the “2007 Scheme”) pursuant to an ordinary resolution passed on 3 May 2007. The 2007 Scheme has the terms set out in this paragraph 8.1.
- (b) *Eligibility*
All (i) employees or consultants of Roxi and group companies (ii) full-time directors of Roxi and group companies, and (iii) non-executive directors of the Company, who are not within two years of their contractual retirement date, are eligible to participate at the discretion of the Remuneration Committee (in this paragraph 8, the “Committee”).
- (c) *Grant of options*
Options may be granted by the Committee normally during a period of 42 days starting on the announcement to the London Stock Exchange of the Company’s interim or final results. In circumstances deemed exceptional by the Committee Options may be granted outside this normal period. Options may not be granted more than 10 years after the date of adoption of the 2007 Scheme. No consideration is payable for the grant of an option. Options granted under the 2007 Scheme are personal to a participant and, except on his death, may not be transferred, assigned or charged. When granting options the Committee may specify objective performance targets to be satisfied before those options can be exercised.
- (d) *Exercise price*
The price at which the participants in the 2007 Scheme may acquire Ordinary Shares shall not be less than the greater of the nominal value of an Ordinary Share and its market price on the date of grant (subject to the Committee having the discretion to specify a lower exercise price in exceptional circumstances).
- (e) *Exercise, lapse and exchange of options*
Options may normally be exercised at any time prior to the fifth anniversary of their date of grant provided they have vested, and any performance targets specified at the date of grant have been achieved. Options may be satisfied by the issue of Ordinary Shares or the transfer of existing Ordinary Shares. The Committee may specify vesting periods at the time of grant of options.

Options normally lapse on cessation of employment, consulting or appointment (as the case may be). However, exercise is permitted for a limited period following cessation of employment, consulting or appointment (as the case may be), for specified reasons such as redundancy or ill-health, and at the discretion of the Committee. In the event of an amalgamation, takeover or winding-up of the Company, options may be exercised within certain time limits. Options immediately become void in the event of the participant’s bankruptcy.

Under PAYE regulations, the income tax payable on gains made on the exercise of options under the 2007 Scheme held by UK optionholders will be collected by the Company through the PAYE system. There is also a national insurance liability arising on gains made on exercise. The rules of the 2007 Scheme make provision for the optionholder to provide an indemnity for any income tax and national insurance liability. There is also provision for the Committee to seek an election from optionholders to assume the liability in respect of any employers national insurance or other social security contribution.

- (f) *Limits on the issue of shares*
No option to subscribe for Ordinary Shares may be granted pursuant to the 2007 Scheme on any date if the number of Ordinary Shares comprised therein, when aggregated with the number of Ordinary Shares issued or remaining issuable under the 2007 Scheme or any employee share scheme in the period of ten years ending on that date, would exceed the number of Ordinary Shares representing 11 per cent. of the issued equity share capital of the Company.
- (g) *Adjustments*
The number of shares comprised in an option and/or exercise price may be adjusted if any capitalisation issue, offer by way of rights or any sub-division, reduction or consolidation of the Company’s share capital occurs.
- (h) *Rights attaching to shares*
All Ordinary Shares allotted under the 2007 Scheme will rank *pari passu* with all other Ordinary Shares for the time being in issue, save as regards any rights arising by reference to a record date prior to the date of allotment. Application will be made for permission for any such Ordinary Shares to be admitted to AIM.
- (i) *Amendments*
The Committee may at any time amend the 2007 Scheme provided that the prior approval of the Company in general meeting is obtained for amendments which would make the terms of options relating to eligibility,

limits on participation and the variation of options more generous to participants. However, such prior approval will not be required in relation to an amendment which is made to comply with the provisions of an existing or proposed legislation or to obtain or maintain favourable taxation treatment of any participating company or any participant or to extend the expiry date of any option which falls (or has fallen) during a period when no exercise thereof is or was permitted under the Company's share dealing code to a date which is no more than 30 days from the end of such period.

8.2 2008 Scheme

- (a) The Roxi Petroleum plc 2008 long-term incentive plan (the **"2008 Scheme"**) was adopted as a result of the recommendations made by an independent remuneration consultant following a review of the Company's remuneration structure. In particular, it was recommended that the exercise price of options may be made at any price, provided such price is higher than the nominal value of the underlying Ordinary Shares and it was also recommended to broaden the scope of amendments which could be made with board approval only. The terms of the 2008 Scheme, recommended by the Committee and adopted by the Board on 31 January 2008, subject to Shareholder approval at the GM, are summarised below:

(b) *Administration and Eligibility*

The Committee shall, from time to time, in its sole discretion determine those directors, employees and consultants of Roxi and group companies, if any, to whom options are to be awarded and, subject to the provisions of the 2008 Scheme, the number of Ordinary Shares to be acquired on the exercise of any such option. In awarding an option, the Committee may take into account the annual salary or compensation as at the award date, the length of service to the Company and the quality of work performed.

(c) *Allotment and number of shares*

Ordinary Shares issued to option holders upon the exercise of options in accordance with the 2008 Scheme shall be allotted and issued as fully paid and non-assessable, and the maximum number of Ordinary Shares that may be issued when added to the number of Ordinary Shares issued or remaining issuable under the 2008 Scheme, the 2007 Scheme or any other share scheme during the preceding 10 years, shall not exceed 11 per cent. of the number of Ordinary Shares in issue at the date of grant. Additionally, the Company may not grant options to any one person which will, when exercised, exceed 3.5 per cent. of the issued and outstanding Ordinary Shares.

If Ordinary Shares are not issued under any option by reason of expiry or other termination or for any reason, the Ordinary Shares in respect of such option shall again be available for the purposes of the 2008 Scheme and shall not reduce the maximum number of Ordinary Shares in respect of which options have been granted under the 2008 Scheme.

(d) *Term and termination; accelerated vesting*

Subject to the provisions of the 2008 Scheme, the expiry date of an option shall be the date so fixed by the Committee at the time the particular option is awarded, provided that such date shall not be later than the tenth anniversary of the award date of such option.

No option may vest until: (i) the vesting period specified on the front of such options has expired; (ii) the completion of the performance requirements which are such objective performance requirements or conditions (if any) as the Committee shall determine must be satisfied before an option may be exercised; and (iii) any other terms or conditions applying to the option have been satisfied.

An option holder may exercise an option in whole or in part at any time or from time to time during the exercise period. Any option or part thereof not exercised within the exercise period shall terminate and become null, void and of no effect on the expiry date.

The expiry date of an option shall be the earlier of the date so fixed by the Committee at the time the option is awarded and the date established, if applicable, in accordance with the provisions of the 2008 Scheme with respect to death or disability, ceasing to hold office, ceasing to be employed, ceasing to be a consultant, change of control and mandatory retirement of an employee.

(e) *Exercise price and exercise period*

The exercise price shall be that price per share, as determined by the Committee in its sole discretion and announced as of the award date, at which an option holder may purchase a Ordinary Share upon the exercise of an option, and shall not be less than the nominal value of the Ordinary Shares.

(f) *Assignment and adjustments*

Options are non-assignable and non-transferable by the option holder. Neither the option nor any rights under the option may be transferred, assigned, pledged, charged or otherwise disposed of by a participant to any other person.

If prior to the complete exercise of any option there is a variation of the issued share capital of the Company by way of a capitalisation or rights issue, subdivision, consolidation, reduction or otherwise shall take place, an option, to the extent that it has not been exercised, shall be adjusted by the Committee in such manner and with effect from such date as the Committee may determine and subject to the terms of the 2008 Scheme in the manner the Committee deems appropriate.

(g) *Exercise*

An Option that has vested may be exercised only by the option holder or the personal representative of an option holder, in whole or in part, at any time or from time to time during the exercise period up to the expiry date.

(h) *Amendment*

The Committee may from time to time amend the 2008 Scheme and the terms and conditions of any option thereafter to be granted provided however that certain amendments, including to the eligibility requirements, equity dilution and individual participation limits, require Board approval. The Committee may also retrospectively amend the 2008 Scheme with the consent of the affected option holders and retrospectively amend the terms and conditions of any options which have been theretofore granted.

9. Additional information on the Board and Employees

9.1 The Directors and each of their respective functions are set out in Part I of this document.

9.2 In addition to their directorships in the Company and the Group, the Directors hold or have held the following directorships or are or have been partners in the following partnerships within the five years immediately prior to the date of this document:

<i>Director</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
Rob Schoonbrood	Sarita Investment Services Corporation Limited MPMCS Incorporated	WebChoice Internet Services Limited Uni Oil AG Ocean Oil (UK) Limited Supersport Performance Incorporated UMC Energy Plc Pinegrove Equities Inc.
David Barker	None	Kozhan LLP Vector Energy West LLP Mama Q, LLC Papa Q, LLC Brother Q, LLC
Clive Carver	JMFin Capital Markets Limited	C.N. Carver & Co. Limited Williams de Broë Link Nominees (No. 1) Limited Williams de Broë Link Nominees (No. 2) Limited Wills & Co Corporate Limited
Kuat Oraziman	ADA Oil LLP Vertom International N.V. Fosco B.V. Kernhem B.V. Molap S.A.	
Duncan McDougall	Saxford Limited Saxford Petroleum Limited	

9.3 None of the Directors has:

- any unspent convictions in relation to indictable offences;
- had any bankruptcy order made against him or entered into any voluntary arrangements;
- been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been the subject of a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

- (e) been the owner of any assets which have been the subject of a receivership;
- (f) been a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- (g) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (h) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

9.4 As at 30 January 2008 (being the latest practicable date prior to the date of this document), the Group employed 49 full time employees, whose roles can be broken down into the following areas:

Activity

Technical:	8
Field Operations:	14
Finance:	12
Administrative and Support:	15

All were employed in the Republic of Kazakhstan.

10. Related Party Transactions

10.1 The Company has entered into the following related party transactions:

- (a) Pursuant to the Beibars Acquisition Agreement (as defined and described below in paragraph 12.6(b)), Mr Oraziman sold 8.75 per cent. of the Participation Interests in Beibars Munai to Beibars B.V. and remains a participant in Beibars Munai;
- (b) Pursuant to the Ravninnoe Acquisition Agreement (as defined and described below in paragraph 12.6(b)), Mr Oraziman sold 8.3 per cent. of the Participation Interests in Ravninnoe Oil to Ravninnoe B.V. and remains a participant in Ravninnoe Oil;
- (c) Pursuant to the BNG SPA (as defined and described below in paragraph 12.7(a)), Mr. Oraziman sold 50 per cent. of the Participation Interests in BNG to Sytero 5;
- (d) Mr Oraziman has a beneficial interest in 42.5 per cent. of the issued share capital of Baverstock, which is a counterparty or proposed counterparty of the Company under the Eragon Acquisition Agreement (described below in paragraph 12.7(b)), the Consulting Services Agreement (described below in paragraph 12.7(d)), the Guarantee and Indemnity Agreement (described below in paragraph 12.7(c)), the Eragon Investment Agreement (described below in paragraph 12.7(e)) the Baverstock Shareholders' Agreement (described below in paragraph 12.7(f)) and the Baverstock Deed (described below in paragraph 12.16(c));
- (e) Mr Oraziman holds 50 per cent. of the issued share capital of, and is a director of, Vertom, which is a counterparty or proposed counterparty of the Company under (or otherwise interested in, as described in the relevant paragraph) the Consulting Services Agreement (described below in paragraph 12.7(d)), the Facilitation Agreement (described below in paragraph 12.14(a)), the Vertom Deed (described below in paragraph 12.16(d)), the ADA Option Agreement (described below in paragraph 12.8(a)), the ADA Oil Acquisition Agreements (as described below in paragraph 12.8(b)), the ADA Acquisition Agreements (described below in paragraph 12.8(c)) and the Sytero 4 Consulting Services Agreement (as described below in paragraph 12.7(g));
- (f) Mr Oraziman holds 22.25 per cent. of the participation interests in Munaily Dos, which is interested in the ADA Acquisition Agreements (as described below in paragraph 12.8(c));
- (g) Mr Oraziman himself is a counterparty or proposed counterparty of the Company under the Guarantee and Indemnity Agreement (described below in paragraph 12.7(c)), the Consulting Services Agreement (described below in paragraph 12.7(d)), the ADA Option Agreement (described below in paragraph 12.8(a)) and the ADA Oil Acquisition Agreements (described below in paragraph 12.8(b)); and
- (h) Mr McDougall and his wife own Saxford Limited, which is interested in the Eragon Project Management Agreement (as defined and described below in paragraph 12.14(c) of this Part VI).

10.2 Save as disclosed in this document, the Company has not entered into any related party transactions of the kind set out in the Standards adopted according to the Regulation (EC) No. 1606/2002.

11. The Takeover Code

Details of the Concert Party and the Takeover Code are set out in the Chairman's letter in this document.

