



## **PetroKamchatka Plc Announces Farm-In Agreement, an Upcoming Special Meeting of Shareholders to Approve Certain Organization Matters, Management Changes and the Sale of Drilling Equipment**

**St. Helier, Jersey, June 27, 2012** – PetroKamchatka Plc (TSXV: PKP), ("PetroKamchatka" or the "Corporation"), an international junior oil exploration company incorporated in the Bailiwick of Jersey, is pleased to announce that it has entered into a non-arms length farm-in agreement (the "Farm-in Agreement") with East Siberian Resources Ltd. ("ESR") of Tortola, British Virgin Islands. The Farm-in Agreement provides that the Corporation may earn up to a 51% equity stake in two wholly-owned Cyprus subsidiaries of ESR, Elranio Holdings Ltd. ("Elranio") and Lesona Holdings Ltd. ("Lesona" and Elranio and Lesona collectively, the "Holding Companies"). Elranio indirectly holds, through CJSC Pacific Oil Resources ("Pacific Oil"), a Russian entity, a 100% interest in an exploration and production license located on the eastern onshore portion of the Sakhalin Island. Lesona indirectly holds, through LLC Mezhregionalnaya Toplivnaya Kompaniya ("MTK"), a Russian entity, one oil production licence and one exploration and production licence located in Eastern Siberia. ESR is owned 100% by the Alltech Group ("Alltech" [www.alltech.ru](http://www.alltech.ru)) of the Russian Federation, a private direct investment company. The Farm-in Agreement is considered by the TSX Venture Exchange ("TSXV") to be a non-arms length transaction because of the past cross-directorships held by the Corporation's two new directors, Mr. Maxim Sidorin and Dr. Vyacheslav Pershukov (see below under "Changes to Senior Management of the Corporation"). The transaction is not a related party transaction for the purposes of Multilateral Instrument 61-101.

The Corporation intends to pursue a fund raising for approximately USD\$50 million to fully fund the work program contemplated by the Farm-in Agreement (the "Work Program") and for general corporate purposes. The fund raise is proposed to be undertaken by a brokered private placement of common shares of the Corporation (the "PetroKamchatka Shares") at a market determined price (the "Private Placement"), after giving effect to the Consolidation described below under the heading "*Special Meeting of PetroKamchatka Shareholders – Consolidation*". The Corporation has engaged Fox-Davies Capital and Okritie Investor Services Inc. to act as joint advisors on the fund raise on a best efforts basis. Each advisor will be entitled to a commission, which amount will be based on a percentage of their respective sales.

Commencement of the Work Program is subject to a number of conditions including: (i) the ability to raise at least US\$15 million pursuant to the Private Placement (the "Initial Financing") in order to earn an initial 20% of the shares of Elranio (as set forth below); (ii) shareholder approval of certain related events described below under the heading "*Special Meeting of PetroKamchatka Shareholders*"; and (iii) the approvals of the TSXV. Pursuant to the Farm-in Agreement, the Initial Financing is to be completed before December 31, 2012. The TSXV requirements include, amongst other things: (i) an independent oil and gas reserve report prepared in accordance with National Instrument 51-101 (the "Report") in respect of the licences subject to the farm-in agreement; (ii) title opinions; (iii) evidence as to closing of the Initial Financing; and (iv) payment of applicable fees.

Shareholder agreements will be entered into with each of the Holding Companies to ensure the Corporation has: (i)

rights to earn up to 51% of the licences as described below, over a staged 3 year period; (ii) provisions for operatorship; (iii) two directorships out of four for each Holding Company; (iv) upside area growth protection through a defined area of mutual interest (AMI); and (v) other related items.

### **Trading Halt**

Trading in the shares of the Corporation has been halted pending receipt and review of the Report. The Corporation will issue further news releases in respect of details regarding the Report and the Private Placement as the matters progress.

### **Description of the Farm-In**

Pursuant to the Farm-in Agreement, PetroKamchatka has the right to earn-in to the licences by acquiring newly issued shares in each of the Holding Companies that will amount to 51% of the outstanding shares on fully diluted basis.

The farm-in for 51% of the Elranio shares is based upon the funding of the following potentially staged earn-in work programs to be performed in relation to the Prizalivnaya Licence held by Elranio:

1. a 20% shareholding in Elranio will be earned following a US\$15MM investment by the Corporation in Elranio for drilling the first development well. This development well will be drilled to the target reservoir zone of interest and tested, to a minimum depth of 4,000 metres;
2. a 20% shareholding in Elranio will be earned following an additional US\$10MM investment by the Corporation in Elranio for drilling of the second development or delineation well. This second development or delineation well will be drilled to the same reservoir zone of interest and tested, to a minimum depth of 4,000 metres; and
3. an 11% shareholding in Elranio will be earned following an additional US\$5MM investment by the Corporation in Elranio for shooting 200 km of 2D seismic or an equivalent agreed upon 3D seismic program.

