

*Richards Oil & Gas  
Limited*

Special Meeting of the  
Convertible Debentureholders  
June 30, 2009 3:30 PM MST

# Richards Oil & Gas Limited

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## Forward Looking Statements and Advisories

Information in this corporate presentation contains forward-looking statements including proposed restructuring plans, expectations of future production and components of cash flow and earnings. Investors are 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 Richards Oil & Gas Limited (the "Company"). These risks include, but are not limited to; the ability of the Company to execute its proposed, or any, restructuring plan any associated with the oil and gas industry, commodity prices and exchange rate changes. Industry related risks could include, but are not limited to; operational risks in exploration, development and production, delays or changes in plans, risks associated to the uncertainty of reserve estimates, health and safety risks including, without limitation, blowouts and spills, and the uncertainty of estimates and projections of production, costs and expenses. The risks outlined above should not be construed as exhaustive. Investors are cautioned not to place undue reliance on any forward-looking information. Except as required by applicable securities laws the Company undertakes no obligation to update or revise any forward-looking statements.

Investors are further cautioned that the preparation of financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses.

Boe Presentation: The calculations of barrels of oil equivalent ("boe") are based on a conversion rate of six thousand cubic feet ("mcf") of natural gas to one barrel ("bbl") of crude oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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## Current status

- CBM gas production approx 1000 mcf/day
- Reserve value at March 31, 2009 (10% NPV):
  - Proved producing \$2.5 million
  - Total proved \$4.5 million
  - Total proved + probable \$5.6 million
  - *Values per a mechanical update by Sproule as at March 31, 2009 to RIX's December 31, 2008 51-101 report*
- Bank debt (revolving and non-) \$3.3 million
- Convertible debentures \$6.5 million
- Trade payables approx \$1.3 million net of accounts receivable

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## Phase 1 Restructuring Options

### 1. Liquidation

- Wind up with likely no value available for any group other than the bank

### 2. Asset Swap

- Existing RIX CBM properties for a heavy oil property
- Going concern
- Phase 2 entails takeover via reverse takeover by established junior producer

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## Phase 1 Restructuring Options - Liquidation

- Notice of default issued by the bank on June 25, 2009
- Has demanded repayment of \$3.3 million loan in full immediately
- Remedy is to liquidate assets
- Liquidation value discovered thru restructuring process is \$2.0 million (written offers for various assets) + \$1.0~ million in anticipated market value for Morningside property.

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## Phase 1 Restructuring Options – Asset Swap

- Place bridge financing for \$1.0 million
- Place at least \$6.5 million from existing convertible debenture group by way of a pro-rata offering proposed here today
- Trade all existing RIX CBM assets and \$2.7 million for a heavy oil asset held in private junior
- ‘New’ Richards holds:
  - Cash \$0.3 million
  - Property \$5.4 million proven + probable at 10% NPV
  - Tax pools \$2.5 million valued at 10 cents/dollar
  - Production approx 50 bbls/day oil
  - 9 sections of land
  - 2 wells permitted for drilling in Q4/2009

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## Phase 1 Restructuring Options – Asset Swap

- All RIX trade creditors convert to stock
- All current debentures convert to stock
- Repay bank loan with residual proceeds of pro-rata offering

### Asset Value - 'New' Richards

NET CASH POSITION	317,000
Property Proved + Probable at 10%	5,375,000
Tax Pools (10 cent/\$1 value)	2,500,000
Ardley (no value assigned)	1

**NAV** 8,192,001

### 'New' Richards Asset Value Attribution

TOTAL NEW INVESTMENT	6,500,000
Old Convertible debentures (principle of \$6.5MM)	1,500,000
Shareholders	192,001

**NAV** 8,192,001

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## Phase 2 Restructuring Options

- Identify and commit transaction entity (“MergeCo”)
- MergeCo transacts with the ‘New’ Richards by way of a reverse takeover or similar mechanism to preserve tax pools and assume public listing
- MergeCo and New Richards form AmalCo
- Richards shareholders and Richards debentureholders become AmalCo stakeholders
- Amalco is a going concern on a public market, likely with a production and reserve base significantly larger and more diversified than Old and New Richards

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## Conclusions

- Liquidation in current market does not yield enough value to allow any current or future returns to debentureholders and shareholders
- Unconventional, higher cost CBM production and reserves require significantly higher natural gas prices to become economic and accretive to investors
- Heavy oil provides current cash flow and a 'playing chip' to negotiate into other, larger oil producers
- The RIX tax pools will attract value in conjunction with producing/cash flow heavy oil positive assets
- Without investment support from convertible debentureholders liquidation is most likely the outcome