БАШНЕФТЬ

Bashneft Group

IFRS Financial Results for 4Q and 12M 2010

Moscow, April 2011

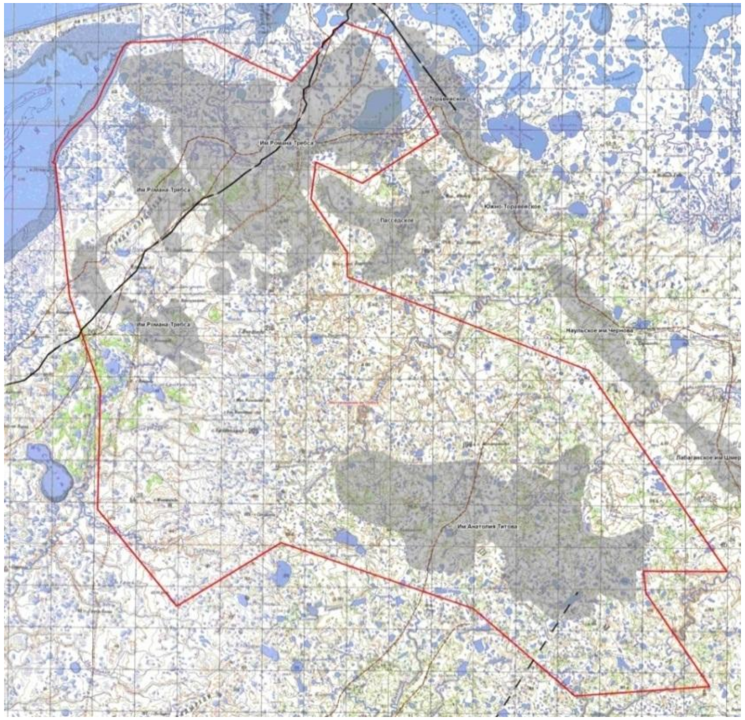
Disclaimer

Certain statements in this presentation may contain assumptions or forecasts with respect to forthcoming events within Bashneft Group. The words "expect", "estimate", "intend", "will", "could" and similar expressions identify forward-looking statements. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the above-mentioned date or to reflect the occurrence of unanticipated events. Many factors could cause the actual results of Bashneft Group to differ materially from those contained in our projections or forward-looking statements, including, among others, deteriorating economic and credit conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to Bashneft Group and its operations.

Summary Highlights - 2010

- **Vertically integrated oil producer created**
- **Sales department set up**
- **Own supply channels built, with access to end-customers (cutting out intermediaries in petroleum product sales)**
- **Distribution network expanded (regional supply network in Orenburg Region was set up in 2011)**
- **50.6% increase in proved reserves (PRMS) due to audit coverage of the Company's entire resource base. Reserve life – 19 years**
- **Two-digit growth in oil production – 15.6% to 14.1 mln tonnes**
- **Increase in refining volumes – 2.2%* to 21.2 mln tonnes**
- **Revenue growth – 96.9% to US$ 13.3 bln, due to asset consolidation and end of commission refining**
- **OIBDA increase – 138.7%*to US$ 3.0 bln, due to end of commission refining and efficiency gains**
- **Bashneft obtained license for Trebs and Titov oil fields with C1+C2 reserves over 140 mln tonnes (Russian classification)**

Trebs and Titov oil fields – Long-term growth



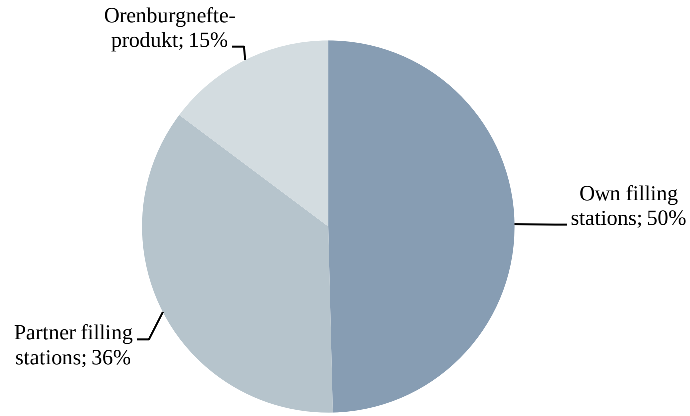
Extractable oil reserves C1+C2:
Roman Trebs oil field – 85.2 mln tonnes;
Anatoliy Titov oil field – 57.6 mln tonnes.
C3 resources – 59.3 mln tonnes

