



**Black Rock Oil & Gas PLC
("Black Rock" or the "Company")**

**Proposed Consolidation, Subdivision and Reorganisation of the share capital
(the "Proposals")**

1. INTRODUCTION

The Board of Black Rock Oil & Gas PLC (stock code: BLR), the UK-based exploration company, announces it is writing to shareholders today setting out proposals for the consolidation, subdivision and reorganisation of the Company's share capital (the "Document"). The Proposals will be voted upon at the proposed Extraordinary General Meeting of the Company to be held at 11.00 am on 3rd July 2007.

2. BACKGROUND

South America

As announced earlier this year, Black Rock has now fulfilled all its obligations under the farm-in agreement with the field operator, Kappa Resources Colombia Limited ("Kappa"), for the Las Quinchas block in Colombia and is now working with Kappa to submit an assignment application for consideration by Ecopetrol, the National Oil Company of Colombia.

In October 2006, Kappa finally commenced the long-term steam injection test of the Arce oilfield in Colombia utilising the Arce 2, 3 and 4 wells. Over the course of the previous six months in the initial phase of the long-term testing programme, Kappa had conducted extended cold flowing of the Arce 2, 3 and 4 wells and pressure build-up analysis as requested by Ecopetrol to establish a stabilised base-case flow production from the heavy oil field. The cold flow also created sufficient void space in the reservoir to allow effective steam injection into the three wells. The heavy crude produced from the cold flow test is being sold to a local industrial plant and the cash flow applied against the cost of testing.

The results of the cold flow phase of the long term test are being analysed by the Company. The steam injection phase of the test is due to commence in June. On completion of the steaming phase of the test, and subject to satisfactory results, Kappa will submit a commerciality application and development plan to Ecopetrol by October which, if approved, will trigger the full development of the Arce field. The Directors anticipate that this will be approximately a 60 well development programme over the next 3 years.

The Company has agreed with Kappa that further appraisal wells may be drilled this year. The purpose of this drilling programme is to further define and prove up the field's extended potential reserves as recently recognised by a recent re-interpretation of seismic data. The Directors expect that the total cost to the Company of the additional appraisal wells will be approximately \$4 million (equivalent to approximately £2.1 million at current exchange rates).

In addition to the ongoing requirements in the Arce Field in Colombia, Black Rock and Kappa have now initiated site preparation for the drilling of the Acacia Este shallow structure prospect which Kappa anticipates spudding in June. The Directors believe that Acacia Este is currently the best exploration prospect in the Las Quinchas Association Contract area. If the proposed Acacia Este well is a discovery, Black Rock and Kappa's current intention is to implement a fast track appraisal drilling programme to define the boundaries of the prospect and prove up reserves in advance of a full commercial development.

On completion of the Company's farm-in to the Alhucema E&P concession, the Company and Kappa have also now agreed to move onto the next phase of exploration and, having appraised the seismic data acquired last year, have identified a series of potential hydrocarbon targets. Kappa and the Company have therefore agreed to initiate an assessment of these prospects by the drilling of a well on the Juanes prospect in 2007.

The Company continues to seek other opportunities in South America in proven hydrocarbon provinces.

Southern North Sea

The Company continues to investigate potential development scenarios for the Monterey gas field in Block 49/8c. Technical studies of Stinson and other prospects on 49/8c and 49/9d are also ongoing.

The Proposals

Given the additional well drilling programme planned for Colombia, the Directors believe that the Company will require additional equity funding. In order to enable the Company to raise the necessary funding in due course, the Directors are convening an Extraordinary General Meeting at which Shareholders will be asked to give the Directors authority to proceed with a placing of the Company's shares.

In addition, the Directors consider that the Company would benefit from a re-basing of its share price and accordingly are proposing the Reorganisation, the details of which are set out below, and which comprises a consolidation of the Existing Ordinary Shares and the immediate subdivision of each Consolidated Share into a New Ordinary Share and a deferred share. The Directors believe that following the Reorganisation, the Company would be more likely to attract institutional investors and that a consolidation of the share capital should reduce the "bid to offer" spread which would benefit those shareholders who trade the Company's shares.