11.1 Definitions

For the purposes of this paragraph 11 of Part VI:

- (a) "arrangement" includes an indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (b) reference to an "associate" is to:
 - (i) an offeror's or the offeree company's parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);
 - (ii) connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
 - (iii) the directors (together with their close relatives and related trusts) of an offeror, the offeree company or any company covered in (i);
 - (iv) the pension funds of an offeror, the offeree company or any company covered in (i);
 - (v) any investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;
 - (vi) an employee benefit trust of an offeror, the offeree company or any company covered in (i); and
 - (vii) a company having a material trading arrangement with an offeror or the offeree company.
- (c) ownership or control of 20 per cent. or more of the equity share capital is regarded as the test of associated company status and "control" means a holding, or aggregate holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding gives, or aggregate holdings give, *de facto* control;
- (d) reference to a "bank" does not include a bank whose sole relationship with the Concert Party or Roxi (as appropriate) or any company referred to in paragraph 11.1(b)(i) above is the provision of normal commercial banking services or such activities in connection with the Eragon Acquisition as handling acceptances and other registration work;
- (e) "relevant securities" means in relation to any type of securities, such securities and securities convertible into, or rights to subscribe for such securities, options (including traded options) in respect of and derivatives referenced to, any of the foregoing;
- (f) "disclosure period" means the period commencing on 31 January 2007 (being the date twelve months prior to the publication of this document) and ending on 30 January 2008 (being the latest practicable date prior to the publication of this document); and
- (g) "acting in concert" has the same meaning as defined in the Takeover Code.

11.2 Interests in Ordinary Shares

- (a) As at the last day of the disclosure period, no members of the Concert Party held any interests in Ordinary Shares other than Mr K Oraziman who has an interest in 2,239,975 Ordinary Shares and options to subscribe for an aggregate of 1,474,368 Ordinary Shares (options over 672,830 Ordinary Shares were granted on 22 May 2007 and options over 801,538 Ordinary Shares are to be granted as part of the Eragon Acquisition) as disclosed in paragraph 6 of Part VI, Mr D Beisenov who has an interest in 1,644,737 Ordinary Shares and Mr C Ferguson who has an interest in 489,742 Ordinary Shares.
- (b) As at the last day of the disclosure period, no person advising the Company owned or controlled any relevant securities of the Company, other than WH Ireland whose interest is referred to in paragraph 16 of Part I of this document.
- (c) As at the last day of the disclosure period, no person acting in concert with the Concert Party owned or controlled relevant securities of the Company.

11.3 *Dealings in Ordinary Shares*

- (a) Other than referred to below in this paragraph and the allotment of the Consideration Shares pursuant to the terms of the Eragon Acquisition Agreement, the Consulting Option Shares and Consulting Success Shares pursuant to the terms of the Consulting Services Agreement and as may result from the proposed subscription by FMS pursuant to the terms of the FMS MOU and the Subscription Agreement, and associated proposed transfers of Ordinary Shares pursuant to the Vertom Deed and the Baverstock Deed, there have been no dealings for value in Ordinary Shares by the members of the Concert Party nor any director of any member of the Concert Party nor any person acting in concert with any of them, the Directors, their respective immediate families and related trusts, the Company, persons acting in concert with the Company or persons with whom the Company or persons acting in concert with the Company have an arrangement that have taken place during the disclosure period.
- (b) Mr K Oraziman, a director of the Company, was granted options over 672,830 Ordinary Shares on 22 May 2007 and options over 801,538 Ordinary Shares are to be granted as part of the Eragon Acquisition. In addition he has a further interest in 2,239,975 Ordinary Shares issued as part consideration by the Company in connection with the purchase of an interest in Ravninnoe LLP on 22 May 2007. Mr D Beisenov, a director of Vertom, has an interest in 1,644,737 Ordinary Shares issued as part consideration by the Company in connection with the purchase of an interest in Ravninnoe LLP on 22 May 2007. Mr Charles Ferguson, a director of Baverstock, has an interest over 489,742 Ordinary Shares arising from a distribution in specie declared by Pinegrove on 3 May 2007 and distributed on 16 May 2007.

11.4 *General*

- (a) Other than is disclosed in paragraph 11.3(a) above, no member of the Concert Party, nor any director of any member of the Concert Party, nor any member of their immediate family or related trusts, nor any of their connected persons has any interest in, right to subscribe for or short position in, and no person acting in concert with the members of the Concert Party has any interest in, rights to subscribe for or short positions in, and no such person owns or controls, in each case directly or indirectly, any relevant securities of the Company, and nor has any such person dealt for value therein or lent or borrowed relevant securities of the Company during the disclosure period.
- (b) Save as disclosed in paragraph 11.3(a) above of this document in respect of the Directors, neither the Company, nor any of the Directors, nor any member of their immediate families or related trusts, nor any of their connected persons has any interest in, right to subscribe for or short position in, and no such person owns or controls, in each case directly or indirectly, any relevant securities of the Company, and nor has any such person dealt for value therein or lent or borrowed relevant securities of the Company during the disclosure period.
- (c) Other than the warrants over Ordinary Shares issued to WH Ireland as disclosed in paragraph 16 of Part I of this document, no bank, stockbroker, financial or other professional adviser to the Company, nor any Category 1 associate of the Company (other than an exempt market-maker), nor any person controlling, controlled by or under the same control as any such adviser, nor any pension fund or EBT of the Company or any of its associates, nor any person whose investments are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company owns or controls, or has, directly or indirectly, any interest in, right to subscribe for or short position in any relevant securities of the Company, and nor has any such person dealt therein for value or lent or borrowed relevant securities of the Company during the disclosure period.
- (d) Roxi does not have any interests in rights to subscribe for or short position in any relevant securities of the Concert Party, nor has it dealt for value therein or lent or borrowed relevant securities of the Concert Party during the disclosure period.
- (e) Apart from Mr Oraziman, no director of Roxi has any interest in, right to subscribe for or short position in any relevant securities of the Concert Party, nor has it dealt for value therein or lent or borrowed relevant securities of the Concert Party during the disclosure period.
- (f) The acquisition of Ordinary Shares by the Concert Party will be in exchange for (i) 59 per cent. of the shares in Eragon held by Baverstock, a company controlled by the Concert Party and (ii) the performance of services under the Consulting Services Agreement. There will be no loan facilities, the payment of interest on repayment of, or security for which, will depend on any extent on the business of the Company.
- (g) Save for the Eragon Acquisition Agreement, Consulting Services Agreement, Eragon Investment Agreement, the Facilitation Agreement described in paragraph 12.14(a) below, the Guarantee and Indemnity Agreement described in paragraph 12.7(c) below, the Vertom Deed, the Baverstock Deed, the ADA Option Agreement, the ADA Oil Acquisition Agreements and the ADA Acquisition Agreements, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party or any person acting in concert with any member of the Concert Party and any Directors, recent directors, shareholders or recent shareholders of the Company having any connection with or dependence upon the Proposals set out in this document.

- (h) It is proposed that the Consideration Shares, the Consulting Option Shares and the Consulting Success Shares may in due course be distributed to the Baverstock Shareholders and the Vertom Shareholders pro-rata to their holdings or interests in these companies. These indirect holdings are disclosed in the paragraph entitled "City Code on Takeovers and Mergers" in the Chairman's letter appearing in this document.
- (i) Particulars of all existing service contracts and letters of appointment between the Company and the Directors, and amendments thereto in the six months prior to the date of this document, are set out in paragraph 7 of Part VI of this document.
- (j) Due to the Eragon Acquisition and as set out more fully in Part I of this document, upon Admission, changes will be introduced to the Company's business as a result of completion of the Proposals with the result that the business of the Enlarged Group will become the future business of the Company. The Concert Party and the Directors support the new business strategy for the Enlarged Group as set out in Part 1 of this document. The main operations of the Enlarged Group following the Acquisition will be in Kazakhstan. The Company's fixed assets will be deployed, and the long-term justification for the Proposals is, as set out in Part 1 of this document.
- (k) On completion of the Proposals, subject to Admission, all the Directors will continue as directors of the Company. The Company has no current proposed intentions to reduce its workforce.

(l) Market Quotations

The following table shows the closing middle market quotations for Ordinary Shares as derived from the AIM Appendix to the Daily Official List on the first dealing day of each month for the six months immediately preceding the date of this document and on 30 January 2008 (the last practicable day before the publication of this document):

<i>Date</i>	<i>Price (p)</i>
01/08/07	66.25
01/09/07	38.5
01/10/07	38.5
01/11/07	38.5
03/12/07	38.5
02/01/08	38.5

Note: Trading in the Roxi Shares on AIM was suspended on 17 August 2007 in connection with the announcement by Roxi on 22 August 2007 that it was evaluating acquisitions in Kazakhstan.

11.5 The Concert Party

The Concert Party members are Baverstock, Vertom and each of the Baverstock Shareholders and the Vertom Shareholders and each of their respective directors at the date of this document.

Members of the Concert Party are deemed acting in concert as:

- (a) there is a common controlling shareholder or beneficial owner in Baverstock and Vertom, being Mr Kuat Oraziman;
- (b) it is proposed that the Consideration Shares, the Consulting Option Shares and Consulting Success Shares may in due course be distributed to the holders of Shares or beneficial interests in shares of Baverstock and Vertom pro-rata to their holdings in these companies, and therefore such persons are treated as part of the Concert Party; and
- (c) Charles Ferguson is a director of Baverstock and has a beneficial interest in 489,742 shares in Roxi and is deemed to be acting in concert under the Takeover Code. Other than Mr Oraziman and Mr Beisenov, the shareholders in Vertom, and Mr Ferguson, no other directors of either Baverstock or Vertom holds shares in the Company.

The Concert Party members and a brief description of them are as follows:

Baverstock GmbH is a private Swiss registered company that acts as an investment holding company. Its sole investment is in the share capital of Eragon. The directors of Baverstock are Charles Ferguson and Dr Hoehn.

Dae Han New Pharm Co. Ltd. is a Baverstock Shareholder and is a Korean-registered pharmaceutical company. It is listed on the Korean Stock Exchange and has a current market capitalisation of approximately £97 million. The directors of Dae Han are Mr Wanjin Lee, Mr Myungrae Park and Mr Young Sup Lee.

Cody Star Investment Limited is a Baverstock Shareholder and is a private company that is registered in the British Virgin Islands, the sole director of which is Min Seok Chang.

Charles Ferguson, a director of Baverstock, is a British national. He qualified as a Solicitor in 1971 after completing his articles with Holman Fenwick & Willan. After qualification he joined Johnson Stokes & Master in Hong Kong specialising in shipping litigation. He now specialises in commercial litigation and City employment disputes.

Mr Niyazbek Kurbanov, a Baverstock shareholder, is a citizen of the Republic of Kazakhstan and is also a geologist by training with a science degree. Mr Kurbanov is the Vice President of ADA Oil LLP and has worked for this entity for nearly three years. Prior to joining ADA Oil, Mr Kurbanov worked in the Ministry of Geology of the Government of Kazakhstan as an expert of estimating hydrocarbons reserves. Prior to this role Mr Kurbanov was completing his tertiary education.

Mr Kuat Oraziman, a non executive director of the Company, is a shareholder and director of Vertom and is a Baverstock Shareholder. He is a Kazakh national. Mr Oraziman has nearly 20 years of business experience in Kazakhstan and abroad and nearly 10 years of oil and gas experience in Kazakhstan. Kuat Oraziman's experience has included the operation of import and export businesses, the establishment and operation of an international brewery in Kazakhstan, and the Kazakhstan representative of Phillips and Stork. Since 1991 Kuat Oraziman has been a director of ADA. Kuat Oraziman also holds a doctorate in science and is a trained geologist.

Mr Daulet Beisenov, is a shareholder and director of Vertom and is a Kazakh national. Mr Beisenov has nearly 20 years of business experience in Kazakhstan and abroad and nearly 10 years of oil and gas experience in Kazakhstan. Mr Beisenov's experience has included the operation of import and export businesses and the establishment and operation of service orientated businesses including various hotels and restaurants.

Vertom International N.V. is a limited liability company registered with the number 63904 in the Netherlands Antilles, with registered address Schottegatweg Oost 44, Curacao, Netherlands Antilles. The shareholders and directors of Vertom are Kuat Oraziman and Daulet Beisenov.

12. Material Contracts

The following contracts (i) not being contracts entered into in the ordinary course, have been entered into by the Company or other members of the Group in the two years prior to the date of this document, or (ii) are subsisting agreements which are included within, or which relate to, the assets and liabilities of the Company (notwithstanding whether such agreements are within the ordinary course or were entered into outside of the two years immediately preceding the publication of this document) and are, or may be, material:

12.1 *Placing Agreement*

The Company, the Directors and WH Ireland entered into an agreement (the "Placing Agreement") dated 16 May 2007, pursuant to which WH Ireland agreed to use its reasonable endeavours to procure subscribers for 102,444,332 new Ordinary Shares (the "Placing Shares").

The Placing Agreement contains customary warranties from the Company and the Directors and a customary indemnity from the Company, all in favour of WH Ireland. Under the Placing Agreement, the Company agreed to pay WH Ireland a commission of 5 per cent. of the value of the Placing Shares at the placing price of 38 pence per share (the "Placing Price") in respect of subscribers introduced by WH Ireland, and 1 per cent. of the value of the Placing Shares at the Placing Price in respect of all other subscribers.

Under the Placing Agreement WH Ireland received a corporate finance fee of £200,000. The Company also agreed to pay all other incidental costs, charges and expenses.

