



## **ARTUMAS GROUP INC.**

Suite 900, 606 - 4<sup>th</sup> Street SW main (403) 294-1530  
Calgary, Alberta T2P 1T1 facsimile (403) 294-1521

21 January 2009

### **Corporate Update**

---

**Artumas Group Inc., (OSE:AGI)**, the independent oil and gas exploration and production company today issues a corporate update. This includes the Company's progress in:

- continuing negotiations on the sell down of a portion of its assets;
- advancing operational developments;
- reducing ongoing costs and capturing efficiency gains throughout the Company
  - Reduction of approximately 60% in Field Operations costs
  - Immediate 40% reduction in corporate head office employees; with further staff reductions anticipated by end Q1 2009
- Convertible Bonds Series 1, USD 20 MM, paid in full on maturity date of 16 January 2009.

#### **Continuing negotiations on the Farm-Down process:**

Negotiations on the farm-down of a portion of the Company's assets in the Tanzania Mnazi Bay Concession and the Onshore Block in Mozambique (announced on 20 August 2008) were anticipated to conclude by end of 2008. However, recent turbulent market conditions and global liquidity contraction have necessitated an extension to this timeline in order to assess all opportunities. Advanced and detailed negotiations with a primary bidder through end-December 2008 were hampered by the uncertain global financial market conditions. Unable to reach mutually agreeable terms, negotiations were terminated by the AGI Board of Directors and the AGI management team, in favor of alternative expressions of interest and bids.

Artumas is actively marketing the farm-out of a percentage of its assets, including its exploration assets in Mozambique and Tanzania, and Artumas' Tanzanian downstream operations. Interpretation of the excellent quality seismic data in the Mozambique assets has advanced significantly since the fall, providing greater marketability of the exploration potential of the Rovuma Onshore and Offshore blocks. Tristone Capital, of London, U.K., continues to act as agent in this transaction. The successful farm-down of a portion of the Corporations' assets will generate additional financial capital to be directed to the planned exploration and development activities in 2009 and 2010. In addition, the Company continues to receive interest in its southern Tanzania power project facilities, the Mtwara Energy Project (MEP).

Furthering concurrent capital options, Artumas has advanced discussions on conclusion of the USD 35MM debt facility on the MEP. With all MEP Project Agreements now finalized and in place, Artumas anticipates receipt of a portion of these funds in the near future.

## **Operational Developments**

### ***Onshore Mozambique Exploration***

Effective January 1, 2009 Artumas transferred operatorship of the Mozambique Onshore Rovuma Block to Anadarko Petroleum Corporation ("Anadarko", "APC") as previously agreed. Moving into the drilling phase, Artumas' gross working interest in the Rovuma Onshore Block remains at 58% (net W.I. 49.3%).

The final processed data from the recently completed 640 km onshore 2D seismic program, acquired during the second half of 2008, has been received and is being interpreted. Preliminary assessment of the data confirms the presence of large anticlinal roll over structures in both the Tertiary and Cretaceous sections which contain stacked (*multi-target*) seismic amplitude anomalies, indicating the presence of quality reservoirs. Several of the amplitude anomalies are considered to have Direct Hydrocarbon Indicator (DHI) signatures, however, further rock property modeling is required to confirm this conclusion. The new data over the Tertiary depo-center also confirms that potential Tertiary oil prone source rocks are at depths sufficient to provide additional confidence that a Tertiary oil prone source could be mature for oil generation.

The Lead Portfolio is being populated with multiple, high quality anomalies which will most likely result in numerous large, independent exploration prospects for the upcoming 2009 drilling campaign, with drilling locations identified by Q2 2009. Anadarko is currently sourcing the long lead time materials required for the 2009 drilling campaign and participants are in discussions regarding rig availability, cost and precise timing of this program.

The results from a surface exploration geochemistry program will be fully integrated into each of the exploration prospects to rank and high grade potential drilling locations.

### ***Offshore Mozambique Exploration***

The processing of the 3,300 sq km 3D seismic data acquired earlier in 2008 is nearing completion and interpretation of the data set is well underway. The current mapping confirms the presence of over 150 structures, many of which contact multiple stacked amplitudes, indicative of multiple stacked reservoirs. Potential drilling locations will be finalized in Q2 2009. Sourcing of materials required for the drilling campaign has commenced and options are being assessed for a deep water drilling rig. Artumas' gross working interest in the Rovuma Offshore Area 1 Block remains at 10% (net W.I. 8.5%).