3. CONSOLIDATION, SUBDIVISION AND REORGANISATION OF SHARE CAPITAL

Consolidation

The Directors first propose that every 50 Existing Ordinary Shares of 0.5 pence are consolidated and re-designated as one Consolidated Ordinary Share of 25 pence each (the "**Consolidation**"). Unless a holding of Existing Ordinary Shares is exactly divisible by 50, you will be left with a fractional entitlement to the Consolidated Ordinary Shares if the resolution to consolidate the Company's ordinary shares is passed. The Board considers that, in view of the administrative costs which would be involved, it would be uneconomic to return to Shareholders the proceeds of the sale of their fractional entitlements. Accordingly, the aggregated fractional entitlements arising on the consolidation will be sold in the market for the benefit of the Company.

The effect of the Consolidation will be therefore that any Shareholder currently holding fewer than 50 Existing Ordinary Shares will not hold any interest in the Company following the Consolidation becoming effective. The Consolidation will be carried out after the close of business on the day after the EGM.

As the number of Existing Ordinary Shares is not divisible by 50 it is proposed that immediately following the Extraordinary General Meeting the Company Secretary will subscribe for 6 Ordinary Shares at a price of 0.5 pence per Ordinary Share. Following the issue of Ordinary Shares to the Company Secretary there will be 1,051,591,900 Ordinary Shares in issue immediately prior to the share consolidation described above.

Reorganisation

The Directors consider that, since the current share price is only just above the nominal value of the Existing Ordinary Shares, the share capital of the Company should be further reorganised by dividing each Consolidated Ordinary Share into a New Ordinary Share of 1 penny (effectively representing 50 Existing Ordinary Shares) and one deferred share of 24 pence ("**Deferred Share**").

The New Ordinary Shares will have the same rights as those currently accruing to the Existing Ordinary Shares under the Articles, including those relating to voting and entitlement to dividends.

New share certificates will be issued following the Share Capital Reorganisation representing the New Ordinary Shares.

Following the Share Capital Reorganisation share certificates in respect of Existing Ordinary Shares will no longer be valid. Subject to the Resolutions being passed, Shareholders will still be able to trade in New

Ordinary Shares during the period between the passing of the Resolutions and the date on which Shareholders receive share certificates in respect of the New Ordinary Shares. During this period, all trades will be matched against the Company's share register.

The Deferred Shares so created will have no voting or dividend rights and, on a return of capital, the right only to receive the amount paid up thereon after the holders of New Ordinary Shares have received the aggregate amount paid up thereon plus £1 million per New Ordinary Share. Consequently the Deferred Shares will, effectively, be valueless.

It is proposed that the Company adopt new articles of association containing the new rights of the Deferred Shares. Full details of the changes in the articles of association in the Company are given in Part 2 of this Document.

The rights of the Deferred Shares will allow all the Deferred Shares to be issued to one person who will hold them as the nominee of the beneficial owners. The purpose of this is to facilitate the purchase of such Deferred Shares by the Company at a later date. Accordingly, all the Deferred Shares will be issued to the Company Secretary.

No share certificates will be issued in respect of the Deferred Shares, nor will CREST accounts of Shareholders be credited in respect of any entitlement to Deferred Shares. Instead the Deferred Shares will be held by the Company Secretary as nominee for Shareholders.

Shareholders will be free at any time on or before 1st July 2007 to purchase or sell such number of Existing Ordinary Shares as will result in your holding of Existing Ordinary Shares being exactly divisible by 50. In this event you will not be left with any fractional entitlements. **However, shareholders must ensure that all transfers are registered with Computershare Investor Services PLC by 5.30pm on 1st July 2007.**

It is proposed that each two authorised but unissued existing ordinary shares be consolidated into one New Ordinary Share of one penny.

