



# PETRO KAMCHATKA

## PetroKamchatka Plc (TSXV: PKP) Reports Financial Results for the Fiscal Year Ended May 31, 2010

ST. HELIER, JERSEY, September 30, 2010 – PetroKamchatka Plc ("PetroKamchatka" or the "Corporation") a Jersey company, reports its audited financial results for its fiscal year ended May 31, 2010 and provides an operations update. PetroKamchatka filed its Consolidated Financial Statements for the years ended May 31, 2010 and 2009 and its Management's Discussion and Analysis ("MD&A") on [www.sedar.com](http://www.sedar.com) and on its website at [www.petrokamchatka.com](http://www.petrokamchatka.com).

Certain selected financial information as at May 31, 2010 and May 31, 2009 and for the fiscal years ended May 31, 2010 and 2009 are set out below and should be read in conjunction with PetroKamchatka's Consolidated Financial Statements and MD&A.

### SELECTED FINANCIAL INFORMATION

The audited consolidated financial information for PetroKamchatka includes the Corporation, its subsidiaries and its proportionate share of the accounts of its joint interest entities.

The Corporation followed the continuity of interest basis of accounting whereby the Corporation is considered a continuation of PetroKamchatka Resources Ltd., which was acquired by the Corporation on November 23, 2009 pursuant to a takeover offer. All financial information is stated in United States dollars, unless otherwise indicated.

For the fiscal year ended	May 31, 2010	May 31, 2009
Interest income	\$ 88,364	\$ 37,980
Expenses, including property and equipment write downs of \$31,948,499 and \$2,482,417	\$ 38,542,110	\$ 7,850,539
Net loss and comprehensive loss	\$ (38,453,746)	\$ (7,812,559)
Net loss per share – basic and diluted	\$ (0.09)	\$ (0.05)
Cash (used in) operations	\$ (4,620,819)	\$ (4,483,084)
Cash (used in) investing	\$ (8,814,802)	\$ (17,541,125)
Cash provided by financing	\$ 19,417,213	\$ 18,772,702
Foreign exchange gain (loss) on cash held in foreign currencies	\$ (174,999)	\$ 65,009
Increase (decrease) in cash and cash equivalents	\$ 5,806,593	\$ (3,186,498)

As at	May 31, 2010	May 31, 2009
Total assets	\$ 38,076,803	\$ 57,627,689
Total liabilities	\$ 3,249,580	\$ 6,957,104
Shareholders' equity	\$ 34,827,223	\$ 50,670,585
Number of common shares outstanding	489,063,510	158,119,627

PetroKamchatka reported a net loss for the year ended May 31, 2010 of \$38.5 million (\$0.09 per share) compared to a net loss of \$7.8 million (\$0.05 per share) for the year ended May 31, 2009.

The current year loss included a write-down of property and equipment of approximately \$32 million, including a \$29.5 million partial write-down of its full cost pool of capitalized petroleum and natural gas costs in Russia. There was also a \$2.0 million write-down recognized in the current fiscal year in the carrying value of the Corporation's 46.25% net interest in a drilling rig.

The write down of the Russian full cost pool resulted from an impairment test following the drilling of two unsuccessful wells in Tigil, Russia during the fiscal year ended May 31, 2010. The Corporation also incurred a one-time expense of approximately \$1.2 million relating to its reorganization in the year and its listing on the TSX Venture Exchange. Other costs contributing to the current year loss included stock-based compensation expense of \$0.7 million and depreciation on its Russian drilling rig and equipment of \$0.7 million. These amounts were partially offset by a \$0.4 recovery of prior years expenses.

Cash used in operating activities was approximately \$4.6 million, mostly to fund general and administration expenses. Capital expenditures for the year were approximately \$5.7 million, which amount was net of Russian value added tax ("VAT") recoveries of approximately \$5.0 million. Net capital expenditures for the year included the Corporation's proportionate share of drilling the two wells in Russia.

In the year ended May 31, 2010, the Corporation raised approximately \$19.8 million to finance its ongoing exploration program in Russia and to fund general and administration expenses

Working capital at May 31, 2010 was approximately \$7.5 million, including cash of \$7.9 million. The Corporation has no long-term debt.

The net loss for the year ended May 31, 2009 included a write-down of \$2.5 million in the carrying value of the Corporation's net 46.25% interest in a drilling rig. Other significant costs which contributed to the loss of the prior year included \$0.6 million of stock-based compensation, \$0.3 million of financing costs, and a foreign exchange loss of \$0.9 million.

Cash used in operating activities in fiscal 2009 was approximately \$4.5 million mainly the result of approximately \$3.6 million of general and administration expenses. Capital expenditures for the prior fiscal year were approximately \$16.3 million, which amount was net of Russian VAT recoveries of approximately \$3.4 million. During the year ended May 31, 2009, the Corporation raised \$11.7 million which was mainly used to fund exploration and pre-drilling costs in Russia and also to fund general and administration expenses. Working capital deficiency at May 31, 2009 was \$3.2 million.

## **OPERATIONS UPDATE**

PetroKamchatka completed the drilling of its first two exploration wells on the Tigil Block in the Kamchatka Peninsula. Both wells were unsuccessful. The first exploration well, Oyarskaya 1P, was drilled to a total depth of 3,236 meters in January 2010. The well did not reach the target tertiary reservoir sandstones as the overlying formations were much thicker than predicted. Although the Oyarskaya 1P was initially suspended, it was abandoned after the completion of the second exploration well. The second exploration well, the Chernorechenskaya 1P, was located approximately twenty kilometers from the first well. This well reached a total depth of 2,596 meters in basement rocks on the structure without encountering the target Snatol sandstone formation and was abandoned.

Both wells were drilled using the mobile drilling rig and related equipment purchased in previous fiscal years and owned in the joint interest entity, CJSC Tigil Exploration. The Corporation's effective interest in CJSC Tigil Exploration is 45%. The first well was drilled on schedule and the second was drilled ahead of schedule and under budget. There were no major operational, environmental or safety problems encountered.

After drilling the second well at Tigil, the Chernorechenskaya 1P well, the drilling rig and equipment was moved to the southern shore of the Tigil River where it will be stored until being moved to the next drilling location. The Corporation and its joint venture partner are reviewing future drilling plans.

### **About PetroKamchatka**

PetroKamchatka is an international junior oil exploration company incorporated in the Bailiwick of Jersey with core properties located in the Kamchatka Peninsula of the Russian Federation. For further information, please visit the PetroKamchatka Plc website at [www.petrokamchatka.com](http://www.petrokamchatka.com).

***Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.***

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*This press release together with the audited consolidated financial statements and MD&A referred to therein contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements"). Forward-looking statements are based on the PetroKamchatka's current beliefs as well as assumptions made by, and information currently available to, PetroKamchatka concerning business prospects, strategies, regulatory developments, the ability to obtain equipment in a timely manner to carry out development activities, the ability to get oil to market, and the ability to obtain financing on acceptable terms. Although management of PetroKamchatka considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. There can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will in fact be realized. Actual results will differ, and the difference may be material and adverse to either PetroKamchatka and/or its security holders. The forward-looking statements contained in this press release are made as of the date hereof and PetroKamchatka does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.*