The farm-in for 51% of the Lesona shares is based upon the following potentially staged earn-in funding for the work program performed in relation to the Verkhnepitskaya Licence and Borschevskaya Licences held by Lesona:

1. a 26% shareholding in Lesona will be earned following a US\$10MM investment by the Corporation in Lesona for drilling the first delineation well (1P) on the Borschevskaya Licence. This well will be drilled updip from the oil water contact in the reservoir zone of interest and tested, to a minimum depth of 2,700 metres ;
2. a 25% shareholding in Lesona will be earned following an additional US\$10MM investment by the Corporation in Lesona for shooting 300 km of 2D seismic on the Borschevskaya Licence; and shooting 700 km of 2D seismic on the Verkhnepitskaya Licence.

The Corporation shall only be entitled to earn-in as set out above until the date that is three (3) years after the date that the Initial Fund Raise closes.

### **Special Meeting of PetroKamchatka Shareholders**

In connection with the Farm-in Agreement, the Corporation will seek shareholder approval for: (i) a corporate name change to "EastSiberian Plc" ("Name Change"); and (ii) a 100:1 share consolidation (the "Consolidation"). The Corporation expects to hold a special meeting of shareholders (the "Shareholder Meeting") to conduct the foregoing business on or about August 15, 2012.

### Name Change

With the execution of the Farm-in Agreement, the Corporation has taken steps to diversify its focus from exploration in Kamchatka, Russia to development opportunities in Eastern Siberia and the Sakhalin region of Eastern Russia. To reflect this broader geographic focus, the Corporation will seek shareholder approval to change the name of the Corporation to "EastSiberian Plc".

### Consolidation

In order to fund the Work Program, the Corporation will undertake the Private Placement following completion of a consolidation of its shares. To support this equity raise, the Company will seek shareholder approval to consolidate its shares at 100:1. At the date hereof, there are 490,396,137 common shares of PKP outstanding.

### Changes to Senior Management of the Corporation

Pursuant to the Farm-in Agreement and subject to the approval by the shareholders of the Name Change and Consolidation and of the TSXV contemplated here, it is anticipated that Mr. Maxim Sidorin will be appointed as the Chief Executive Officer of the Corporation. Mr. Phipps will remain as President and Chairman of the Board. Further to the Corporation's News Release dated May 1, 2012, Mr. Maxim Sidorin and Dr. Vyacheslav Pershukov have been appointed to the Board of Directors of the Corporation. Mr. Sidorin brings extensive financial and Russian operational experience and expertise to the Corporation. Prior to being appointed to the Board of Directors he was the Chief Executive Officer of ESR. Dr. Pershukov brings extensive technical expertise in Russia and abroad plus a very strong professional and government network. Prior to being appointed to the Board of Directors he was a non-executive director of ESR. Each of Mr. Sidorin and Dr. Pershukov have, prior to the Corporation entering into the Farm-in Agreement, resigned their positions held in ESR.

PetroKamchatka's President and CEO, Mr. Phipps, states "This farm-in agreement and recently announced board and corporate management restructuring enhances our company's ability to advance oil and gas exploration and development efforts in Russia. Adding new proven development opportunities to our portfolio reduces our overall technical risk substantially. With the additions to the management team and new Russian directors, we have enhanced our ability to raise funds required to implement the development program associated with the new opportunities. The Corporation will also continue efforts to farm out its large Kamchatka exploration lands and realize value from the sale of its drilling equipment and materials in Russia. We look forward to working to advance the Corporation's initiatives in Russia."

### Sale of Drilling Equipment

The Corporation also announces that it has completed the sale of its HighKelly drilling rig. This rig was originally purchased by the joint venture to facilitate drilling operations in Kamchatka, but was subsequently replaced by more mobile units. The rig was sold for CAD\$3,500,000, with the Corporation's 46.25% share being CAD\$1,618,750. These proceeds will be used for general corporate purposes as the Corporation pursues funding for the Farm-in Agreement.

### ***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 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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For further information in respect of the Corporation, please visit the PetroKamchatka Plc website at:  
[www.petrokamchatka.com](http://www.petrokamchatka.com)