4. EXTRAORDINARY GENERAL MEETING

A notice convening the EGM and proposing the resolutions set out below is set out at the end of the Document. The EGM will be held at Davidson House, Forbury Square, Reading, Berkshire RG1 3EU at 11.00 am on 3rd July 2007 at which a special resolution will be proposed to:

- (i) Consolidate and subdivide every 50 of the existing issued ordinary shares of 0.5p into one ordinary share of 1p and one deferred share of 24p;
- (ii) Consolidate and reclassify each two of the existing authorised but unissued shares of 0.5p into one new ordinary share of 1p;
- (iii) To grant authority to the board pursuant to Section 80 of the Companies Act 1985 to allot up to a further £300,000 in nominal amount of relevant securities, being an amount equal to approximately 143 per cent of the issued ordinary share capital of the Company such authority to expire 5 years from the date of the passing of the resolution;
- (iv) To empower the board pursuant to Section 95 of the Companies Act 1985 to allot equity securities for cash other than pro rata to existing shareholdings up to a nominal amount of £300,000 equal to 143 per cent of the issued ordinary share capital of the Company such authority to expire at the conclusion of the 2008 Annual General Meeting of the Company; and
- (v) To adopt new articles of association.

5. RECOMMENDATION

The Directors consider the Proposals described in the Document to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The Directors unanimously urge and recommend Shareholders to vote in favour of the Resolutions set out in the Notice of EGM as they and those connected with them have irrevocably agreed to do in respect of their own

beneficial holdings of Ordinary Shares being 4,291,586 Ordinary Shares representing approximately 0.408 per cent of the issued share capital.

For further information, please contact:

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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.

APPENDIX 1

The following definitions apply throughout the Document and this regulatory announcement unless the context otherwise requires:

“Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of the issued share capital of the Company to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies issued by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company
“Beaumont Cornish”	Beaumont Cornish Limited
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001, as amended) for the purpose of paperless settlement in respect of which CRESTCo Limited is the operator (as defined in those Regulations)
“Company Secretary”	Watlington Securities Limited
“Company” or “Black Rock”	Black Rock Oil and Gas Plc, a company registered in England and Wales with registered number 04128401
“Completion”	completion of the Proposals

“Directors” or “Board”	the directors of the Company at the date of the Document
“Document”	the document posted to Shareholders on 8 June 2007 setting out the Proposals and notice of the EGM
“Ecopetrol”	The National Oil Company of Colombia
“EGM”	the extraordinary general meeting of the Company to be held on 3 rd July 2007 at 11.00am (or any adjournment thereof), notice of which is set out at the end of the Document
“Existing Ordinary Shares”	the 1,051,591,894 existing issued Ordinary Shares at the date of the Document
“Form of Proxy”	the form of proxy to be used by holders of Existing Ordinary Shares in connection with the EGM
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Kappa”	Kappa Resources Colombia Limited
“London Stock Exchange” or “Exchange”	London Stock Exchange plc
“New Ordinary Shares”	ordinary shares of 1 penny each in the capital of the Company as created by the Reorganisation
“Official List”	the official list of the UKLA
“Ordinary Shares”	the ordinary shares of 0.5 pence each in the share capital of the Company at the date of the Document
“Proposals”	the Resolutions, all as described in the Document
“Prospectus Rules”	the rules made by the FSA pursuant to sections 734A(1) and (3) of FSMA, as defined in section 417(1) of FSMA
“Regulations”	The Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Reorganisation”	the subdivision and reorganisation of the Existing Ordinary Shares as set out in the Document
“Resolutions”	the resolutions set out in the notice of EGM at the end of the Document and ‘Resolution’ shall mean any one of them as appropriate
“Shareholders” or “Members”	holders of Existing Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the FSA acting in its capacity as the competent authority for the purposes of Part 8 of FSMA

“Warrants”

the existing warrants to subscribe for Ordinary Shares at exercise prices of between 1.0p and 2.5p per Ordinary Share

ENDS