

For immediate release

20 February 2008

**Black Rock Oil & Gas PLC**  
**(“Black Rock” or the “Company”)**  
**Conditional financing of Colombian assets**

The Board of Black Rock Oil (stock code: BLR), the AIM-traded oil and gas exploration and production company, is pleased to announce that the Company has conditionally agreed the terms of new funding to develop further the Company’s interests in Colombia (the “Financing”). Pursuant to the Financing, Prospero Hydrocarbons Inc (“Prospero”), a private Canadian based oil exploration and development company, has agreed to invest US\$1,439,015 for an equity interest of up to 49 per cent. in the Company’s interests in and the Alhucema E&P Contract in the Middle Magdalena Valley of Colombia. In addition, the Company and Prospero have signed binding heads of terms under which Prospero has agreed to invest up to US\$4,000,000 in relation to the Las Quinchas Association Contract.

The Board is excited about the prospects for the Alhucema E&P Contract and the Las Quinchas Association Contract (the “Colombian Interests”) and has explored the options for securing the funding required for its continued participation, including a further equity issue by the Company, a farm-in or strategic investment. The Directors believe that the proposed investment by Prospero is in the best interests of the Company and should enable the Company to develop its Colombian Interests over the course of the next year. In addition, the Directors believe that the Company will benefit from Prospero management’s extensive South American heavy oil experience.

Closing of the Financing is expected to occur on or before 4 March 2008 and while there can be no certainty at this stage, the Board believes that there is a reasonable likelihood that the Financing will be concluded in the timeframe envisaged. A further announcement will be made in due course.

**Transaction Summary**

*Alhucema E&P Contract*

The Company has entered into a loan, subscription and purchase agreement in respect of the Alhucema E&P Contract with Prospero (the “Alhucema Agreement”). On closing of the Alhucema Agreement (“Closing”), Black Rock will assign its interest in the Alhucema E&P Contract to a wholly-owned Barbados-based subsidiary, Alhucema Resource Corp. (“Alhucema Resource”). Prospero has provided an initial bridge loan of US\$1,439,015 (the “Alhucema Bridge Note”), pending Closing, which Black Rock will use to pay its proportion of the current drilling costs, including the first Alhucema well, Arrinconada-1, owed to its partner in Colombia, Kappa Resources Colombia Limited (“Kappa”). The Alhucema Bridge Note carries an initial interest coupon of LIBOR plus 2%.

Black Rock and Prospero have also entered into a conditional share purchase agreement (the “Alhucema Bridge Subscription”) pursuant to which Prospero is entitled to subscribe £734,030 for new ordinary shares of 1p each in the capital of the Company

("Ordinary Shares"). The subscription price is equal to the average closing mid-market price of an Ordinary Share for the five business days prior to subscription. Prospero's interest in Black Rock shall not, pursuant to any subscription under the Alhucema Bridge Subscription, exceed in aggregate 29.9 per cent. of the issued share capital of the Company from time to time.

On Closing and in consideration for the cancellation of the Alhucema Bridge Note and the Alhucema Bridge Subscription, Prospero will receive a 49 per cent. interest in Alhucema Resource. Closing is expected to occur on or before 4 March 2008 and is conditional, *inter alia*, on completion of the assignment of Black Rock's interest in the Alhucema E&P Contract to Alhucema Resource.

In the event that Closing does not occur on or before 4 March 2008 then Prospero may subscribe pursuant to the Alhucema Bridge Subscription for a period of 12 months and the Alhucema Bridge Note will become repayable on demand. In the event that Prospero seeks repayment of the Alhucema Bridge Note then Black Rock can call for the Alhucema Bridge Subscription to be exercised.

Black Rock has provided a number of representations and warranties pursuant to the Alhucema Agreement and a guarantee to Prospero, capped at a maximum of US\$1,439,015.

Black Rock and Prospero have also entered into an investors' agreement in respect of the Alhucema Resource (the "Alhucema Investors Agreement"). Pursuant to the Alhucema Investors Agreement, each of Black Rock and Prospero can appoint one director to the Board of Alhucema Resource. The Alhucema Investors Agreement contains certain drag and tag rights, and grants Black Rock and Prospero a right of first refusal over each other's shareholding in Alhucema Resource in the event that any party which owns more than 50 per cent. of Alhucema Resource subsequently seeks to sell, transfer, assign or otherwise dispose of its shareholding in Alhucema Resource.

In addition, Prospero will, subject to the AIM Rules, be entitled to nominate a director to the Board of Black Rock.