12.2 *Nominated Adviser Engagement Letter*

The Company and WH Ireland entered into an agreement (the "Nominated Adviser Engagement Letter") dated 30 October 2006 pursuant to which the Company appointed WH Ireland to act as its nominated adviser, as required by the AIM Rules for Companies. Pursuant to the Nominated Adviser Engagement Letter, WH Ireland agreed, *inter alia*, to provide such independent advice and guidance to the directors of the Company as they may require to ensure compliance by the Company on a continuing basis with the AIM Rules. The Company agreed to pay WH Ireland a fee of £25,000 per annum for its services as nominated adviser, together with all reasonable expenses. The Nominated Adviser Engagement Letter contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The Nominated Adviser Engagement Letter continues for an initial period of 12 months from 22 May 2007 (unless terminated for reason prior to such date in accordance with the terms of the agreement) and thereafter until terminated in accordance with the terms thereof. This agreement has been terminated and replaced by the Financial Adviser and Nominated Adviser Agreement described in paragraph 12.15 below.

12.3 *Broker Engagement Letter*

The Company and WH Ireland entered into an agreement (the "Broker Engagement Letter") dated 30 October 2006, pursuant to which the Company appointed WH Ireland to act as its broker, as required by the AIM Rules

for Companies. The Company agreed to pay WH Ireland a fee of £25,000 per annum for its services as broker. The Broker Engagement Letter continues for an initial period of 12 months from 22 May 2007 (unless terminated for reason prior to such date in accordance with the terms of the agreement) and thereafter until terminated in accordance with the terms thereof.

12.4 Warrant Deed

On 16 May 2007, the Company and WH Ireland entered into a warrant deed, pursuant to which the Company agreed to grant warrants to WH Ireland in respect of a total of 2,523,112 Ordinary Shares. The warrants will be exercisable at the Placing Price (as defined in paragraph 12.1 above). The warrants are exercisable at any time during the period of three years from 22 May 2007.

12.5 Introduction Agreement

The Company and WH Ireland entered into an agreement (the "Introduction Agreement") dated 31 January 2008 pursuant to which the Company appointed WH Ireland to act as its nominated adviser, as required by the AIM Rules for Companies, for the purposes of Admission.

The Introduction Agreement contains customary warranties from the Company and the Directors and a customary indemnity from the Company, all in favour of WH Ireland, together with provisions which enable WH Ireland to terminate the Introduction Agreement in certain circumstances prior to Admission, principally where any warranties are found to be untrue or inaccurate and in the event of a material adverse change in the financial position or prospects of the Company or in national or international financial, market, economic or political conditions. The fees payable by the Company in relation to the services provided under the Introduction Agreement are described in the Financial Adviser and Nominated Adviser Agreement in paragraph 12.15 below.

12.6 Agreements Relating to the Structure of the Group

(a) *Sale and Purchase Agreements relating to the Share Capital of RS Munai B.V., Beibars B.V. and Ravninoe B.V.*

With effect from 2 March 2007, Roxi and Pinegrove entered into a sale and purchase agreement in respect of the acquisition by Roxi of the whole of the issued share capital of RS Munai B.V. (the "Sytero SPA").

With effect from 25 January 2007, Roxi and Pinegrove entered into a sale and purchase agreement in respect of the acquisition by Roxi of the whole of the issued share capital of Beibars B.V. (the "Sytero 2 SPA").

With effect from 2 March 2007, Roxi and Pinegrove entered into a sale and purchase agreement in respect of the acquisition by Roxi of the whole of the issued share capital of Ravninoe B.V. (the "Sytero 3 SPA").

Pursuant to the Sytero SPA, Roxi paid/issued, or will pay/issue, the following consideration:

- (i) 20,000,000 Ordinary Shares to Pinegrove, credited as fully paid; and
- (ii) conditional, *inter alia*, on completion of the North Karamandybas Acquisition Agreement (as defined in paragraph 12.6(b) below):
 - to Pinegrove, deferred consideration of US\$8,000,000; and
 - to the vendor of the North Karamandybas SSUC on behalf of RS Munai, the sum of US\$1,000,000 under the North Karamandybas Acquisition Agreement.

Pursuant to the Sytero 2 SPA, Roxi paid/issued the following consideration:

- (iii) 10,000,000 Ordinary Shares to Pinegrove, credited as fully paid; and
- (iv) the following payments:
 - to Pinegrove, consideration of US\$1,850,000; and
 - on behalf of Beibars B.V., the sum of US\$50,000 which was payable by Beibars B.V. under the Beibars Acquisition Agreement (as defined in paragraph 12.6(b) below).

Pursuant to the Sytero 3 SPA, Roxi paid/issued the following consideration:

- (v) 30,000,000 Ordinary Shares to Pinegrove, credited as fully paid; and
- (vi) the following payments:
 - to Pinegrove, consideration of US\$15,250,000; and
 - on behalf of Ravninoe B.V., the sum of US\$2,000,000 which was payable by Ravninoe B.V. under the Ravninoe Acquisition Agreement (as defined in paragraph 12.6(b) below).

In lieu of the payment of US\$4,000,000 of the consideration under the Sytero 3 SPA, as agreed between the Company and Pinegrove, the Company issued to Pinegrove 5,263,158 Ordinary Shares credited as fully paid.

Under the above agreements, each of Pinegrove and the Company gave certain warranties to the other. Such warranties related, *inter alia*, to capacity, good standing, corporate details, share capital, records, contracts, assets, liabilities, solvency, absence of litigation and compliance with laws in respect of each of RS Munai, Beibars Munai, Ravninnoe Oil and the Company, respectively. Additionally, Pinegrove has given certain warranties to the Company in respect of the interest of RS Munai B.V., Beibars B.V. and Ravninnoe B.V. in RS Munai, Beibars Munai and Ravninnoe Oil, respectively. Certain financial, time and other limitations apply in respect of claims under such warranties.

(b) *Sale and Purchase Agreements relating to Participation Interests in Beibars Munai and Ravninnoe Oil and the acquisition of North Karamandybas SSUC*

On 17 October 2006, Beibars B.V. and the holders of 100 per cent. of the Participation Interests in Beibars Munai (the "Beibars Munai Vendors") entered into a sale and purchase agreement pursuant to which Beibars BV agreed to purchase an aggregate of 50 per cent. of the Participation Interests of Beibars Munai from the Beibars Munai Vendors pro rata to their existing holdings, for a purchase price of US\$50,000 payable in cash (the "Beibars Acquisition Agreement").

On 17 October 2006, Ravninnoe B.V. and the holders of 100 per cent. of the Participation Interests in Ravninnoe Oil (the "Ravninnoe Oil Vendors") entered into a sale and purchase agreement pursuant to which Ravninnoe B.V. agreed to purchase an aggregate of 50 per cent. of the Participation Interests of Ravninnoe Oil from the Ravninnoe Oil Vendors pro rata to their existing holdings, for a purchase price of US\$2,000,000 payable in cash (the "Ravninnoe Acquisition Agreement").

Each of the above acquisition agreements contain warranties, given by the respective vendors in favour of Beibars B.V. and Ravninnoe B.V. (as the case may be), regarding, *inter alia*, the Participation Interests being acquired thereunder and the assets and liabilities of the respective businesses.

No sale and purchase agreement was entered into in respect of RS Munai B.V.'s holding of Participation Interests of RS Munai as RS Munai was established and registered with RS Munai B.V. as the holder of 50 per cent. of the Participation Interests of RS Munai.

On 27 April 2007, KPP Aktay ("KPPA"), a joint stock company incorporated in Kazakhstan, and RS Munai entered into a sale and purchase agreement pursuant to which RS Munai agreed to purchase the North Karamandybas SSUC and certain ancillary assets from KPPA for a purchase price of US\$1,000,000 (the "North Karamandybas Acquisition Agreement"). This acquisition agreement contains warranties, given by KPPA, regarding, *inter alia*, the status of North Karamandybas SSUC. This agreement may be completed at the discretion of the Company following the successful resolution of legal proceedings over title to the North Karamandybas SSUC, the receipt of Government waivers as referred to in paragraph 4.3 of Part I, an extension of the SSUC and payment of the consideration thereunder by or on behalf of RS Munai B.V.. The completion date for the North Karamandybas Acquisition Agreement has been extended to 30 July 2008.

(c) *Investment Agreements*

On 4 May 2007, RS Munai B.V. entered into an Investment Agreement with Tityk Sergei in order to establish the financial terms and conditions pertaining to exploration, operation and commercial production of hydrocarbons by RS Munai within the North Karamandybas Contract Area pursuant to the North Karamandybas SSUC and the work programme contained therein. The agreement is conditional on the completion of the North Karamandybas Acquisition Agreement.

On 3 May 2007, Beibars B.V. entered into an Investment Agreement with the other participants in Beibars Munai in order to establish the financial terms and conditions pertaining to exploration, operation and commercial production of hydrocarbons by Beibars Munai within the Beibars Contract Area pursuant to the Beibars SSUC and the work programme contained therein.

On 3 May 2007, Ravninnoe B.V. entered into an Investment Agreement with the other participants in Ravninnoe Oil in order to establish the financial terms and conditions pertaining to exploration, operation and commercial production of hydrocarbons by Ravninnoe Oil within the Ravninnoe Contract Area pursuant to the Ravninnoe SSUC and the work programme contained therein.

The responsibilities of RS Munai B.V., Beibars B.V. and Ravninnoe B.V. and the other participants respectively in each of RS Munai, Beibars Munai and Ravninnoe Oil to fund the respective work programmes as referred to in Part I of this document are contractually established under the Investment Agreements.

12.7 *Agreements relating to the Eragon Acquisition*

(a) *Sale and Purchase Agreements relating to BNG, Galaz and Munaily*

On 8 May 2007, Sytero 5 and Kazihan Nugmankyzy Nygman, on the one hand, and Kuat Oraziman and Niyazbek Amirdinovich Kurbanov (together, the "BNG Vendors") on the other hand entered into a sale and

purchase agreement (the “BNG SPA”) pursuant to which Sytero 5 agreed to purchase an aggregate of 99 per cent. of the Participation Interests in BNG from the BNG Vendors (Mrs. Nygman purchasing the 1 per cent. balance) for a purchase price of Tenge 6 million (then equal to US\$50,000) payable in cash. Sytero 5 also agreed to pay to the Ministry of Finance of the Republic of Kazakhstan the signature bonus of US\$21,700,000 in consideration for the execution of the BNG SSUC. The BNG SPA contains warranties, given by the BNG Vendors to Sytero 5, regarding, *inter alia*, the BNG SSUC and the business, affairs, assets and liabilities of BNG.

On 30 May 2007, Sytero 5 and Zholdybaev Dosbol Zholdasovich, on the one hand, and Rahimbekov Saken Tukenovich, Urazimanov Marat Rafikovich, Mamytov Dauletbek Tolegenovich, Kirienko Sergey Nikolayevich and Orumbekov Abibilla Shyntemirovich (together, the “Munaily Vendors”) on the other hand entered into a sale and purchase agreement (the “Munaily SPA”) pursuant to which Sytero 5 agreed to purchase an aggregate of 99 per cent. of the Participation Interests in Munaily from the Munaily Vendors (Mr. Zholdasovich purchasing the 1 per cent. balance) for a purchase price of Tenge 840 million (then equal to US\$7,000,000) payable in cash. The Munaily SPA contains warranties, given by the Munaily Vendors to Sytero 5, regarding, *inter alia*, the Munaily SSUC and the business, affairs, assets and liabilities of Munaily.

On 25 June 2007, Sytero 4, Kainbayev Almas Nyrtayevich and Saduyev Orynbassar, on the one hand, and Sonar Food Production Company LLP, the holder of 95 per cent. of the Participation Interests in Galaz (the “Galaz Vendor”) on the other hand, entered into a sale and purchase agreement (the “Galaz SPA”) pursuant to which Sytero 4 agreed to purchase an aggregate of 85 per cent. of the Participation Interests in Galaz from the Galaz Vendor and Mssrs. Kainbayev and Saduyev agreed to each purchase 5 per cent. of the Participation Interests in Galaz from the Galaz Vendor. The aggregate purchase price of Tenge 738 million (then equal to US\$6,000,000) for the 95 per cent. of the Participation Interests was entirely paid in cash by Sytero 4. The Galaz SPA contains warranties, given by the Galaz Vendor to Sytero 4, regarding, *inter alia*, the Galaz SSUC and the business, affairs, assets and liabilities of Galaz.

(b) *Eragon Acquisition Agreement*

On 17 August 2007, the Company and Baverstock entered into a sale and purchase agreement (the “Eragon Acquisition Agreement”) pursuant to which the Company conditionally agreed to purchase an aggregate of 59 per cent. of the issued ordinary share capital of Eragon from Baverstock for the Consideration.

The Eragon Acquisition Agreement contains certain warranties given by Baverstock in favour of the Company regarding, *inter alia*, the BNG SSUC, the Galaz SSUC and the Munaily SSUC and the business, affairs, assets and liabilities of Eragon. The potential liability of Baverstock in respect of the warranties is capped at US\$100,000,000. Such liability is also subject to other limits, including a *de minimis* threshold.