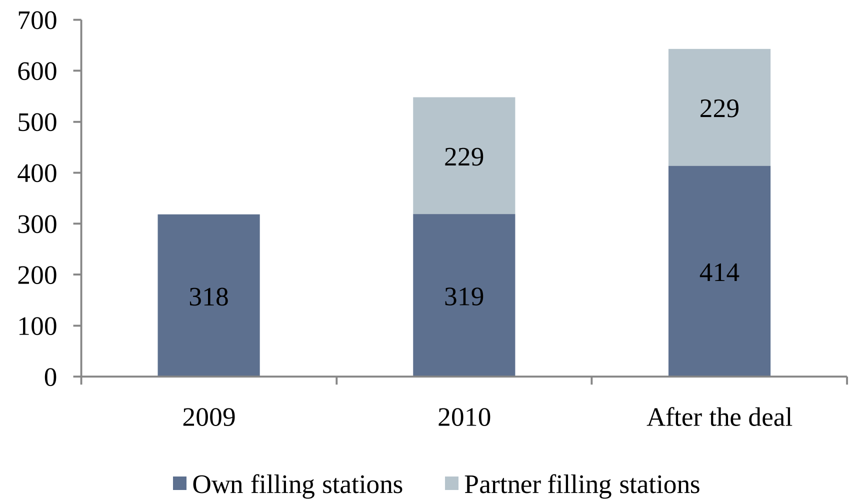
- In February 2011 the Federal Subsoil Agency (Rosnedra) granted Bashneft a license for Trebs and Titov oil fields
- The area is 2151 sq km in Nenets Autonomous Area (NAO)
- Total extractable oil reserves C1+C2 – 140.1 mln tonnes
- The acquisition increases Bashneft extractable oil reserves (Russian classification) by more than 30%
- Start of production – 2014
- Peak production could be 8 mln tonnes per year
- Estimated year of peak production – 2018-2019
- The project supports long-term production and improves the balance between production and refining
- Bashneft and Lukoil signed a JV agreement for Trebs and Titov development, which will accelerate project start and peak production

Acquisition of Orenburgnefteprodukt

- Bashneft acquires 94% of capital stock of JSC Orenburgnefteprodukt in April 2011
- Orenburgnefteprodukt has 16 tank farms and 95 filling stations in Orenburg Region
- The number of Bashneft filling stations will reach 642 after acquisition
- Filling stations will be rebranded, some tank farms modernized

