



PETRO KAMCHATKA

PetroKamchatka Plc (TSXV: PKP) announces trading halt and intention to purchase six exploration licences in Russia via a share exchange

St. Helier, JERSEY, May 18, 2011 – PetroKamchatka Plc, ("PetroKamchatka" or the "Corporation"), an international junior oil exploration company incorporated in the Bailiwick of Jersey, announces that it has halted the trading of its stock at the request of the TSX Venture Exchange (the "TSX-V") to allow the dissemination of this news release announcing that the Corporation has signed a non-binding Letter of Intent ("LOI") with Mr. Sergey Dokuchaev and Mr. Valery Garipov in respect of a proposed share exchange transaction. Pursuant to the LOI, PetroKamchatka would issue common shares in exchange for all the outstanding stock of Advastor Services Ltd. ("Advastor"), a Cyprus-holding company that is 100% owned by Mr. Dokuchaev and Mr. Garipov (the "Share Exchange"). Advastor, in turn, owns 100% of the stock in the charter capital of each of LLC "Severgeofisika", LLC "NefteGeoService Company", CJSC "Uhtaneftegasrasvedka" and CJSC "PechoraPetroleum". These four Russian entities hold six exploration licences in the Komi Republic, in northern European Russia, an established oil and gas producing region close to existing production and transportation infrastructure. The total acreage of the six licence areas is approximately 2,700 km² and includes two drill-ready prospects. The trading halt of the Corporation's stock will remain effective until the TSX-V receives and reviews preliminary information on the potential new insiders of the Corporation, those being Mr. Dokuchaev and Mr. Garipov.

Mr. Graeme Phipps, President of PetroKamchatka, is quoted as saying "this transaction will provide lower exploration risk oil opportunities within close proximity to infrastructure that offsets the high risk, high potential Kamchatka exploration. I am excited by these opportunities and look forward to building on our relationship with Messrs. Garipov and Dokuchaev."

The purchase consideration for the stock of Advastor will be payable in common shares of the Corporation at a price that will be equivalent to PetroKamchatka's net book value per share of approximately US\$0.029 as of February 28, 2011, subject to closing adjustments.

The final purchase consideration and number of shares to be issued pursuant to the Share Exchange will be based on an independent third-party resource assessment, which is presently being conducted by DeGolyer & MacNaughton to be compliant with the requirements of NI 51-101 (the "Resource Assessment"). Preliminarily, the Corporation anticipates that it will acquire the shares at an enterprise value equivalent to approximately US\$0.30 per barrel of net risked resources identified in the Resource Assessment, subject to closing adjustments.

A pre-condition to closing the Share Exchange is a requirement that the Corporation raise financing of at least US\$30 million (the "Financing"). The Corporation anticipates that it will pursue a best efforts private placement of its common shares to accredited investors in Canada, and their equivalent in the United Kingdom and Russia. The net proceeds from the Financing will be used to: (i) drill the two drill-ready prospects in the near term, (ii) further other work commitments on the six exploration licenses, and (iii) provide working capital. If the Corporation is able to raise additional capital beyond the minimum, it will seek to purchase post-exploration risk blocks in the vicinity of the target assets that are subject of the proposed transaction. The issue price of the common shares to be issued pursuant to the Financing will be determined in the context of the market.

The Corporation anticipates that either as part of both the Share Exchange and the Financing (collectively, the "Transaction") or at some point prior to closing of the Transaction, it will propose to its shareholders a consolidation of its

490,396,137 outstanding shares, at a ratio to be determined based on a consideration of the number of shares to be issued pursuant to the Transaction and the industry norm of comparable junior exploration issuers.

Of the six exploration licences to be acquired in this potential transaction, two exploration licences are located in the Izhma-Pechora Trough and four exploration licences are located in the Upper Pechora Trough. The following lists the exploration licences with a summary of the exploration work completed to date and work commitments to be completed:

- Visovsky Licence: The total acreage of this exploration block is 732 km² with 485 km² of 3D seismic acquired and two prospects and six leads identified. The outstanding work commitment pursuant to the licence is the drilling of one exploration well.
- Yermolovsky Licence: The total acreage of this exploration block is 189 km² with 134 km² of 3D seismic acquired and two prospects identified. One exploration well was drilled on the block in 2007. The outstanding work commitment pursuant to the licence is the drilling of one exploration well.
- Lemsky Licence: The total acreage of this exploration block is 610 km² with 445 km of historical 2D seismic acquired and multiple leads identified. The outstanding work commitment pursuant to the licence is the completion of 150 km of 2D seismic, 150 km² of 3D seismic, and the drilling of one exploration well.
- Lunvozhsky Licence: The total acreage of this exploration block is 352 km². The outstanding work commitment pursuant to the licence is the completion of 150 km of 2D seismic, 100 km² of 3D seismic, and the drilling of one exploration well.
- Lebyazhsky Licence: The total acreage of this exploration block is 513 km². The outstanding work commitment pursuant to the licence is the completion of 200 km of 2D seismic, 100 km² of 3D seismic, and the drilling of one exploration well.
- VerhnePechorsky Licence: The total acreage of this exploration block is 314 km². Two exploration wells were drilled on the block, one in 2006 and the other in 2008. The outstanding work commitment pursuant to the licence is the completion of 100 km of 2D seismic and the drilling of one exploration well.

Upon successful closing of the Transaction, it is proposed that Mr. Garipov and Mr. Dokuchaev will be added to the Board of Directors of the Corporation.

- From 1996-2001, Mr. Garipov was the Deputy Minister, Russian Federation Ministry of Fuel and Energy, in charge of exploration for oil and gas in Russia, overseeing the activity of the Central Commission on Development of Oil and Gas Fields. The Commission's function was to consider and approve field development programs and establish hydrocarbon production levels. Since 2001, Mr. Garipov has been involved in private business developing oil and gas exploration projects in Russia.
- Mr. Dokuchaev is an independent businessman residing in Moscow. Presently he is the Chairman of the Board of Directors of JSCB "Lanta-Bank". Lanta Bank is active in the financing of gold mining and jewelry production in Russia. Mr. Dokuchaev is also a joint owner of the only Russian Insulin pharmacology factory – "Sanofi-Aventis Vostok". He is a Shareholder of OJSC "GV Gold" that is among the top-ten gold mining companies in Russia with annual production of approximately 125,000 oz. in 2010. He also holds the position of Chairman for Investment in the branch of precious stones and metals in the Russian Chamber of Trade and Industry.

It is intended that the day-to-day operations of the combined company will be led by the current management of PetroKamchatka, supplemented where and as thought beneficial by senior officers and employees of Advastor and the Russian holding companies. The Board of PetroKamchatka anticipates analyzing the current management structure and capitalizing on the new or supplemental skill sets that may become available pursuant to the Transaction.

The LOI contemplates that the parties will negotiate a mutually acceptable definitive Share Purchase Agreement to be executed upon finalization of the Resource Assessment and determination of the final share exchange. Currently the parties anticipate that the Resource Assessment will be completed by July 1, 2011.

The LOI has a mutual break fee of US\$1,000,000 payable in the circumstances of unwarranted termination of the Transaction.

The Transaction is subject to a number of conditions precedent, including financing, completion of satisfactory due diligence, receipt of all required corporate regulatory and shareholder approvals and negotiation and execution of definitive transaction documents. There can be no assurance that The Transaction will be completed or completed as described herein. Further details of The Transaction, including the financing, will be released as they become available.

Assuming the Transaction does proceed, the Corporation will seek to farm-out its Kamchatka acreage and rename itself to reflect the broader Russian geographic focus of the company going forward.

Forward looking Statements or Information

Certain statements included in this news release constitute forward-looking statements or forward-looking information under applicable securities legislation. Such forward-looking statements or information are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned and that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information concerning PetroKamchatka in this news release may include, but are not limited to statements or information with respect to: business strategy and objectives; development, exploration, acquisition and disposition plans, and the timing and results thereof. Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although PetroKamchatka believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on such statements because PetroKamchatka can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this news release, assumptions have been made regarding, among other things: the timely receipt of any required regulatory and shareholder approvals; the ability of PetroKamchatka to obtain qualified staff, equipment and services in a timely and cost efficient manner; and the ability of PetroKamchatka to obtain financing on acceptable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by PetroKamchatka and described in the forward-looking statements or information. These risks and uncertainties may cause actual results to differ materially from the forward-looking statements or information.

The forward-looking statements or information contained in this news release are made as of the date hereof and PetroKamchatka undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise unless required by applicable securities laws. The forward-looking statements or information contained in this news release are expressly qualified by this cautionary statement.

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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