(c) *Guarantee and Indemnity Agreement*

On 22 January 2008, following the performance by the Company of its due diligence of Galaz and Munaily and the discovery of certain possible deficiencies in Galaz and Munaily’s performance of their obligations under the Galaz SSUC and Munaily SSUC respectively, the Company entered into a guarantee and indemnity agreement with Baverstock and its two main shareholders, namely Kuat Oraziman and Niyazbek Kurbanov (beneficially entitled to 42.5 per cent. and 37.5 per cent. respectively of the issued share capital of Baverstock), pursuant to which Baverstock, Mr. Oraziman and Mr. Kurbanov (the “Indemnifying Parties”) agree to each indemnify the Company in respect of certain preliminary findings of the Company’s due diligence in relation to the Munaily SSUC and the Galaz SSUC. In particular, the Indemnifying Parties warrant that (i) both Munaily and Galaz are in full compliance with all of their obligations as contractors under the Munaily SSUC and Galaz SSUC, respectively, (ii) the work program commitments under the Munaily SSUC and Galaz SSUC are fair and reasonable in all the circumstances and in particular given the reserves estimates associated with the Munaily SSUC and Galaz SSUC and (iii) Munaily and Galaz have properly incurred and accounted for all expenses associated with the work programs for 2007 for the Munaily SSUC and Galaz SSUC, respectively. The Indemnifying Parties agree to fully indemnify (on a joint and several basis) the Company in respect of any breach of such warranties.

In addition, the Indemnifying Parties agree to indemnify the Company in respect of any of (i) the Company’s obligations or liabilities arising prior to Admission or during the period of 12 months following the date of completion of the Eragon Acquisition relating to the Munaily SSUC in excess of US\$2 million or (ii) any losses arising from a breach by Galaz of its obligations as contractor under the Galaz SSUC prior to or during the period of 12 months from the date of completion of the Eragon Acquisition up to a maximum of US\$6 million.

For a period of 12 months from the date of completion of the Eragon Acquisition, the Company may elect, if the results of its further evaluation of the properties are unsatisfactory or proposed amendments to the Munaily SSUC cannot be concluded with the MEMR, to transfer its entire interest in the participation interests in the charter capital of Munaily back to Baverstock. The Company’s liability during such 12 month

period, including the transfer, is limited to US\$2 million and any additional amount it would have paid shall be reimbursed to it in case of transfer back to Baverstock.

(d) *Consulting Services Agreement*

On 30 January 2008, the Company and Baverstock entered into a consulting services agreement with Vertom, as service provider, and Mr Oraziman, as guarantor (the "Consulting Services Agreement"). The Consulting Services Agreement amended, restated and replaced an earlier consulting services agreement among the same parties (except the guarantor) dated on or about 1 October 2007. Pursuant to the Consulting Services Agreement, Vertom grants an option to the Company, exercisable on or before 30 April 2008, pursuant to which the Company may, conditional, *inter alia*, on Admission, obtain the performance by Vertom of consulting services. The consideration for the grant of the option, in an aggregate of US\$31,200,000, is to be paid by the Company following Admission and receipt of necessary government approvals under Article 71 of the Subsoil Law and satisfied by the issue of the Consulting Option Shares, credited as fully paid, on the agreed basis that such shares be issued at a price of 65 pence per share, and the relevant exchange rate be US\$2:£1.

The consideration payable upon satisfactory performance of the consulting services, in an aggregate of US\$43,800,000, is payable as follows:

- US\$15,000,000 to be paid in cash by Baverstock; and
- US\$28,800,000 to be paid by the Company, to be satisfied by the issue of the Consulting Success Shares, credited as fully paid, on the agreed basis that such shares be issued at a price of 65 pence per share and the relevant exchange rate be US\$2:£1.

In the event that the consulting services have not been satisfactorily performed within 12 months of the Company exercising its option under the Consulting Services Agreement or if the Company does not exercise its option, Vertom undertakes to pay up to the Company the aggregate sum of US\$31,200,000 in payment of the Consulting Option Shares. This obligation to pay up is guaranteed by Mr Oraziman personally. Vertom has agreed to enter into escrow arrangements in respect of the option fee paid as further security for its obligations.

(e) *Eragon Investment Agreement*

On 30 January 2008, the Company and Baverstock entered into a shareholders agreement to regulate the relationship between themselves as shareholders of Eragon and as the parties with an indirect controlling interest in the BNG SSUC, Galaz SSUC and Munaily SSUC (the "Eragon Investment Agreement"). The Eragon Investment Agreement provides that, *inter alia*:

- the board of directors (or equivalent body) of each entity in the Eragon Group shall consist of the same three individuals, two of which nominated by the Company and one by Baverstock and that the chairman of each will be an appointee of the Company;
- the quorum for any board meeting (or meeting of an equivalent body) shall be two directors (or equivalent);
- the chairman of any meeting must be an appointee of the Company and shall have a casting vote in the event of deadlock;
- certain matters are reserved and no action may be taken or resolutions passed in respect of such without the prior written consent of the Company (including the acquisition of rights over natural resources in Kazakhstan, the sale, transfer or encumbering of any of the Munaily, BNG or Galaz SSUCs and the granting of any option over the share capital or charter capital of any entity in the Eragon Group);
- no shares or participation interests in any entity in the Eragon Group may be allotted or issued other than to current holders of such shares or participation interests without the prior written consent of both the Company and Baverstock;
- the Company and Baverstock will need to enter into additional agreements regarding the day-to-day management of the Eragon Group following the completion of the Eragon Acquisition;
- the Company agrees to enter into, following the completion of the Eragon Acquisition, a loan facility agreement of up to US\$100 million to cover up to 100 per cent. of the work program commitments under the BNG, Munaily and Galaz SSUCs (and the Company may take security of the assets of the entities in the Eragon Group to guarantee such loans). The failure of the Company to provide such loan will not constitute a default under the Eragon Investment Agreement;
- there is a right of first refusal and a right of tag-along in favour of both parties in the event that one of them seeks to transfer its shares in Eragon;

- in the event of a change of control of Baverstock, the Company may require Baverstock to sell to it all of the shares in Eragon held by it at a price agreed between the parties or 90 per cent. of the fair value of such shares to be determined by referral to an independent investment bank; and
 - neither Baverstock nor its affiliates may carry on or engage or be concerned or interested in, directly or indirectly, activities in Kazakhstan which are or may be competitive with the Company's.
- (f) *Baverstock Shareholders' Agreement*
- On 28 January 2008, the Company, the Baverstock Shareholders, Mr Paul Benedict Puxon and Mr John Charles Corry Ferguson entered into a shareholders' agreement to regulate the relationship between themselves as shareholders and stakeholders of Baverstock (the "Baverstock Shareholders' Agreement"). The Baverstock Shareholders' Agreement provides, *inter alia*, that (i) the Baverstock Shareholders will not withdraw their pro rata share of the shares in Eragon held by Baverstock, (ii) the Baverstock Shareholders will exercise their voting rights in Baverstock in compliance with the Eragon Investment Agreement and (iii) Roxi will have a right of first refusal on any transfer of shares in Baverstock by any of the Baverstock Shareholders. The Baverstock Shareholders' Agreement also provides that the Baverstock Shareholders shall comply with the terms of the lock in and orderly market agreement entered into between Baverstock, the Company and WH Ireland, as referred to in paragraph 12.12 of this Part VI.
- (g) *Relationship Agreement*
- On 30 January 2008, Baverstock undertook to the Company that during any period during which it is directly or indirectly entitled to exercise or control the exercise of 20 per cent. or more of the issued share capital of the Company, it shall *inter alia*, in its capacity as a Shareholder, (i) procure that the Company be capable of carrying on its business independently of Baverstock, (ii) procure that Baverstock conducts all transactions and relationships with the Company on an arm's length and normal commercial bases, (iii) abstain from voting on any resolution concerning any matter in respect of which there is a conflict of interest between the interests of Baverstock and those of the Company and (iv) bring to the attention of the Directors and WH Ireland (whilst WH Ireland remains the nominated adviser to the Company) any such conflict of interests in a matter to be considered at a meeting of Shareholders.
- (h) *Agreements entered into by the Eragon Group prior to the Eragon Acquisition Agreement*
- On 2 August 2007 (with effect from 1 May 2007), Sytero 4 entered into the Sytero 4 Consulting Services Agreement with Vertom pursuant to which Sytero 4 retains Vertom as an independent consultant on a non-exclusive basis to provide certain services in connection with the identification of potential investors in Sytero 4 and a projected listing on an international stock exchange in exchange. The investors to be sought by Vertom would be in the Republic of Korea and would invest up to US\$40,000,000 initially. Total fees of US\$8,000,000 are payable in consideration of services rendered.
- On 18 July 2007 (with effect from 15 June 2007), Sytero 4 entered into the Sytero 4 Facilitation Agreement with Blendon Limited ("**Blendon**") pursuant to which Blendon shall provide services to assist Sytero 4 in acquiring up to 100 per cent. in the charter capital of Galaz and, in particular, to ensure that the Galaz Vendor performs its obligations under the Galaz SPA and that the necessary waiver under Article 71 of the Kazakh Subsoil Law is obtained. Fees of US\$9,000,000 (as such were increased from US\$4,000,000 by way of Amending Agreement dated 30 July 2007, but effective as of 18 July 2007) are payable upon execution of the Galaz SPA and receipt of the government waiver.
- On an undisclosed date in 2007, Dae Han New Pharm Co. Ltd. provided an unsecured cash advance facility to Sytero 4 in order to assist Sytero 4 in acquiring participation interests in Galaz. The cash advance facility is for a total amount of US\$14,500,000 bearing interest at LIBOR plus 2 per cent, of which US\$5,000,000 was to be made available on 25 July 2007 and the balance on 31 July 2007. Any amount borrowed under the facility is repayable within 2 years of disbursement, at the option of Sytero 4.
- On an undisclosed date in 2007, Dae Han New Pharm Co. Ltd. provided an unsecured cash advance facility to Sytero 5 in order to assist Sytero 5 in acquiring participation interests in Munaily. The cash advance facility is for a total amount of US\$7,500,000 bearing interest at LIBOR plus 2 per cent.. Any amount borrowed under the facility is repayable within 2 years of disbursement, at the option of Sytero 5.
- (i) *Further agreement with Baverstock*
- On 30 January 2008, following the performance by the Company of its due diligence of the assets and liabilities of Sytero 4 and Sytero 5 and in consideration in particular of the respective obligations of such companies towards Dae Han New Pharm Co. Ltd. under the two unsecured cash advance facilities described in paragraph 12.7(h) above, the Company entered into an agreement with Baverstock pursuant to which Baverstock undertook as primary obligor, *inter alia*, to (a) observe and perform the respective obligations of Sytero 4 and Sytero 5 under the relevant agreements, (b) indemnify the entities in the Eragon Group against losses resulting from Baverstock's failure to perform under the relevant agreements,

(c) procure the novation of the relevant agreements or the substitution of itself or a third party to Sytero 4 and Sytero 5 under such agreements and (d) to use its reasonable endeavours to procure the waiver by Dae Han New Pharm Co. Ltd. of covenants in the relevant agreements restricting the ability of Sytero 4 and Sytero 5 to encumber their assets.

12.8 Agreements relating to the ADA Group Acquisition

(a) ADA Option Agreement

On 30 January 2008, the Company, Mr Kuat Oraziman and Vertom entered into an option agreement (the “ADA Option Agreement”) which amended, restated and replaced an earlier option agreement dated 25 September 2007. Under the ADA Option Agreement, Mr Oraziman and Vertom granted an option to the Company to acquire an indirect 50 per cent. interest in the Participation Interests in ADA Oil and ADA under the terms of the ADA Oil Acquisition Agreements and the ADA Acquisition Agreements. The option may be exercised by the Company by 30 March 2008, conditional on, *inter alia*, 30 days having elapsed from Admission and other conditions described in Part V of this document having been satisfied or waived. In consideration for the granting of the option, the Company has paid in cash an option fee of US\$2 million and will pay in cash an extension fee of US\$1 million should the Company wish to extend the period for exercising the option beyond 31 March 2008. Any such extension shall be granted at the discretion of Mr Kuat Oraziman and Vertom for a period of at least 20 business days.

The final agreed forms of the ADA Oil SPA, ADA SPA, Kernhem SPA, Fosco SPA, Kernhem Subscription Agreement and Fosco Subscription Agreement (each as defined in this paragraph 12.8) are attached to the ADA Option Agreement. Such agreements shall be executed shortly following the completion of the Eragon Acquisition and delivered to Temujin International Limited, acting as escrow agent under the ADA Option Agreement, to be released from escrow and to become effective on the exercise of the option by the Company. Mr. Kuat Oraziman and Vertom are obliged to procure the execution of such agreements by parties other than the Company.

The ADA Option Agreement also grants the right to the Company to vary the payment terms of the ADA Oil Acquisition Agreements and the ADA Acquisition Agreements in the manner described below.