Bashneft retail network after acquisition





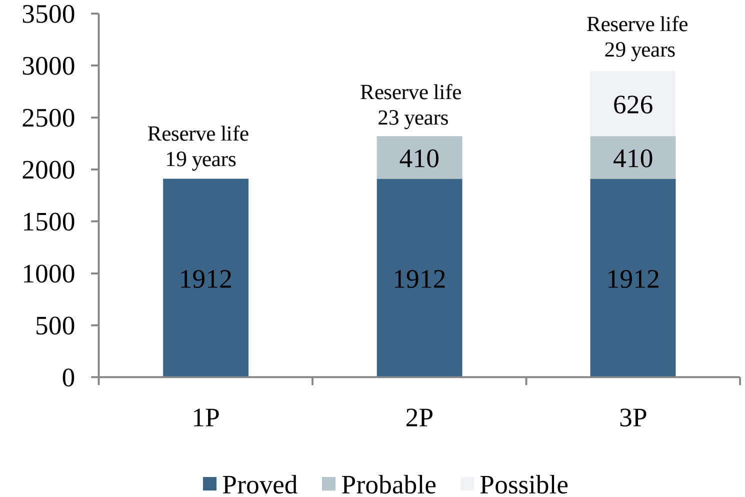
Operating Results

Reserves - December 31, 2010

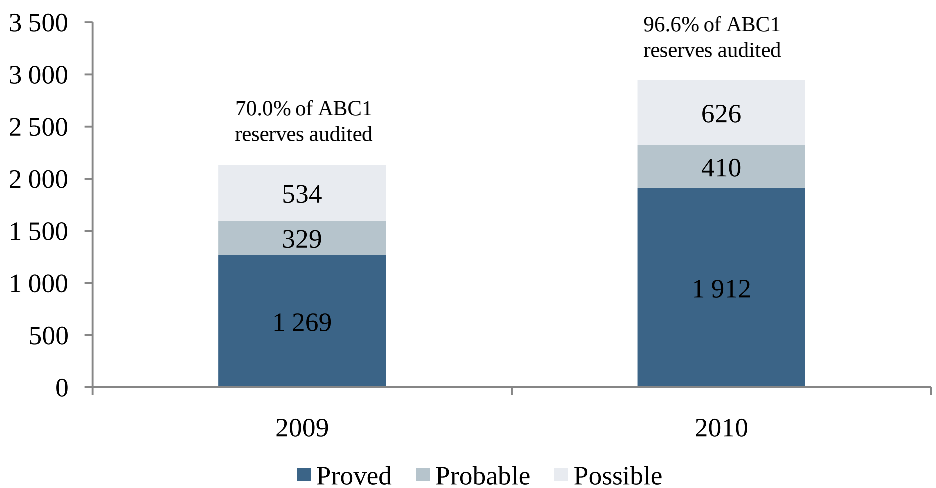
Reserves

- 177 fields, 162 are in operation
- Total reserves (SPE/PRMS) – 2 947 mln bbl
- Proved oil reserves (1P) – 1 912 mln bbl.
- Proved + Probable reserves (2P) – 2 322 mln bbl
- Reserve life – 19 years
- Miller and Lents audited 96.6% of Bashneft reserves under ABC1 classification (98.5% of daily production) in 2010
- In 2009 audit covered 70.0% of Bashneft reserves under ABC1 classification (81.0% of daily production)

