



FOR IMMEDIATE RELEASE:

### **Richards Oil & Gas Limited Amends Terms of \$10 Million Private Placement**

Calgary, Alberta, July 3, 2007 -- Richards Oil & Gas Limited (the "Company"), (TSX Venture: RIX) announces that it has amended the terms of its previously announced \$10,000,000 private placement financing of units ("Units"). Pursuant to negotiations with the lead agent, Octagon Capital Corporation, the financing will consist of subscription receipts of the Corporation (the "Subscription Receipts") at a price of \$0.32 per Subscription Receipt. Each Subscription Receipt is automatically exchangeable, without additional payment, into units (the "Units") of the Company on a one-for-one basis upon approval of the shareholders of the Company. Each Unit consists of one common share in the capital of the Corporation (a "Common Share") and one-half (1/2) of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant shall entitle the holder thereof to acquire one (1) Common Share at a price of \$0.40 until 5:00 p.m. (Calgary time) on the date that is 24 months following the Closing Date of this Offering. The issuance and listing of up to 46,875,000 Common Shares pursuant to the private placement is subject to the final approval of the TSX Venture Exchange (the "Exchange").

The financing has been amended to Subscription Receipts exchangeable upon shareholder approval due to the anticipated participation of Trapeze Capital Corp. and Trapeze Asset Management Inc. on behalf of managed accounts (collectively, "Trapeze"). It is anticipated that Trapeze will subscribe for 28,125,000 Subscription Receipts for an aggregate purchase price of \$9,000,000. Trapeze's purchase of 28,125,000 Subscription Receipts will make them a new "control person" of the Company pursuant to the rules of the Exchange. Accordingly, the Exchange requires shareholder approval.

In addition, Trapeze's purchase of 28,125,000 Subscription Receipts constitutes a "related party transaction" as defined in Ontario Securities Commission Rule 61-501 - Insider Bids, Issuer Bids, Business Combination and Related Party Transactions ("Rule 61-501") since Trapeze currently exercises control or direction over more than 10% of the issued and outstanding shares of the Company.

As a result of the financing, and assuming the financing is fully subscribed, Trapeze will exercise control or direction over approximately 48% of the issued and outstanding shares of the Company. If Trapeze's Warrants and previously issued convertible securities are fully exercised and/or converted, Trapeze will exercise control or direction over common shares of the Company, representing approximately 57% of the currently issued and outstanding shares of the Company, assuming no further common shares had been issued after the date hereof.

Octagon Capital Corporation, as agent, shall receive a commission equal to the lesser of (i) 7% of the aggregate gross proceeds of the financing, and (ii) \$420,000, and will not receive the previously announced broker warrants.

Proceeds of this private placement will be used to accelerate the development of the Company's Horseshoe Canyon ("HSC") coal bed methane ("CBM") properties and for general corporate purposes.

With the proceeds of this private placement the Company plans on completing the tie-in of 7 standing wells and the drilling, completion and tie-in of over 30 HSC wells in 2007 resulting in a net production increase of approximately 2,200 mcf/d.

The positive cash flow from this added production will be used to continue the development of the Company's HSC and Ardley CBM properties by completing 25 to 30 wells in 2008 resulting in a further net production increase of approximately 1,600 mcf/d.

To date equity and debt financing have been the Company's primary source of capital until anticipated cash flow from operations is generated. The Company's purpose and business reason for conducting the private placement is to fund the development of its oil and gas exploration properties and to provide working capital. The private placement will also increase the number of shares and share purchase warrants outstanding. Otherwise, it is not expected to materially affect the Company's business and affairs.

The acquisition of common shares by Trapeze under the private placement, both initially and pursuant to the exercise of the underlying Warrants, will increase its voting influence at general meetings of the Company. This private placement has been approved by the Company's board of directors, including the independent directors, and no director opposed the transaction. No formal valuation was prepared in connection with the transaction and the



Company is not aware of any prior valuation prepared within the past 24 months that would be relevant to the transaction.

The Company is exempt from the requirements of Exchange Policy 5.9 ("Policy 5.9") and Rule 61-501 with respect to the preparation of an independent valuation in connection with the transaction, as no securities of the Company are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States.

Exchange Policy 5.9 ("Policy 5.9") and Rule 61-501 also require, in the case of related party transactions, that issuers obtain minority shareholder approval, unless an exemption is available. The Company is seeking to obtain, and the conversion of the subscription receipts into shares of the Company is conditional on, minority shareholder approval.

The Company is subject to the requirement of Rule 61-501 to prepare and file a Material Change Report with securities regulators at least twenty-one days prior to closing of the private placement. Due to financial conditions and the fact that the subscription receipt holders will receive a refund of their subscriptions in the absence of shareholder approval, the Company determined that it was not reasonable or necessary to wait 21 days prior to closing the financing. Copies of the Material Change Report, which the Company will be filing, will be available to shareholders on the System for Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com) or by calling the Company at (403) 265-8444.

Richards Oil & Gas Limited ([www.richardsoilandgas.com](http://www.richardsoilandgas.com)) is a Calgary-based exploration company, involved in the development of crude oil and natural gas, with an emphasis on the exploitation of CBM. With a significant land base and industry-leading experience in the development of CBM projects, the Company is at the forefront of the CBM industry in Western Canada. The Company is able to capitalize on opportunities that create both short-term cash flow and long-term value for its shareholders.

For more information, please contact:

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The securities referenced herein have not and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the 1933 act) unless the securities have been registered under the 1933 act, or are otherwise exempt from such registration.

Statements in this news release contain forward-looking information including expectations of future production, procurement of drilling permits, plans for and results of exploration and development activities and other operational developments. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. These risks include, but are not limited to; the risks associated with the oil and gas industry, commodity prices, and exchange rate changes. Industry related risks include, but are not limited to; operational risks in exploration, development and production, availability of skilled personnel and services, failure to obtain industry partner, regulatory and other third party consents and approvals, delays or changes in plans, risks associated with the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of reserves, production, costs and expenses. The reader is cautioned not to place undue reliance on this forward-looking information. The forward-looking statements contained herein are subject to change. Except as required by applicable securities laws, the Company assumes no obligation to update or revise any forward-looking statements should circumstances or management's opinions or estimates change.

The TSX Venture Exchange has not reviewed and does not take responsibility for the adequacy or accuracy of this release.