(b) ADA Oil SPA, Kernhem SPA and Kernhem Subscription Agreement (together, the “ADA Oil Acquisition Agreements”)

The following documents set out the agreements that will be exempted and placed into escrow, to become effective on the exercise of the option under the ADA Option Agreement:

The Company and Vertom will enter into a sale and purchase agreement (the “Kernhem SPA”) pursuant to which the Company agrees to purchase an aggregate of 50 per cent. of the issued share capital of Kernhem from Vertom for a purchase price of US\$360 million payable to Vertom in cash, from which is deducted any option fee and extension fee paid under the ADA Option Agreement. Pursuant to the ADA Option Agreement, the Company may elect that the purchase price be paid in one of the two following manners:

- (i) a sum of US\$63,530,000 payable in cash on ADA Completion, from which is deducted a proportional share of any option fee and extension fee paid under the ADA Option Agreement, and
- (ii) 185,293,750 new Ordinary Shares having an aggregate value of US\$296,470,000 (based on the parties’ agreed exchange rate of US\$2:£1 and a price of 80 pence per Ordinary Share), credited as fully paid, issued immediately on ADA Completion; or
- 225,000,000 new Ordinary Shares (from which is deducted a number of Ordinary Shares as corresponds to the proportional share of any option fee and extension fee paid under the ADA Option Agreement) having an aggregate value of US\$360 million (based on the parties’ agreed exchange rate of US\$2:£1 and a price of 80 pence per Ordinary Share), credited as fully paid, issued immediately on ADA Completion, provided that up to 39,705,882 of such Ordinary Shares may be placed with investors concurrently with the ADA Group Acquisition and the proceeds remitted to Vertom in lieu of such Ordinary Shares.

The Kernhem SPA is conditional, *inter alia*, on the Fosco SPA (as defined below) becoming unconditional and on admission to trading on AIM of the shares issued to Vertom under the Kernhem SPA becoming effective. The Kernhem SPA contains certain warranties given by Vertom in favour of the Company regarding, *inter alia*, the Ada Oil SSUC and the business, affairs, assets and liabilities of ADA Oil and Kernhem. The potential liability of Vertom in respect of the warranties is capped at US\$170 million. Such liability is also subject to other limits, including a *de minimis* threshold.

Kernhem, Mr Kuat Rafikuly Oraziman and Mr Daulet Orazovich Beisenov will enter into a sale and purchase agreement (the “ADA Oil SPA”) pursuant to which Kernhem agrees to purchase an aggregate of 25 per cent. of the participation interests in ADA Oil from Mr Oraziman and Mr Beisenov, for a purchase price equal to the subscription price under the Kernhem Subscription Agreement.

The ADA Oil SPA is conditional, *inter alia*, on the Kernhem SPA and Kernhem Subscription Agreement becoming unconditional and on admission to trading on AIM of the shares issued to Vertom under the Kernhem SPA becoming effective.

Vertom, Kernhem and the other shareholders of Kernhem will enter into a subscription agreement (the “Kernhem Subscription Agreement”) pursuant to which (i) Vertom agrees to pay 50 per cent. of the purchase price it receives under the Kernhem SPA to Mr Oraziman and Mr Beisenov in payment of both the purchase price under the ADA Oil SPA and the subscription price under the Kernhem Subscription Agreement and (ii) Kernhem agrees to issue shares in its share capital to Vertom in order for Vertom to subsequently own directly 50 per cent. of the share capital of Kernhem and, indirectly, a 50 per cent. interest in ADA Oil. The Kernhem Subscription Agreement is conditional on the Kernhem SPA becoming unconditional and on admission to trading on AIM of the shares issued to Vertom under the Kernhem SPA becoming effective.

(c) *ADA SPA, Fosco SPA and Fosco Subscription Agreement (together, the “ADA Acquisition Agreements”)*

The following documents set out the agreement that will be exempted and placed into escrow, to become effective on the exercise of the options under the ADA Option Agreement:

The Company and Vertom will enter into a sale and purchase agreement (the “Fosco SPA”) pursuant to which the Company agrees to purchase an aggregate of 50 per cent. of the issued share capital of Fosco from Vertom for a purchase price of US\$65 million payable to Vertom in cash, from which is deducted a proportional share of any option fee and extension fee paid under the Ada Option Agreement. Pursuant to the ADA Option Agreement, the Company may elect that the purchase price be paid in one of the two following manners:

- (i) a sum of US\$11,470,000 payable in cash on ADA Completion, from which is deducted a proportional share of any option fee and extension fee paid under the ADA Option Agreement, and
- (ii) 33,456,250 new Ordinary Shares having an aggregate value of US\$53,530,000 (based on the parties’ agreed exchange rate of US\$2:£1 and a price of 80 pence per Ordinary Share), credited as fully paid, issued immediately on ADA Completion; or
- 40,625,000 new Ordinary Shares (from which is deducted a number of Ordinary Shares as corresponds to the proportional share of any option fee and extension fee paid under the ADA Option Agreement) having an aggregate value of US\$65 million (based on the parties’ agreed exchange rate of US\$2:£1 and a price of 80 pence per Ordinary Share), credited as fully paid, issued immediately on ADA Completion, provided that up to 7,169,118 of such Ordinary Shares may be placed with investors concurrently with the ADA Group Acquisition and the proceeds remitted to Vertom in lieu of such Ordinary Shares.

The Fosco SPA is conditional, *inter alia*, on the Kernhem SPA becoming unconditional and on admission to trading on AIM of the shares issued to Vertom under the Fosco SPA becoming effective. The Fosco SPA contains certain warranties given by Vertom in favour of Roxi regarding, *inter alia*, the ADA SSUC and the business, affairs, assets and liabilities of ADA and Fosco. The potential liability of Vertom in respect of the warranties is capped at US\$30 million. Such liability is also subject to other limits, including a *de minimis* threshold.

Fosco and Munaily Dos will enter into a sale and purchase agreement (the “ADA SPA”) pursuant to which Fosco agrees to purchase an aggregate of 25 per cent. of the participation interests in ADA from Munaily Dos for a purchase price equal to the subscription price under the Fosco Subscription Agreement.

The ADA SPA is conditional, *inter alia*, on Fosco SPA and Fosco Subscription Agreement becoming unconditional and on admission to trading on AIM of the shares issued to Vertom under the Fosco SPA becoming effective.

Vertom, Fosco and the other shareholders of Fosco will enter into a subscription agreement (the “Fosco Subscription Agreement”) pursuant to which (i) Vertom agrees to pay 50 per cent. of the purchase price it receives under the Fosco SPA to Munaily Dos in payment of both the purchase price under the ADA SPA and the subscription price under the Fosco Subscription Agreement and (ii) Fosco agrees to issue shares in its share capital to Vertom in order for Vertom to subsequently own directly 50 per cent. of the share capital of Fosco and, indirectly, a 50 per cent. interest in ADA. The Fosco Subscription Agreement is conditional on the Fosco SPA becoming unconditional and on admission to trading on AIM of all the shares issued to Vertom under the Fosco SPA becoming effective.

12.9 *Material agreements currently in force among the shareholders of Kernhem and holders of participation interests in ADA Oil*

Note that the following agreements are subject to further due diligence review by the Company and to negotiation and amendment between the parties thereto and Roxi as a condition to ADA Completion.

(a) *Kernhem Shareholders' Agreement*

In October 2005, Vertom, LG, Kernhem, Mr Daulet Orazovich Beisenov and Mr Kuat Rafikuly Oraziman entered into a shareholders' agreement to set out rules and procedures concerning the ownership and control of Kernhem and ADA Oil (the "Kernhem Shareholders' Agreement"). The Kernhem Shareholders' Agreement provides, *inter alia*, (i) a pre-emptive right for the shareholders of Kernhem over further issues of shares of Kernhem, (ii) restrictions on transfers of shares of Kernhem (except to certain specified parties or after allowing the others to exercise a right of first refusal) and (iii) that the board of directors of Kernhem shall have four members, two of which will be nominated by LG and two by Vertom and that the chairman (who has a casting vote in case of deadlock) shall be appointed from the LG board nominees until October 2008.

The Kernhem Shareholders' Agreement also describes the loan to be extended by LG to Kernhem for on-lending to ADA Oil (see below under "ADA Oil JOA") and provides that Kernhem shall repay the principal and interest of such loan by remitting to LG 50 per cent. of its annual earnings before interest, depreciation and amortisation. Kernhem is, however, allowed to retain the cash flow earned from the sale of the temporary production from the exploration wells before a development of a discovery.

Upon acquiring from LG 6.66 per cent. of the total share capital of Kernhem, Kang LLP became a party to the Kernhem Shareholders' Agreement on 16 January 2006. Upon acquiring from LG 30 per cent. of the total share capital of Kernhem, KNOC became a party to the Kernhem Shareholders' Agreement on 15 November 2005. Both parties agreed to assume their respective proportional part of the obligations of LG under the Kernhem Shareholders' Agreement.

(b) *ADA Oil JOA*

In October 2005, Vertom, LG, Kernhem, ADA Oil, Mr Daulet Orazovich Beisenov and Mr Kuat Rafikuly Oraziman entered into a joint operating agreement for the management of the ADA Oil SSUC (the "ADA Oil JOA"). The ADA Oil JOA provides, *inter alia*, for the proportional funding of the operations, the maintenance of a joint account (and the accounting rules applicable thereto) and the development and adoption of work programmes relating to the ADA Oil SSUC. The ADA Oil JOA also provides that ADA Oil, as the operator, has all control over the operations relating to the ADA Oil SSUC, but that the board of directors of Kernhem has overall supervision and direction of the operations.

The ADA Oil JOA also provides that LG, in addition to its obligation to finance 50 per cent. of the joint operations relating to the ADA Oil SSUC, will extend a loan to Kernhem of up to US\$45.5 million for on-lending to ADA Oil to cover, *inter alia*, (i) the US\$23.7 million firm commitment funding obligations under the ADA Oil SSUC and (ii) the reimbursement to ADA Oil or Vertom of the US\$1.9 million signature bonus paid to the Ministry of Finance of the Republic of Kazakhstan in consideration for the execution of the ADA Oil SSUC.

Upon acquiring from LG 6.66 per cent. of the total share capital of Kernhem, Kang LLP became a party to the ADA Oil JOA on 16 January 2006 and assumed its proportional part of the obligations of LG thereunder.

(c) *Loan Agreements*

On 25 January 2006, Kernhem (i) as borrower, entered into a loan agreement with LG and KNOC and (ii) as on-lender, entered into a loan agreement with ADA Oil. The result of these two loan agreements is that an initial amount of US\$25.6 million was lent by LG and KNOC to Kernhem which, in turn, was lent to ADA Oil to cover, *inter alia*, the firm commitment funding obligations under the ADA Oil SSUC. The initial amount can be increased by LG and KNOC to up to US\$45.5 million.

Repayments are made on a quarterly basis by ADA Oil which must remit 50 per cent. of its net income minus taxes plus interest, depreciation and amortisation to Kernhem which shall in turn pay such amount to LG and KNOC as described in the Kernhem Shareholders' Agreement. ADA Oil is, however, allowed to retain the cash flow earned from the sale of the temporary production from the exploration wells before a development of a discovery. The loan may also be repaid in advance without premium or penalty.

12.10 *Material agreements currently in force among the shareholders of Fosco and holders of participation interests in ADA*

Note that the following agreements are subject to further due diligence review by the Company and to negotiation and amendment between the parties thereto and Roxi as a condition to ADA Completion.

(a) *Fosco Shareholders' Agreement*

On 24 October 2006, Vertom, LG, Fosco and Munaily Dos entered into a shareholders' agreement to set out rules and procedures concerning the ownership and control of Fosco and ADA (the "Fosco Shareholders' Agreement"). The Fosco Shareholders' Agreement provides, *inter alia*, (i) a pre-emptive right for the shareholders of Fosco over further issues of shares of Fosco, (ii) restrictions on transfers of shares

of Fosco (except to certain specified parties or after allowing the others to exercise a right of first refusal) and (iii) that the board of directors of Fosco shall have four members, two of which nominated by LG and two by Vertom and that the Chairman (who has a casting vote in case of deadlock) shall be appointed from the LG board nominees until October 2009.

The Fosco Shareholders' Agreement also provides that LG shall procure a loan to Fosco of up to US\$35 million for on-lending to ADA to cover, *inter alia*, (i) the US\$17.5 million minimum expenditure under the ADA SSUC and (ii) the reimbursement to ADA or Vertom of the US\$820,000 signature bonus paid to the Ministry of Finance of the Republic of Kazakhstan in consideration for the execution of the ADA SSUC. Fosco and ADA shall arrange that 50 per cent. of ADA's earnings before interest, depreciation and amortisation for each year shall be remitted first to Fosco and then to LG in repayment of the loan. Fosco and ADA are, however, allowed to retain the income earned from the sales of hydrocarbons produced in temporary production from the exploration wells before a commercial discovery.

Upon acquiring from LG 33.33 per cent. of the total share capital of Fosco, KNOC became a party to the Fosco Shareholders' Agreement on 27 December 2006 and agreed to assume its proportional part of the obligations of LG under the Fosco Shareholders' Agreement.