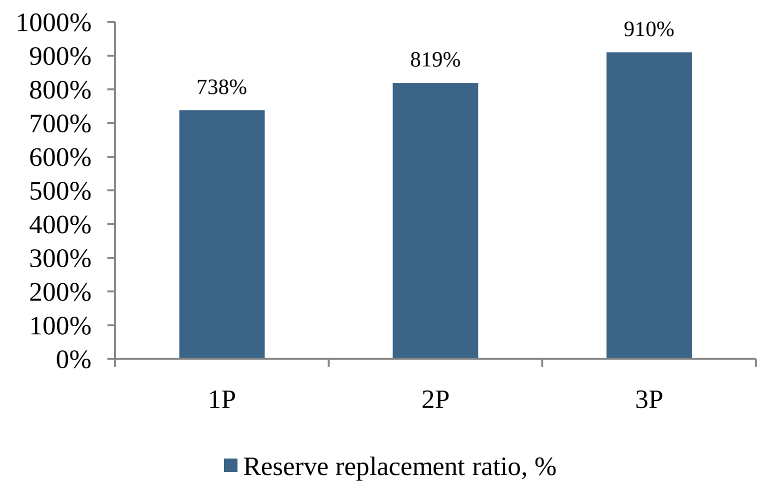
PRMS reserve base, mln bbl



Changes in PRMS reserves in 2010 vs. 2009, mln bbl

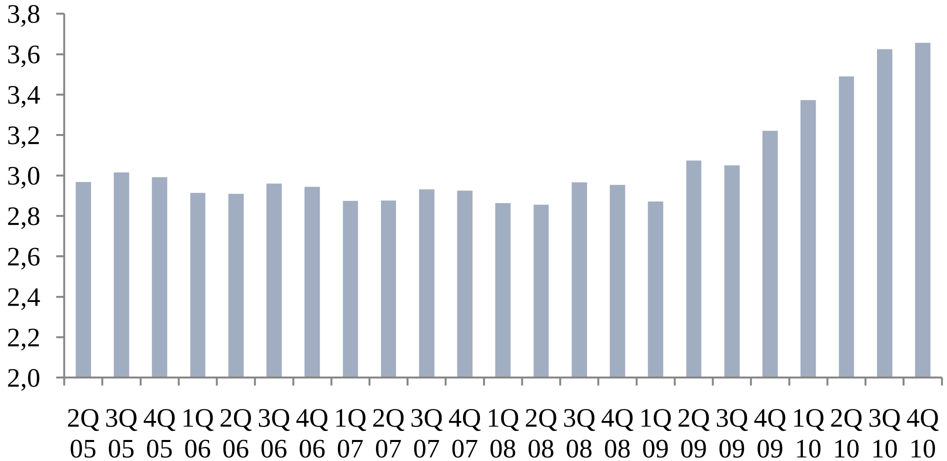


Reserve replacement ratio (RRR)