#### *Las Quinchas Association Contract ("Las Quinchas")*

The Company has also entered into binding heads of terms with Prospero in respect of the Las Quinchas Association Contract (the "Las Quinchas Agreement"). On closing of the Las Quinchas Agreement, Black Rock will assign its interest in the Las Quinchas Association Contract to a wholly-owned Barbados-based subsidiary, Las Quinchas Resource Corp. ("Las Quinchas Resource") and Prospero will invest up to US\$4,000,000 in tranches of US\$250,000 for an equity interest of up to 49 per cent. of Las Quinchas Resource. The proceeds of this subscription will be used to fund the continued development of Las Quinchas, including Acacia Este. The Las Quinchas Agreement is expected to be on substantially similar terms as the Alhucema Agreement and a further announcement will be made in due course.

#### **The Company's Colombian Interests**

In respect of Las Quinchas, Black Rock has completed all its obligations under the farm-in contract signed in April 2005 with Kappa, the field operator, in which Black Rock agreed to fund certain exploration drilling activities in order to earn a right to obtain, subject to Ecopetrol's (the National Oil Company of Colombia) approval, a 50 per cent.

interest in the block. Consequently, Kappa is in the process of applying for the formal assignment to Black Rock of 50 per cent. of its interest in Las Quinchas. This assignment is subject to the approval of both Ecopetrol and the ANH, the Colombian government agency responsible for overseeing Colombia's oil and gas exploration and production sector.

Within Las Quinchas, there has been a significant discovery on the Acacia Este exploration well. The Acacia Este 1 well was drilled to a total depth of 3,970 feet in August last year and fair to good oil shows were encountered whilst drilling the target Lower Mugrosa Formation. Subsequently the well was tested and production reached a maximum rate of 101 barrels per day ("BOPD") of 16° API oil with only 5 per cent. bottom sediment and water at standard conditions. A subsequent work-over of the well was then undertaken to re-complete the well with a gravel pack within the liner over the upper zone that had previously been tested. Initial flow rates of an extended production test following the work-over peaked at 98 BOPD at 2 strokes per minute, with very little water. The well was subsequently shut-in.

In December 2007 the second appraisal well, Acacia Este 2, was spudded 500 metres north of Acacia Este 1 by Kappa. Acacia Este 2 was drilled to a total depth of 3752 feet and oil shows were encountered over more than one hundred feet whilst drilling the target Tertiary-aged Lower Mugrosa Formation. The well reached basement at 3720 feet. As previously announced, preliminary interpretation of the logs run at total depth indicated the potential for oil in a number of zones although there were differences in the nature and thickness of the reservoir sands in Acacia Este 2 compared to Acacia Este 1 that made correlation between the wells more complex without further seismic data. These differences are not unusual with reservoir sand deposits formed in a fluvial environment and the significance of the differences between the well log responses will be assessed in the light of the test results. A further update announcement is expected to be made shortly by the Company.

Las Quinchas also includes the Arce Field project which has been disappointing to date. 50% of the remaining acreage in Las Quinchas is due for relinquishment in July 2008.

The first well under the 164,750 acre Alhucema E&P Contract ("Alhucema") is to be drilled shortly, subject to receipt of suitable permitting and land access approvals. The first well, Arrinconada-1, is targeting a heavy oil prospect in the Tertiary Mugrosa Formation. Drilling of this well fully completes the Company's obligations in year 2 of Alhucema following the acquisition of 50kms of 2D seismic in late 2006 that represented the Company's obligations for year 1. Black Rock's formal assignment of a 50% interest in the Alhucema contract from Kappa is subject to the approval of the ANH.

Following closing of the Financing, Black Rock will retain a 51 per cent. shareholding in each of Las Quinchas Resource and Alhucema Resource and will continue to consolidate its Colombian Interests in its consolidated accounts. As at 30 June 2007, Black Rock's Colombian Interests had a net book value of £2,990,150 and made a loss before taxation of £327,200.

Dr John Cubitt, Managing Director of Black Rock Oil & Gas plc, commented:

"We are delighted to have agreed this deal with Prospero. Not only does it provide sufficient funds to enable us to meet our anticipated 2008 funding obligations, but it also

brings in a partner with significant heavy oil experience. I believe this deal will allow us to make real progress with our Colombian assets.”

### **Qualified Person**

Dr John Cubitt (a Director of the Company) has been involved in the oil and gas production industry for more than 26 years. Dr John Cubitt is a registered Chartered Geologist (CGeol) and has a BSc and PhD in geology. He has compiled, read and approved the technical disclosure as it relates to Black Rock in this regulatory announcement.

For further information, please contact:

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