(b) *ADA JOA*

On 24 October 2006, Vertom, LG, Fosco, ADA and Munaily Dos entered into a joint operating agreement for the management of the ADA SSUC (the "ADA JOA"). The ADA JOA provides, *inter alia*, for the proportional funding of the operations, the maintenance of a joint account (and the accounting rules applicable thereto) and the development and adoption of work programmes relating to the ADA SSUC. The ADA JOA also provides that ADA, as the operator, has all control over the operations relating to the ADA SSUC, but that the board of directors of Fosco has overall supervision and direction of the operations.

The ADA JOA also provides that LG, in addition to its obligation to finance 50 per cent. of the joint operations relating to the ADA SSUC, will extend a loan to Fosco of up to US\$35 million for on-lending to ADA.

Upon acquiring from LG 33.33 per cent. of the total share capital of Fosco, KNOC became a party to the ADA JOA on 27 December 2006 and agreed to assume its proportional part of the obligations of LG under the ADA JOA.

(c) *Loan Agreements and Risk Payment Agreement*

On 30 November 2006, Fosco (i) as borrower, entered into a loan agreement with LG and (ii) as on-lender, entered into a loan agreement with ADA. The result of these two loan agreements is that :

- an initial amount of US\$18,320,000 (which can be increased by LG and Fosco up to US\$23 million) was lent by LG to Fosco which, in turn, lent it to ADA to cover, *inter alia*, its minimum work obligations under the ADA SSUC; and
- an amount of US\$12 million may be lent by LG to Fosco to be forwarded to Munaily Dos as payment of the purchase price for LG's indirect interest in ADA.

Repayments are made on a quarterly basis by ADA which must remit 50 per cent. of its net income minus taxes plus interest, depreciation and amortization to Fosco which shall in turn remit such amount as well as any amount it receives from ADA under the risk payment agreement described below, to LG. ADA and Fosco are, however, allowed to retain the cash flow earned from the sale of the temporary production from the exploration wells before a development of a discovery. The loan may also be repaid in advance without premium or penalty.

On 7 December 2007, ADA, Fosco and Munaily Dos entered into a risk payment agreement to account for the commercial risk that Fosco carries for the development of the ADA SSUC. Under this agreement, ADA must remit 50 per cent. of its net income minus taxes plus interest, depreciation and amortisation until a total of US\$12 million is paid to Fosco (and paid to LG pursuant to the risk payment agreement described above). The amounts owed by ADA under this risk payment agreement are guaranteed by Vertom and Mr Kuat Rafikuly Oraziman pursuant to a deed of guarantee entered into on 7 December 2006 between Vertom, Mr Kuat Rafikuly Oraziman and LG.

(d) *Waiver and Indemnity Agreement*

On 7 December 2006, Vertom, LG, Fosco, ADA, Munaily Dos and Mr. Kuat Oraziman entered into a waiver and indemnity agreement (the "Waiver and Indemnity Agreement"). The Waiver and Indemnity Agreement was entered into following the discovery by LG of certain findings in the context of its due diligence of ADA. Pursuant to the Waiver and Indemnity Agreement, in the event that the relevant risk materialises or certain warranties are breached, Vertom, Munaily Dos and Mr. Kuat Oraziman agree, jointly and severally, to indemnify LG for any losses. In addition, in such an event, LG would have other rights including the right to recall the loans made to ADA as described in paragraph (c) above.

12.11 *Deeds of Warrant Grant*

On 16 May 2007, the Company entered into deeds of warrant grant with each of the persons, and on the respective terms, referred to in paragraph 6.6 of this Part VI pursuant to which the Company agreed to grant warrants in respect of a total of 7,500,000 Ordinary Shares.

12.12 *Lock-In and Orderly Market Agreements*

Each of the Directors (and certain of their connected persons), senior management, Baverstock and Vertom have entered into lock-in and orderly market agreements with WH Ireland and the Company on or about 30 January 2008 pursuant to which such parties, in their capacity as Shareholders, have undertaken to WH Ireland and to the Company that, subject to certain limited exceptions, they will not dispose of, and will procure that their associated parties will not dispose of, any of the Ordinary Shares which they hold on or acquire after Admission for a period of 12 months following Admission.

In addition, for a period of 12 months after the expiry of the lock-in period referred to above, the relevant Shareholder is obliged to sell the Ordinary Shares held by it immediately following Admission or subsequently acquired, through WH Ireland (or the broker to the Company for the time being), subject to market terms being offered for the carrying out of any such sale, and such broker may in its discretion, acting reasonably, refuse or impose restrictions with a view to maintaining an orderly market in the Ordinary Shares. During such orderly market period, Vertom and Baverstock may only distribute the Ordinary Shares held by them to their respective shareholders or beneficial owners subject to such shareholders or beneficial owners entering into similar orderly market arrangements with the broker and the Company for the remainder of the period.

The ultimate beneficial owner of 6,169,230 of the Project Management Shares has also undertaken to the Company and to WH Ireland that it will not, and will procure that persons associated with it will not, sell or dispose of, their respective interests in Ordinary Shares for a period of 24 months from Admission except through WH Ireland (or the broker of the Company for the time being) who may, in its discretion, acting reasonably, refuse or impose restrictions with a view to maintaining an orderly market in the Ordinary Shares.

The restrictions described in the foregoing paragraphs will not apply, *inter alia*, in the event of death of the relevant individual (if applicable), an intervening court order, a takeover becoming or being declared unconditional or the acceptance of an offer for the Company (for which the relevant Shareholder may give an irrevocable undertaking to accept).

Certain other shareholders entered into orderly marketing agreements with WH Ireland dated on or around 3 May 2007, pursuant to which such persons have undertaken, subject to certain limited exceptions, not to dispose of any of the Ordinary Shares which they hold on or acquire after 22 May 2007 for a period of 12 months following such date other than through WH Ireland (or the broker to the Company for the time being), subject to market terms being offered for the carrying out of any such sale, which may in its discretion, acting reasonably, refuse or impose restrictions with a view to maintaining an orderly market in the Ordinary Shares. The restriction will not apply in the event of death of a shareholder (being an individual), an intervening court order, a takeover becoming or being declared unconditional or the acceptance of an offer for the Company (for which the shareholder may give an irrevocable undertaking to accept either before or after its announcement).

12.13 *Unpaid Share Capital*

By a letter dated 4 October 2006 Aristeia International S.A. ("Aristea") applied for 499,998 Ordinary Shares and agreed to acquire the two subscriber shares in the Company. Aristeia agreed to pay £12,500 to the Company to pay up the aggregate of 500,000 Ordinary Shares as to one quarter. Aristeia also irrevocably and unconditionally undertook to pay or procure the payment of, upon admission of the Company's ordinary share capital to trading on AIM, the remainder of the amount of the nominal value then unpaid on such shares together with the difference between the Placing Price (as defined in paragraph 12.1 of this Part VI) and the nominal value of such shares. Accordingly, on or around 22 May 2007 Aristeia paid to the Company the remainder of the nominal share capital, being £37,500, plus an additional 28 pence per share acquired.

12.14 *Services Agreements relating to the Proposals*

(a) *Facilitation Agreement*

On 30 January 2008, the Company entered into a facilitation agreement with Vertom pursuant to which Vertom, for a fee of US\$500,000, will provide coordination services among the various parties to the Eragon Acquisition, including obtaining the execution of all necessary agreements and undertakings as well as the amendments to the Galaz SSUC and Munaily SSUC necessary following the discovery of certain potential deficiencies of Galaz and Munaily's performance under such SSUCs and as referred to in the Guarantee and Indemnity Agreement at paragraph 12.7(c) of this Part VI.

(b) *Eragon Acquisition Facilitator and Project Manager Agreement (the "Eragon Project Management Agreement")*

On 2 October 2007, the Company and PJT entered into an agreement pursuant to which PJT agrees to generally manage and coordinate the Eragon Acquisition process and counsel and assist the Company with respect thereto. In return for such services, the Company will pay aggregate fees of US\$12.5 million as follows:

- a non-refundable US\$200,000 deposit paid in cash immediately upon the execution of the agreement;
- six monthly payments of US\$50,000 paid in cash on the tenth of each month following the execution of the agreement;
- conditional, *inter alia*, on Admission, US\$6,000,000 to be satisfied by the issue of 4,615,385 new Ordinary Shares, credited as fully paid, on the agreed basis that such shares be issued at a price of 65 pence per share, and the relevant exchange rate be US\$2:£1, in consideration for arranging and securing exclusivity with respect to the Eragon Acquisition;
- conditional, *inter alia*, on Admission, US\$3,000,000 to be satisfied by the issue of 2,307,692 new Ordinary Shares, credited as fully paid, on the agreed basis that such shares be issued at a price of 65 pence per share, and the relevant exchange rate be US\$2:£1, in respect of the completion of the Eragon Acquisition; and
- conditional, *inter alia*, on the extension of the BNG SSUC pursuant to the Consulting Services Agreement, US\$3,000,000 to be satisfied by the issue of 2,307,692 new Ordinary Shares, credited as fully paid, on the agreed basis that such shares be issued at a price of 65 pence per share, and the relevant exchange rate be US\$2:£1.

Saxford Limited, a company owned by Mr Duncan McDougall and his wife, has been retained by PJT as subcontractor to perform certain services under the Eragon Project Management Agreement. Under the agreement between Saxford Limited and PJT, which is dated 8 November 2007 and effective as from 1 July 2007, Saxford Limited will receive, from the fees payable to PJT:

- US\$50,000, payable in cash upon retaining Saxford Limited; and
- conditional, *inter alia*, on Admission, US\$200,000 to be satisfied on Admission by the issue of 153,847 new Ordinary Shares (to be issued to Saxford Limited at the direction of PJT), credited as fully paid, on the agreed basis that such shares be issued at a price of 65 pence per share, and the relevant exchange rate be US\$2:£1.

PJT has directed that in consideration for management services provided to PJT, the Project Management Shares be issued and allotted to Mr David Slater. In addition, Temujin International Limited, a company of which Mr Slater is the ultimate beneficial owner, has provided legal and project management services to PJT in return for fees estimated at US\$750,000.

(c) *ADA Group Acquisition Facilitator and Project Manager Agreement*

On 3 October 2007, the Company and PJT entered into an agreement pursuant to which PJT agrees to generally manage and coordinate the ADA Group Acquisition process and counsel and assist the Company with respect thereto. In return for such services, the Company will pay aggregate fees of US\$17.5 million as follows:

- a non-refundable US\$200,000 deposit paid in cash immediately upon the execution of the agreement;
- six monthly payments of US\$50,000 paid in cash on the tenth of each month following the execution of the agreement;
- conditional, *inter alia*, on completion of the ADA Group Acquisition, US\$8,500,000 to be satisfied by the issue of 5,312,500 new Ordinary Shares, credited as fully paid, on the agreed basis that such shares be issued at a price of 80 pence per share, and the relevant exchange rate be US\$2:£1, in consideration for arranging and securing exclusivity with respect to the ADA Group Acquisition; and
- conditional, *inter alia*, on completion of the ADA Acquisition, US\$8,500,000 to be satisfied by the issue of 5,312,500 new Ordinary Shares, credited as fully paid, on the agreed basis that such shares be issued at a price of 80 pence per share, and the relevant exchange rate be US\$2:£1, in respect of the provision of project management services and the completion of the ADA Group Acquisition.

Roxi has been informed that PJT will direct that in consideration for management services provided to PJT, the new Ordinary Shares referred to in this paragraph (c) be issued and allotted to Mr David Slater. In addition, Temujin International Limited, a company that Mr Slater is the ultimate beneficial owner, has provided legal and project management services to PJT in return for fees estimated at US\$500,000.

12.15 *Financial Adviser and Nominated Adviser Agreement*

On 2 October 2007, the Company and WH Ireland entered into an agreement (the “Financial Adviser and Nominated Adviser Agreement”) pursuant to which the Company has appointed WH Ireland as its financial adviser for the Eragon Acquisition and the ADA Group Acquisition and as its nominated adviser, as required by the AIM Rules for Companies, following Admission. The Company has agreed to pay WH Ireland a success fee of £250,000 on Admission and an additional £150,000 on ADA Completion. In addition, the Company has agreed to pay a fee of £25,000 per annum for WH Ireland’s services as nominated adviser. The Financial Adviser and Nominated Adviser Agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The Financial Adviser and Nominated Adviser Agreement continues for an initial period of 12 months from Admission (unless terminated for reason prior to such date in accordance with its terms) and thereafter until terminated in accordance with the terms thereof.

12.16 *FMS Memorandum of Understanding and associated proposed agreements*

(a) *FMS MOU*

On 12 December 2007, the Company entered into a non-binding memorandum of understanding with FMS pursuant to which FMS would consider the subscription for the Subscription Shares at a price of 70 pence per share and calculated on the basis of an exchange rate of US\$2:£1, for an aggregate subscription amount of US\$25 million. Subject to FMS performing certain due diligence investigations on the Company, it is currently proposed that the Company and FMS would enter into the Subscription Agreement prior to Admission.

Further, the FMS MOU provides that FMS would consider the subscription for an additional 41,666,667 Ordinary Shares, as a price of 90 pence per share and calculated on the basis of an exchange rate of US\$2:£1, for an aggregate subscription amount of US\$75 million, on completion of its ADA Group Acquisition.