Oil Production

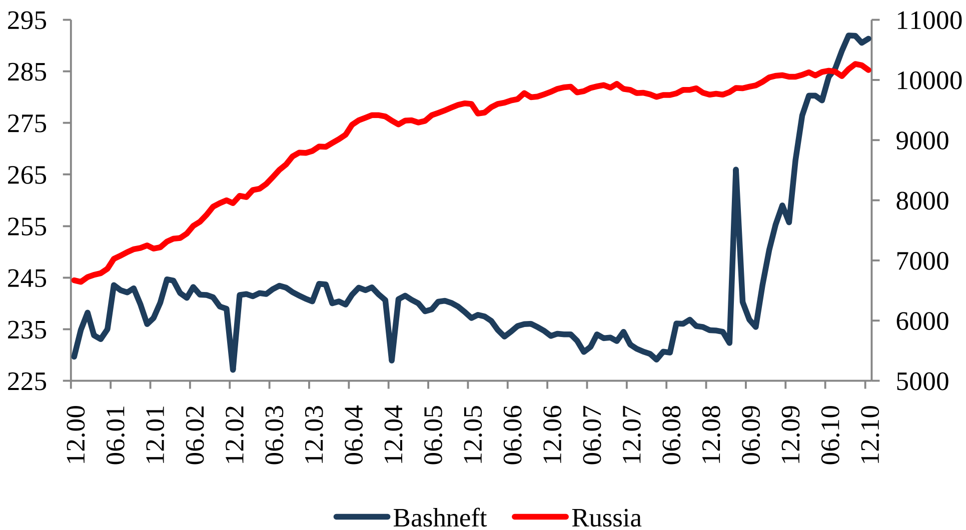
Total oil production, mln bbl



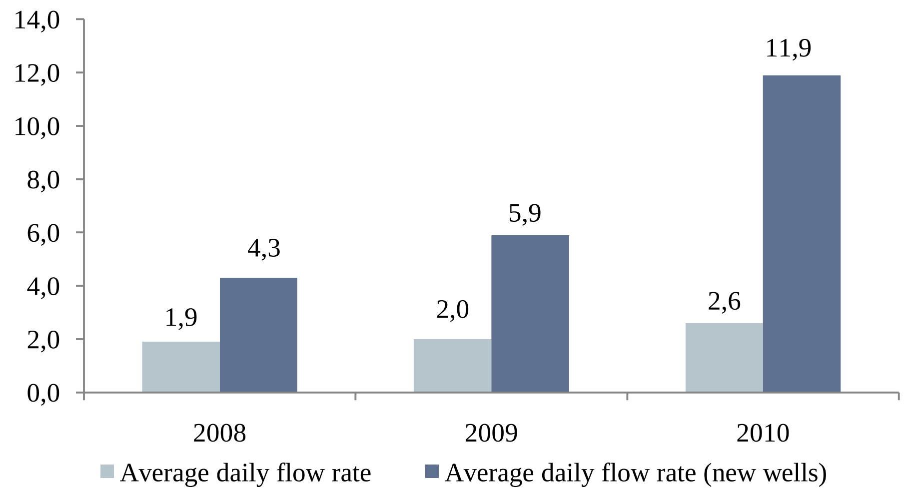
Production growth factors

- Strong management team
- Successful implementation of geological and technical measures, including acid stimulation
- Optimization of submersible equipment
- Water injection in areas with low formation pressure
- Successful frac jobs
- Current level of production will be maintained in the near term

