

RusPetro plc (RPO LN)

Annual General Meeting - Chairman's Statement

London, 6 June 2012 - At today's AGM the Chairman, Christopher Clark, opened the meeting with the following statement:

So far, the first half of 2012 has been transformational for RusPetro plc. We successfully completed our IPO on 19 January – the first one and one of the few on the London Stock Exchange this year. We chose to do a full, premium listing, adhering to high standards on transparency, corporate governance and free float, which allowed RusPetro to be included in the prestigious FTSE 250 Index.

We have an excellent management team committed to delivering on the promises set out at our IPO. First of all, on transparency, RusPetro has had an intense start for a new listed company, adopting strict financial disclosure and reporting discipline straightaway. We reported our first (maiden) full year results in April and have since issued our first quarter update. We are engaging directly with the investor community – through our first Capital Markets Day, the hire of our own Investor Relations officer based in London and the site visit we organised just a few days ago. We have also published our first Annual Report and are working on making our website a helpful source of information for all our stakeholders.

On the operational front, we have made significant progress in developing our drilling, production and surface infrastructure programmes since our listing. Most of the projects were completed ahead of schedule and under budget which is testimony to our operational discipline. We are now standardising well completions, growing production and benefiting from the cost efficiencies that our development plan set out to achieve.

Our reserves' auditors, DeGolyer and MacNaughton, in their report dated 31 December 2011 have also confirmed an increase in our proved reserves by 10% to 173 million barrels and an increase in our proved and probable reserves by 7.5% to 1,545 million barrels.

Our drilling results this year are encouraging. We continue to see productive sands confirming our model and our increased drilling rate means that we have a steady stream of new wells coming online. This puts us in a position to meet our year end production and well count targets of 10,400 barrels of oil per day and 24 new wells drilled respectively.

Having started the year with just one rig in the field on Pad 21, we now have four rigs in operation on two pads in the northwest of the field and two pads in the northeast of the field. We are working very closely with our contractors to optimise drilling days and minimise spud to completion periods for new wells. The pads where these rigs are situated have been considerably expanded.

Wells being tested in the north-eastern area of our field are producing a 51° API condensate that we have been able to sell directly from the wellhead to a domestic off-taker at a \$9 premium to our domestic sales price. This area of the field is proving prolific and in response to this, we are fast tracking the 4,000 barrels of oil per day oil processing facility planned for this area.

We have improved our surface infrastructure considerably since our IPO. Most significantly, we have completed and commissioned the 27 kilometre sales pipeline from our central processing facility to our custody transfer station on the Transneft pipeline. This not only reduces the cost of transporting our oil to the sales point by \$2.20 per barrel but it also makes our day-to-day operations more efficient by eliminating the need for trucking completely from our central processing facility.

We have also installed 4 megawatt of generating capacity that is using associated gas from our central processing facility to produce electricity for our drilling and production needs. We will be doubling this capacity as it affords us the two fold benefit of utilising our associated gas and reducing our operating costs by decreasing our reliance on the federal grid and diesel powered generators.

The upgrade of our central processing facility to 15,000 barrels of oil per day is progressing on schedule as are our infield oil pipeline and water injection line development programmes.

To enable us to better control our infrastructure projects, we have obtained a general contractor licence. This is allowing us to make cost and time savings on infrastructure projects that we can now manage in-house when appropriate.

We have also expanded our team with key additions in drilling, geosciences, engineering and operations since our IPO.

Financially, our revenues grew to \$19.2 million in the first quarter of 2012, compared to \$15 million in the fourth quarter of 2011 and \$3.5 million in the first quarter of 2011.

Net cash generated from financing activities was \$173.7 million. Capital expenditure during the period was \$20.4 million. At the end of March 2012, RusPetro's cash position stood at \$154.9 million, leaving the Company fully funded for its 2012/2013 drilling and development programme.

Now that we have put the platform in place for our drilling and production programme, we expect 2012 to be a year where we will see RusPetro plc achieve its goals and begin to realise its potential.