(b) *Subscription Agreement*

In the event that FMS, following its due diligence investigations under the FMS MOU, decides to purchase the Subscription Shares from the Company, FMS and the Company will prior to Admission on receipt of requisite consent from the Government under Article 71, enter into a subscription agreement pursuant to which FMS would subscribe for the Subscription Shares for an aggregate subscription amount of US\$25,000,000. The Subscription Agreement would be conditional on Admission and contain certain warranties given by FMS regarding, *inter alia*, its compliance with applicable securities legislation.

(c) *Baverstock Deed*

In the event that, pursuant to the FMS MOU, the Company and FMS entered into the Subscription Agreement, it is proposed that the Company and Baverstock enter into a vendor placing deed (the “Baverstock Deed”) in the agreed form pursuant to which the Company would issue and allot 3,571,429 of the Consideration Shares to FMS (in part satisfaction of FMS’ subscription for the Subscription Shares under the Subscription Agreement) and that it would pay the proceeds of such sale, in an amount of US\$5,000,000, to Baverstock in lieu of the issuance and allotment to Baverstock of 3,571,429 of the Consideration Shares pursuant to the Eragon Acquisition Agreement.

Accordingly, the Consideration payable under the Eragon Acquisition Agreement, as effected by the Baverstock Deed, would be payable/issuable by the Company as follows:

- a non-refundable deposit of US\$1.5 million paid immediately upon execution of the Eragon Acquisition Agreement;
- conditional, *inter alia*, on Admission, the Company would issue the Consideration Shares, credited as fully paid, minus 3,571,429 of the Consideration Shares pursuant to the Baverstock Deed; and
- the Company would pay US\$5,000,000 from the proceeds of the sale of the Subscription Shares to Baverstock.

(d) *Vertom Deed*

In the event that, pursuant to the FMS MOU, the Company and FMS entered into the Subscription Agreement, it is proposed that the Company and Vertom enter into a vendor placing deed (the “Vertom Deed”) pursuant to which the Company would issue and allot 14,285,714 of the Consulting Option Shares to FMS and that it would pay the proceeds of such sale, in an amount of US\$20,000,000, to Vertom in lieu of the issuance and allotment of 14,285,714 of the Consulting Option Shares to Vertom pursuant to the Consulting Services Agreement.

Accordingly, the consideration for the grant of the option under the Consulting Services Agreement, as affected by the Vertom Deed, will be payable/issuable by the Company as follows:

- conditional, *inter alia*, on Admission, the Company will issue the Consulting Option Shares, credited as fully paid, minus 14,285,174 of the Consulting Option Shares pursuant to the Vertom Deed; and
- the Company will pay US\$20,000,000 from the proceeds of the sale of the Subscription Shares to Vertom.

13. Payments to Governmental, Regulatory Authority or Similar Bodies

Save as set out in this document, there are no payments aggregating over £10,000 made to any government or regulatory authority or similar body made by the Company or on behalf of it, with regard to the acquisition of, or maintenance of, its assets.

14. Legal and Arbitration Proceedings

Save as set out in this document, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering the 12 months prior to the date of this document which may have, or have had in the recent past, significant effects on the Company's and/or Group's financial position or profitability.

15. Working Capital

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company and the Enlarged Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

16. UK Taxation

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular holder of Ordinary Shares. It is not intended to address all tax aspects that may be relevant to a holder of Ordinary Shares. Accordingly, potential investors should satisfy themselves as to the overall tax consequences in their own particular circumstances of the acquisition, ownership and disposal of the Ordinary Shares, including any pending or proposed changes in relevant tax laws as at the date of this document and any actual changes in relevant tax laws after such date, by consulting their own tax advisers.

United Kingdom Taxation

The comments below are of a general nature and are based on current UK law and published HMRC practice at the date of this document, both of which are subject to change possibly with retroactive effect. For the avoidance of doubt these statements do not take into account the impact of proposals announced in the pre-budget report dated 9 October 2007. The summary assumes that the Company is and shall remain resident in the UK for taxation purposes. The summary only discusses certain UK tax consequences of holding the Ordinary Shares and receiving dividends for the absolute beneficial owners of the Ordinary Shares who are resident and, in the case of individuals only, ordinarily resident and domiciled in the UK, for tax purposes ("UK holders"). In addition, the summary (1) only addresses the tax consequences for the UK holders who hold the Ordinary Shares as capital assets or investments and does not address the tax consequences which may be relevant to certain other categories of UK holders, for example dealers in securities, brokers, intermediaries, collective investment schemes etc; (2) assumes that each UK holder does not either directly or indirectly control 10 per cent. or more of the voting power of the Company or any other member of the Group and is not otherwise connected with the Company or any other member of the Group; and (3) assumes that a holder of the shares is beneficially entitled to the dividends on the Ordinary Shares.

Levels of taxation may change from time to time. Any person who is in any doubt as to his tax position or who is subject to taxation in a non-UK jurisdiction shall consult his professional advisers immediately.

16.1 *Taxation of dividends*

Dividend payments in respect of the Ordinary Shares will not be subject to UK withholding tax.

A non-corporate UK holder that receives a dividend on the Ordinary Shares may be subject to UK income tax on that dividend and will generally be entitled to a tax credit in respect of that dividend which can be used to reduce the amount of income tax that is payable by the UK holder. This tax credit is equal to one-ninth of the dividend paid. An individual UK holder will be taxable on the total of any dividend received plus the tax credit (the "gross dividend"), which will be regarded as the top slice of the individual's income. Individuals who are not liable to tax at the higher rate will be required to pay income tax on the gross dividend at a rate of 10 per cent.. This will match the tax credit. Individuals or trustees who pay tax at the higher rate will be required to pay income tax

on the gross dividend at a rate of 32.5 per cent.. This means, taking into account the benefit of the tax credit, that higher rate tax payers will generally pay additional income tax of 22.5 per cent. of the gross dividend (or 25 per cent. of the dividend actually received).

A non-corporate UK holder that does not pay any UK tax, is not entitled to reclaim any tax credit or other amount in respect of UK tax paid by the Company.

Generally, a UK holder that is a company will not be chargeable to corporation tax on dividends on the Ordinary Shares unless it carries on a trade of dealing in shares in which case it will not be entitled to reclaim any tax credits attaching to dividends received.

16.2 *UK Taxation of chargeable gains*

A disposal, or deemed disposal, of Ordinary Shares in the Company by a shareholder who is either resident or ordinarily resident for tax purposes in the UK in the relevant year of assessment will, depending on the shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or allowable loss for the purposes of the taxation of chargeable gains in the UK.

Broadly, shareholders who are not resident and are not ordinarily resident for tax purposes in the UK will not be liable for UK tax on capital gains realised on the disposal of their shares unless (in the case of a non-corporate shareholder) such shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the UK through a branch or agency or for the purpose of such branch or agency. In the case of a company shareholder similar provisions exist to tax gains on shares held for the purposes of a trade carried out from a UK permanent establishment. Such shareholders may be subject to non-UK taxation on any gain under the local law.

A shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident or ordinarily resident for tax purposes in the UK for a period of less than five complete tax years and who disposes of the shares during that period may also be liable to UK taxation of chargeable gains (subject to any available exemption or relief) as if, broadly, the disposal was made in such shareholder's year of return to the UK unless the shares were acquired at a time when the shareholder was neither resident nor ordinarily resident in the UK.

Gains and losses are calculated by deducting from the sale proceeds or, in some instances, from the market value at the time of the disposal, the original cost and incidental costs of acquisition and incidental costs of disposal.

Corporate shareholders are subject to their applicable corporation tax rate on capital gains. Individual shareholders are currently subject to a starting rate of 10 per cent., a basic rate of 20 per cent. or a higher rate of 40 per cent. on capital gains and shareholders who are trustees are currently subject to a 40 per cent. rate of tax on capital gains. In each case the amount of the chargeable gain will depend upon the application of any relief and the availability of the annual exempt amount.

Following announcements made in the Pre-Budget Report on 9 October 2007, the tax treatment of disposals of shares by non-corporate shareholders has been the subject of consultation. The outcome of this consultation may have a material effect on the taxation of non-corporate investors. Such investors should consult their professional advisers to understand the potential effects of these proposals.

For corporate shareholders within the charge to corporation tax on chargeable gains, indexation allowance should be available to reduce the amount of chargeable gain realised on a disposal of the Ordinary Shares (but not to create or increase any loss). For such shareholders holding 10 per cent. or more of the Company's ordinary share capital, a gain on the sale of the Ordinary Shares may be exempt from corporation tax on chargeable gains if certain conditions are met.

16.3 *Stamp Duty and Stamp Duty Reserve Tax*

Stamp duty and SDRT treatment will be as follows:

- (a) no liability to stamp duty or stamp duty reserve tax ("SDRT") will arise on the issue of the Ordinary Shares or on the issue of definitive share certificates by the Company (provided that the Ordinary Shares are not issued to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or issuing depository receipts);
- (b) any subsequent transfer of Ordinary Shares outside the CREST system will generally be liable to stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount or value of the consideration given (rounded up to the nearest multiple of £5). Stamp duty is normally paid by the purchaser or transferee of the Ordinary Shares. An unconditional agreement to transfer Ordinary Shares will generally be subject to SDRT at 0.5 per cent. of the agreed consideration. If, however, within the period of six years of the date of the agreement or, in the case of a conditional agreement, the date on which it becomes unconditional, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be repaid or cancelled. SDRT is normally the liability of the purchaser or transferee of the Ordinary Shares;

- (c) no stamp duty or SDRT will arise on a transfer of Ordinary Shares into CREST for conversion into uncertified form, unless such transfer is made for a consideration in money or money's worth, in which case a liability to stamp duty or SDRT will arise, usually at the rate set out above;
- (d) any subsequent transfers of Ordinary Shares effected on a paperless basis within CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value or the consideration. CREST is obliged to collect SDRT from the purchaser of the Ordinary Shares on relevant transactions settled within the system; and
- (e) where Ordinary Shares are issued or transferred: (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at a rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares or, in the case of an issue to such persons, the issue price of the Ordinary Shares. Special rules apply to certain categories of person including intermediaries, market makers, brokers and dealers, and persons connected with depositary arrangements and clearance services.

17. Consents

- 17.1 WH Ireland has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to its name in the form and context in which it appears.

WH Ireland is authorised and regulated by the Financial Services Authority.

WH Ireland is acting for the Company both as its Rule 3 Adviser pursuant to Rule 3 of the Takeover Code and in advising on the application of Rule 9 of the Takeover Code in the context of the proposed issue of the Consideration Shares pursuant to the Eragon Acquisition Agreement and Consulting Option Shares and Consulting Success Shares pursuant to the Consulting Services Agreement, and will not be providing advice, and will not otherwise be responsible to any person for providing customer protections, to recipients of this document in connection with the Proposals. Rule 3 of the Takeover Code requires that the Board obtains competent independent advice in the instance of a reverse takeover and that the substance of such advice be made known to its shareholders. Rule 9 of the Takeover Code requires that where a person or group of persons acting in concert who (individually or collectively with others who may be acting in concert) acquire shares which carry 30 per cent. or more of the voting rights of a company such persons are required to make a general offer in cash to all other shareholders of the company to acquire the balance of the shares not held by such person or group of persons acting in concert unless the Panel has agreed to waive the obligation of the Concert Party to make a general offer to shareholders under Rule 9 that would otherwise arise. The Panel has agreed to such a waiver provided that Resolution 3 set out in the Notice of GM attached at the end of this document is passed by the Independent Shareholders at the GM on a poll.

- 17.2 BDO Stoy Hayward LLP, which is a member firm of the Institute of Chartered Accountants for England and Wales, has given and not withdrawn its written consent to the inclusion in this document of its reports set out in Part IV and Part V in the form and context in which they appear in this document.
- 17.3 McDaniel & Associates Consultants Ltd. has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and reports on the Company, the Eragon Group and the ADA Group in this document set out in Part III and Part V, "Competent Person's Reports", and references to its name and such reports in the form and context in which they appear in this document.

18. Documents Available for Inspection

- 18.1 Copies of this document are available free of charge for one month from the date of this document from the offices of WH Ireland at 5th Floor, 24 Martin Lane, London EC4R 0DR.
- 18.2 Copies of the following documents will be available for inspection at the offices of WH Ireland at 5th Floor, 24 Martin Lane, London EC4R 0DR during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of one month from the date of this document:
- 18.2.1 the Memorandum and the Articles of Association of the Company;
 - 18.2.2 the accountant's reports and financial information set out in Part IV and Part V of this document
 - 18.2.3 the material contracts referred to in paragraph 12 of this Part VI of this document;
 - 18.2.4 the Directors' letters of engagement and service contracts referred to in paragraph 7 of this Part VI of the document;
 - 18.2.5 the written consents referred to in paragraph 17 of this Part VI of this document; and
 - 18.2.6 the Competent Person's Reports set out in Part III and Part V of this document.