Average daily production, thsd bbl/day

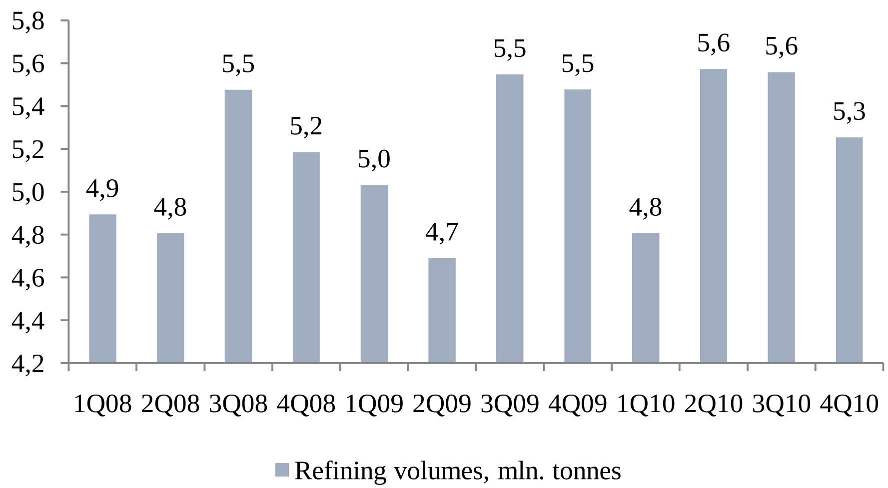


Flow rates, tonnes/day



Oil Refining

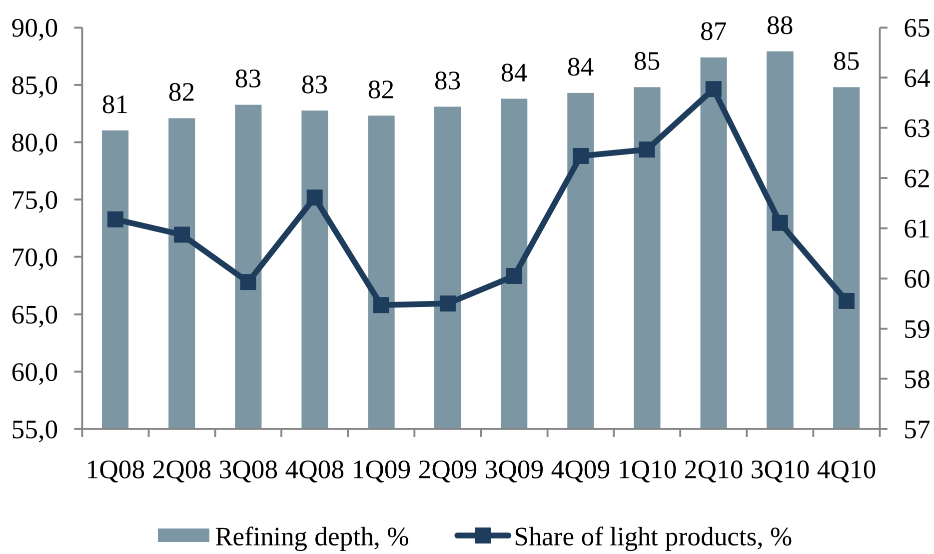
Oil refining, mln tonnes



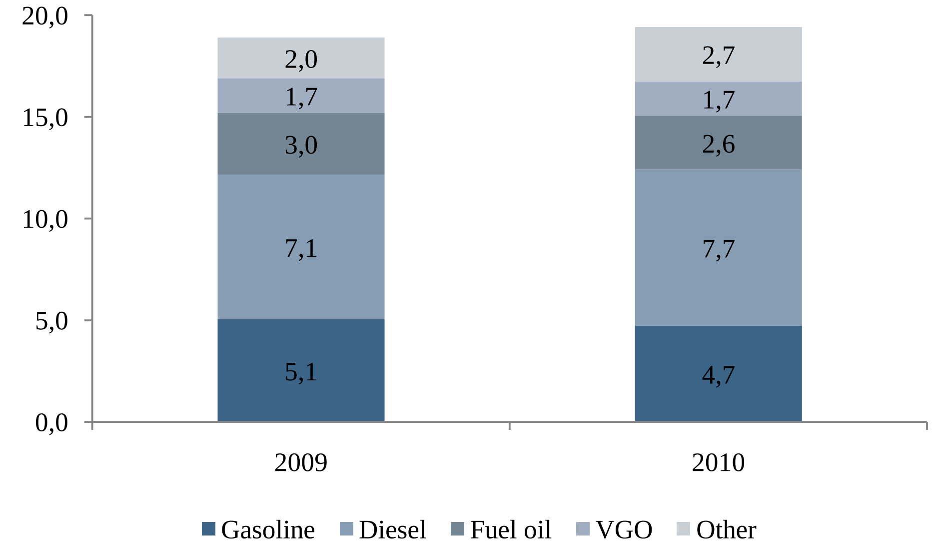
Downstream results

- Oil refining volumes increased by 2.2% in 2010 vs. 2009. Decline in fourth quarter was due to regular maintenance at refineries and higher export profitability
- In 2010 refining depth and share of light products were 86.3% and 61.7% vs. 83.4% and 60.4% in 2009, respectively
- Refining depth and share of light products declined from 87.9% and 61.1% in third quarter to 84.8% and 59.6% in fourth quarter
- The decline was due to maintenance work at refineries in fourth quarter and higher share of Bashkir oil in refining