### ***Tanzania Mnazi Bay Exploration and Development***

A new geologic model for the Mnazi Bay Concession which reflects the deepwater nature of the depositional system continues to be refined and integrated into the exploration and development work program. The newly acquired 2008 2D seismic data has been loaded and is being interpreted in conjunction with the re-interpretation of the historical data set in context of the new geologic model. Results from the new interpretation will be used to build new prospect time/depth maps and to rebuild the Mnazi/Msimbati field development model. The current seismic processing results are encouraging and will be used to further test the structural integrity of some of the new leads that have been identified. Artumas has mapped a very robust inventory of leads which are being matured to Prospect level and drillable status for the next drilling campaign.

The Company is continuing to focus on maturing its portfolio of commercialization options and will not pursue further drilling in Tanzania at present. The existing 2D seismic database, independent Rose & Associates assessment of exploration prospectivity, and third-party engineering Resource Reports from RPS Energy, provide adequate evidence of resources sufficient to proceed with negotiation of large-scale offtake initiatives.

## **Reduction of Ongoing Costs and Efficiency Gains**

Artumas management has taken aggressive cost-cutting measures as committed to in the fall of 2008 which will translate into a substantially reduced general and administrative (G&A) burn rate. Combined G&A and Field Operations costs are targeted for reduction from ~USD 47 MM in 2008 to ~USD 15.9 MM effective March 2009, on an annualized basis. Approximately 50% of this reduction is due to completion of seismic acquisition programs in Tanzania and Mozambique undertaken in 2008. Management is continuing to examine avenues for further cost reductions.

- The transfer of Operatorship on the Mozambique Onshore Rovuma Block effective January 1, 2009, is expected to generate ongoing efficiencies through economies of scale. As Operator of both the Onshore Rovuma Block and the Rovuma Offshore Area 1 Block, Anadarko is able to access considerable procurement, logistics and personnel efficiencies which will, in turn, further bolster Artumas' cost containment efforts. Accordingly, the Artumas Mozambique office in Maputo is scheduled to be closed by end of Q1 2009 as a cost-savings measure.
- Where possible, management is accelerating the orderly advancement of Tanzania nationals into positions previously occupied by expatriate workers. Artumas' Tanzania offices in Dar es Salaam and Mtwara will remain intact as they continue to safely manage operations in the upstream, downstream, transmission & distribution, and commercialization projects, with support from key personnel in Calgary.
- Effective January 12, 2009 Artumas has reduced its Calgary head office employee count from 40 to 27 employees. Further employee reductions will be linked to the outcome of farm-down and asset divestiture activities being pursued in Q1 2009.

These changes and staff reductions are a core element in the Company's ongoing financial and cost restructuring program, designed to bring ongoing operations and G&A costs into line with cash flow and financial capital availability. The conclusion of the seismic acquisition program and transfer of Onshore Block Operatorship to Anadarko in Mozambique, together with cancellation of discretionary capital program activities and continued transfer of Corporate functions to the Dar es Salaam office in Tanzania, will allow the Company to continue to operate in a safe and efficient manner with this substantially reduced Corporate head office complement.

Commenting on the significant reduction in employees, Artumas' chief executive, Stephen Mason said, "*These are extraordinary times, and this difficult but prudent measure has been undertaken with thoughtful consideration for the individuals involved, the broader employee population and the Company. Management and the Board feel this and the other cost reduction initiatives are absolutely necessary for the longer term viability of the Company.*"

## **Convertible Bonds Series 1**

Artumas' Convertible Bond Series 1 matured on January 16, 2009. The USD 20 MM convertible bonds, in unit denominations of USD 100,000, yielded 10.5%, with a conversion price of NOK 40 and a strike price of NOK 80. USD 300,000 was converted prior to maturity with the balance of USD 19.7 MM paid to bond-holders in full on the maturity date. Accordingly, the bonds (OSE: AGI01) will no longer trade on the Oslo Børs.

-----  
For further information, please contact:

[www.artumas.com](http://www.artumas.com)

Stephen W. Mason, President and CEO  
Cameron Barton, CFO  
Duncan Nightingale, Snr. VP Exploration  
Wendy Shaw, Investor Relations

+44 784 137 3695  
+1 403 268 6511  
+1 403 268 7931  
+1 403 268 6518

***Artumas Group Inc. is an independent oil and gas exploration and production company with a significant asset position and competitive advantages in the emerging resource basins of East Africa. Artumas holds operated and non-operated asset positions in the Rovuma Delta Basin, spanning southern Tanzania and northern Mozambique.***

#### **FORWARD LOOKING STATEMENTS**

This news release may contain forward-looking statements including expectations of future production, cash flow and earnings. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to: the risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, price and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures.

This news release is not for dissemination in the United States or to any United States news services. The common shares of Artumas have not and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold in the United States or to any U.S. person except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

**NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES**

#### **NOTICE**

Oslo Bors has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.