19. Confirmations

McDaniel & Associates Consultants Ltd. has confirmed to the Company and WH Ireland that (i) it has reviewed the information which relates to information contained in the reports on the Company, the Eragon Group and the ADA Group set out in Part III and Part V, "Competent Person's Reports", which is contained in a portion of this document other than in such reports, and (ii) such information contained in a portion of this document other than such reports is accurate, balanced and complete and not inconsistent with such reports.

20. Experts' Material Interests

20.1 BDO Stoy Hayward LLP has no material interests in the Company.

20.2 McDaniels & Associates Consultants Ltd. has no material interests in the Company.

21. General

21.1 The total costs and expenses of and incidental to the Proposals including registration and London Stock Exchange fees, professional fees and the costs of printing and distribution and are estimated to amount to approximately £2.7 million.

21.2 The accounting reference date of the Company is 31 December.

21.3 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

- (a) received, directly or indirectly, from the Company within 12 months preceding the date of this document; or
- (b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
 - (i) fees totalling £10,000 or more; or
 - (ii) securities in the Company with a value of £10,000 or more; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.

21.4 Where information and statements have been sourced from a third party, this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

21.5 Save as set out in this document, since incorporation the Company has had no principal investments and there are no principal investments in progress and there are no principal future investments on which the Board has made a firm commitment.

21.6 Save as set out in this document, the Directors are not aware of any exceptional factors that have influenced the Company's activities.

21.7 Save as set out in this document, there has been no significant change in the financial or trading position of the Company since 30 June 2007 or of Eragon since 30 June 2007 or of ADA Oil or ADA since 30 June 2007.

21.8 Save as disclosed in this document, there are no patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

21.9 The Company has made statements regarding its competitive position on the basis of its knowledge of the oil and gas industry in the region of the Contract Areas.

21.10 The Company is subject to the provisions of the Takeover Code, including the rules regarding mandatory takeover offers set out in the Takeover Code. Under Rule 9 of the Takeover Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the Takeover Code), carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code, or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the Takeover Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares of that class in the company within the preceding twelve months, for all of the remaining equity share capital of the company.

21.11 The Ordinary Shares will also be subject to the compulsory acquisition procedures set out in sections 979 to 991 (inclusive) of the 2006 Act. Under section 979 of the 2006 Act, where an offeror makes a takeover offer and receives valid acceptances in respect of, or acquires, more than 90 per cent. of the shares to which the offer

relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, that offeror is entitled to compulsorily acquire the shares of any holder who has not accepted the offer on the terms of such offer.

21.12 Since 13 October 2006, the date of incorporation of the Company, there has been no takeover offer (within the meaning of Part 28 of the 2006 Act) for any Ordinary Shares.

21.13 The financial information on the Company contained in Part IV of this document does not constitute statutory accounts within the meaning of section 240 of the Act. The Company has not drawn up statutory accounts.

21.14 Save as set out in this document, there are no environmental issues that may affect the Company's utilisation of its tangible fixed assets.

21.15 Save as disclosed in this document, the Company does not know of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.

22. Availability of Admission Document

Copies of this document are available during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) free of charge from WH Ireland's office at 24 Martin Lane, London EC4R 0DR for the period from the date of this document until one month after Admission.

ROXI PETROLEUM PLC

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Roxi Petroleum plc (the “**Company**”) will be held at The Registry, Royal Mint Court, London EC3N 4QN on 29 February 2008 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1, 2, 3 and 4 will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution. Resolution 3 will be voted on a poll of Independent Shareholders, regardless of whether or not a request is received from Shareholders that such a poll be held and any members of the Concert Party (as defined in the circular of the Company issued to its shareholders dated 31 January 2008) will not vote on that resolution:

ORDINARY RESOLUTIONS

1. **THAT:**

- (a) the acquisition by the Company of 59 per cent. of the issued share capital of Eragon Petroleum plc on the terms and subject to the conditions of the agreement, dated 17 August 2007, between Baverstock GmbH (1) and the Company (2) (the “**Eragon Acquisition Agreement**”) (a copy of which agreement is produced to the Meeting and initialled for the purpose of identification by the Chairman of the Meeting), as is defined and summarised in the circular issued by the Company to its shareholders dated 31 January 2008, be and it is hereby approved for the purposes of Rule 14 of the AIM Rules for Companies and that the Directors of the Company be and they are hereby authorised and directed to complete the Eragon Acquisition Agreement and to take all such steps as they, in their sole discretion, consider to be necessary or desirable to effect such acquisition (including the making of further agreements or arrangements or the giving of indemnities) and to waive, amend, delete, vary, revise or extend any of the terms and conditions of the Eragon Acquisition Agreement and/or any other document referred to therein and/or connected with such acquisition as they consider to be necessary or desirable, to such extent as shall not constitute a material amendment to the terms and conditions of the Eragon Acquisition Agreement or of such acquisition; and
- (b) (i) the long term incentive plan of the Company (the “**New Scheme**”) to be constituted by the New Scheme rules (a copy of which rules are produced to the Meeting and initialled for the purpose of identification by the Chairman of the Meeting) be and it is hereby approved and the Directors of the Company be and they are hereby authorised to cause such rules to be adopted in the form so prepared and to do all actions and things which they may consider necessary or expedient for implementing and giving effect to the same; and
- (ii) the Directors of the Company be and they are hereby authorised to vote and be counted in a quorum at any meeting of the Directors of the Company at which any matter connected with the New Scheme is under consideration notwithstanding that they may be interested in the same in any present or proposed capacity whatsoever, provided that no Director of the Company may vote or be counted in the quorum in the consideration of any matter concerning his individual right to participate directly or indirectly in the New Scheme.

2. **THAT** (i) the Eragon Acquisition Agreement (a copy of which agreement is produced to the Meeting and initialled for the purpose of identification by the Chairman of the Meeting), as is defined and summarised in the circular issued by the Company to its shareholders dated 31 January 2008 (the “**Circular**”) and (ii) the Consulting Services Agreement (a copy of which agreement is produced to the Meeting and initialled for the purpose of identification by the Chairman of the Meeting), as is defined and summarised in the Circular, be and they are hereby approved for the purposes of section 320 of the Companies Act 1985 and section 190 of the Companies Act 2006, subject to such amendments as the Directors of the Company (other than Kuat Oraziman) shall, in their sole discretion, consider necessary or desirable, to such extent as shall not constitute a material amendment to the terms and conditions of such agreements.

3. **THAT** the grant by the Panel on Takeovers and Mergers of a waiver, on the terms defined in the letter from the Chairman of the Company set out in the circular issued by the Company to its shareholders dated 31 January 2008 (the “**Circular**”), of the requirement under Rule 9 of the City Code on

Takeovers and Mergers on the Concert Party (as defined in the Circular) to make a general offer to shareholders of the Company that would otherwise arise as a result of the following transactions:

- (a) the issue by the Company to the members of the Concert Party of a maximum of 145,000,000 ordinary shares of 10p each in the capital of the Company ("**Ordinary Shares**") under the terms of the Eragon Acquisition Agreement (as set out and defined in the Circular);
- (b) the issue of a maximum of 46,153,846 Ordinary Shares to the members of the Concert Party under the terms of the Consulting Services Agreement (as set out and defined in the Circular);
- (c) the grant by the Company to the members of the Concert Party of options to subscribe for 801,538 Ordinary Shares; and
- (d) the exercise by members of the Concert Party of options to subscribe for 1,474,368 Ordinary Shares

such that the maximum interest of the Concert Party is in 197,002,668 Ordinary Shares representing 53.23 per cent. of the ordinary share capital of the Company be and is hereby approved.

4. **THAT** subject to and conditional upon the passing of resolutions 1, 2 and 3 set out in the notice of general meeting of the Company dated 31 January 2008 (the "**Notice**"), the Directors be and they are hereby authorised, in substitution for all previous authorities granted to them, generally and unconditionally pursuant to and in accordance with section 80 of the Companies Act 1985 (as amended) (the "**Act**") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £36,379,378, provided that such authority shall be limited to:

- (a) the allotment of relevant securities up to an aggregate nominal amount equal to £14,500,000.00 for the purposes of or in connection with the Eragon Acquisition Agreement and, as appropriate, the Subscription Agreement and the Baverstock Deed (as each is defined and summarised in the circular issued by the Company to its shareholders dated 31 January 2008 (the "**Circular**");
- (b) the allotment of relevant securities up to an aggregate nominal amount of £923,076.90 for the purposes of or in connection with the Eragon Project Management Agreement (as is defined and summarised in the Circular);
- (c) the allotment of relevant securities up to an aggregate nominal amount of £4,615,384.60 for the purposes of or in connection with the Consulting Services Agreement and, as appropriate, the Subscription Agreement and the Vertom Deed (as each is defined and summarised in the Circular);
- (d) the allotment of relevant securities up to an aggregate nominal amount equal to £4,054,513 pursuant to, and provided such allotment does not conflict with, the rules of the 2007 Scheme (as defined in the Circular) or the rules of the New Scheme (as defined and summarised in resolution 1(b)(i) set out in the Notice;
- (e) (otherwise than pursuant to paragraphs (a) to (d) of this resolution 4) the allotment of relevant securities up to an aggregate nominal value equal to £12,286,403.50, provided such allotment represents no more than one-third of the aggregate nominal value of the ordinary share capital of the Company in issue following the allotment of the relevant securities pursuant to the authority set out in paragraphs (a), (b) and (c) of this resolution 4

and the authorities conferred by this resolution shall expire (unless previously renewed, varied or revoked by the Company in General Meeting) fifteen months from the date on which this resolution was passed, or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held following the passing of this resolution, save that the Company may at any time before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution 4 had not expired.

SPECIAL RESOLUTION

5. **THAT** subject to and conditional upon the passing of resolutions 1, 2, 3 and 4 set out in the notice of general meeting of the Company dated 31 January 2008 (the "**Notice**"), the Directors be and they are hereby empowered, in substitution for all previous powers granted to them, pursuant to section

95 of the Companies Act 1985 (as amended) (the “**Act**”) to allot equity securities (as defined in section 94(2) of the Act) for cash and/or to sell equity securities held as treasury shares for cash pursuant to section 162D of the Act, pursuant to the authority conferred by resolution 4 set out in the Notice, as if section 89(1) of the Act did not apply to such allotment and/or sale provided that this power shall be limited to the allotment and/or sale of equity securities:

- (a) for the purposes of or in connection with the Eragon Acquisition Agreement and, as appropriate, the Subscription Agreement and the Baverstock Deed, as referred to in paragraph (a) of resolution 4 set out in the Notice; or
- (b) for the purpose of or in connection with the Eragon Project Management Agreement, as referred to in paragraph (b) of resolution 4 set out in the Notice; or
- (c) for the purpose of or in connection with the Consulting Services Agreement and, as appropriate, the Subscription Agreement and the Vertom Deed, as referred to in paragraph (c) of resolution 4 set out in the Notice; or
- (d) pursuant to the terms of the 2007 Scheme or the New Scheme, as referred to in paragraph (d) of resolution 4 set out in the Notice; or
- (e) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares on a record date fixed by the Directors of the Company, but subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, the requirements of any regulatory body or stock exchange or otherwise howsoever; or
- (f) (otherwise than pursuant to paragraphs (a), (b), (c), (d) or (e) of this resolution 5) having, in the case of relevant shares (as defined in section 94(5) of the Act), an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having an aggregate nominal value, not exceeding, in aggregate, the sum of £12,286,403.50

and the authorities conferred by this resolution shall expire, unless previously renewed, revoked or varied by the Company in General Meeting, at such time as the general authority conferred on the Directors of the Company by resolution 4 set out in the Notice expires, except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors of the Company may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution 5 had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of this resolution the words “pursuant to the authority conferred on them by resolution 4 set out in the Notice” were omitted.

Registered office:

11 Gough Square
London EC4A 3DE

31 January 2008

BY ORDER OF THE BOARD

Paul Benedict Puxon
Company Secretary

NOTES TO THE NOTICE OF GENERAL MEETING

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 11.00 a.m. on 27 February 2008 or, if this Meeting is adjourned, 48 hours before the time appointed for the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a Form of Proxy with the Notice. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars, Capita Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using Form of Proxy

6. The notes to the Form of Proxy explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the Form of Proxy, the form must be:
 - completed and signed;
 - sent or delivered to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
 - received by Capita Registrars no later than 11.00 a.m. on 27 February 2008 (being 48 hours before the time appointed for the Meeting).

In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the Form of Proxy and would like to change the instructions using another Form of Proxy, please contact Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

The revocation notice must be received by Capita Registrars no later than 11.00 a.m. on 29 February 2008. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As at 11.00 a.m. on 31 January 2008 the Company's issued share capital comprised 168,207,490 ordinary shares of 10p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 11.00 a.m. on 31 January 2008, is 168,207,490.

Voting

11. Voting on all resolutions, except Resolution 3, will be conducted by way of a show of hands. Resolution 3 will be voted on a poll of Independent Shareholders, regardless of whether or not a request is received from Shareholders that such a poll be held and any members of the Concert Party (as defined in the Circular) will not vote on that resolution.

Communication

12. Except as provided above, members who have general queries about the Meeting should contact Capita Registrars Shareholder Enquiries on 0871 664 0300 (from outside the UK +44 20 8639 3399). Calls cost 10p per minute plus network extras.