Refining depth, share of light products, %

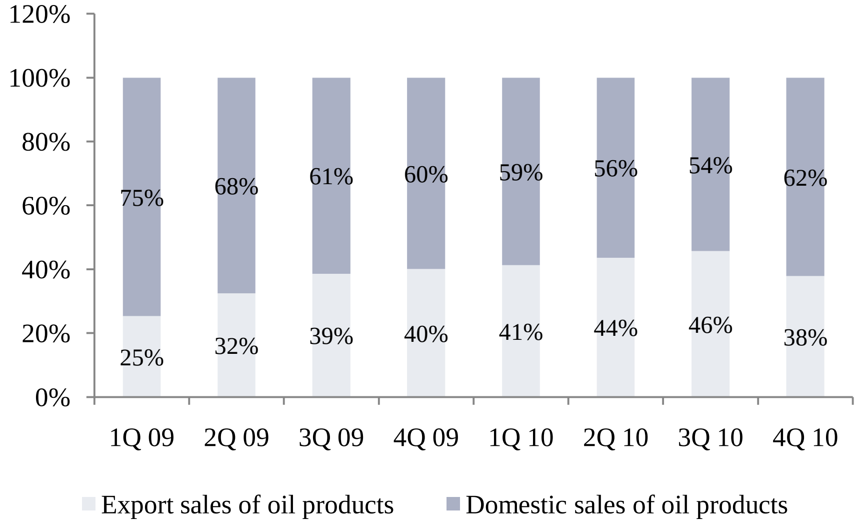


Oil products, mln tonnes



Group Sales

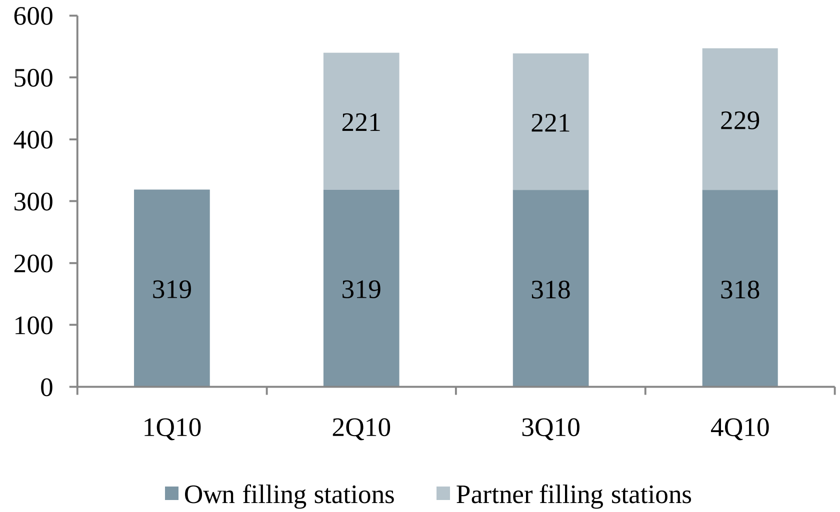
Export and domestic sales of oil products, %



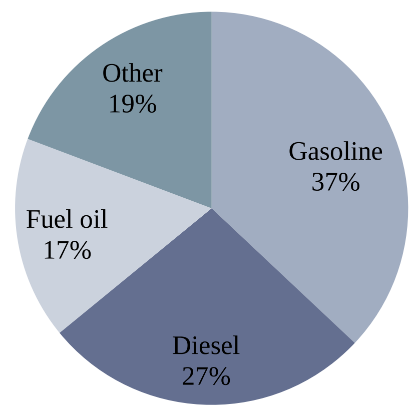
Sales growth factors

- Creation of sales department
- Expansion of retail network
- Emphasis on margin growth of main supply channels, primarily through filling station expansion and small wholesale in regions

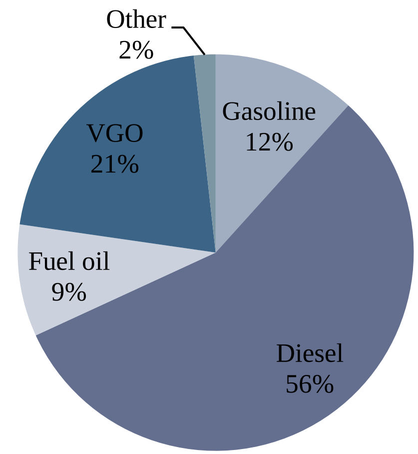
Bashneft retail network in 2010



Domestic oil product sales, 2010



Export of oil products, 2010



Financial Results

Macroeconomic indicators for Q4 and 12 months of 2010*

Q4 2010	Q3 2010	Δ, %	Indicator	12 mths 2010	12 mths 2009	Δ, %
30.7	30.6	0.3%	Average RUB/USD exchange rate	30.4	31.7	-4.1%
2.6%	1.8%	0.8%	Inflation for the period, %	8.8%	8.8%	0.00%
83.7	77.3	8.3%	Urals price, US$ /bbl	78.2	61.8	26.5%
720.7	587.3	22.7%	Diesel fuel (Russia), US$/tonne	634.0	479.2	32.3%
821.7	838.8	-2.0%	High-octane gasoline (Russia), US$/tonne	791.9	638.3	24.1%
348.4	330.9	5.3%	Fuel oil (Russia), US$/tonne	325.0	230.8	40.8%
15.3	13.3	14.8%	Mineral extraction tax (oil), US$/bbl	13.9	10.1	37.6%
39.14	35.75	9.5%	Oil export duty, US$/bbl	37.3	24.5	52.2%

** Prices of oil and oil products on this slide are averages for the industry. Tax breaks are not included in Oil MET and Oil export duty rates. Data on prices and tax rates are not for company valuation*

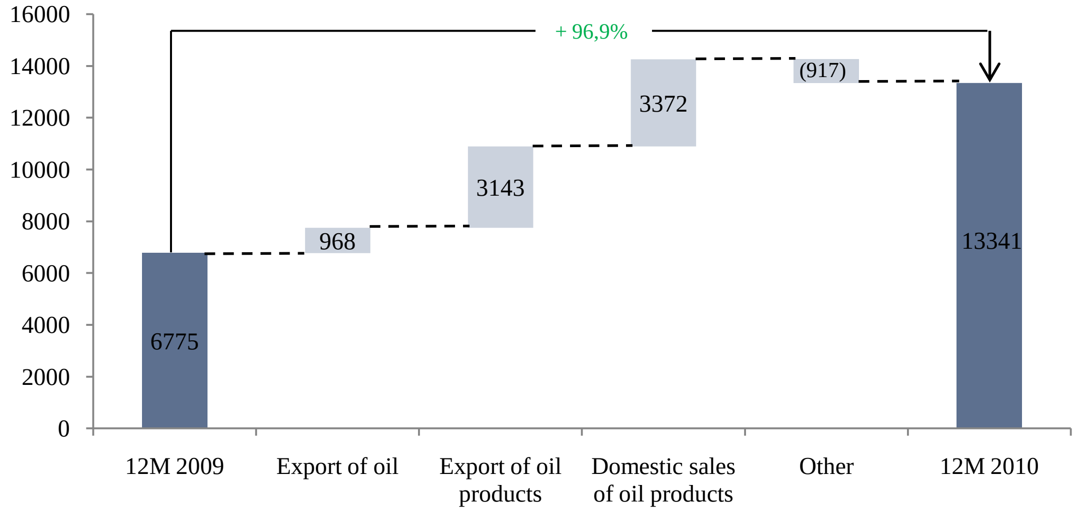
Bashneft key indicators for Q4 and 12 months of 2010

Q4 2010	Q3 2010	Δ, %	Indicator	12 mths 2010	12 mths 2009	Δ, %
3 656	3 625	0.9%	Oil production, '000 tonnes	14 145	12 234	15.6%
283	281	0.7%	Average daily oil production, '000 bbl	276	239	15.6%
5 254	5 558	-5.5%	Oil refining volume, '000 tonnes	21 193	20 747	2.1%
3 596	3 506	2.5%	Revenue, US$ mln	13 341	6 775	96.9%
992	680	46.0%	OIBDA*, US$ mln	2 981	1 249	138.7%
570	278	105.8%	Net income, US$ mln	1 429	420	240.2%
262	115	127.8%	Capital expenditure, US$ mln	492	589	-16.5%
2 289	1 487	53.9%	Net debt, US$ mln	2 289	371	517.0%

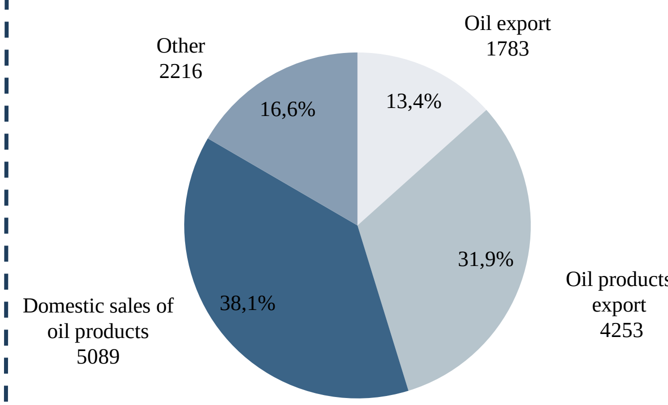
**OIBDA calculated as the sum of operating income and depreciation*

Revenue

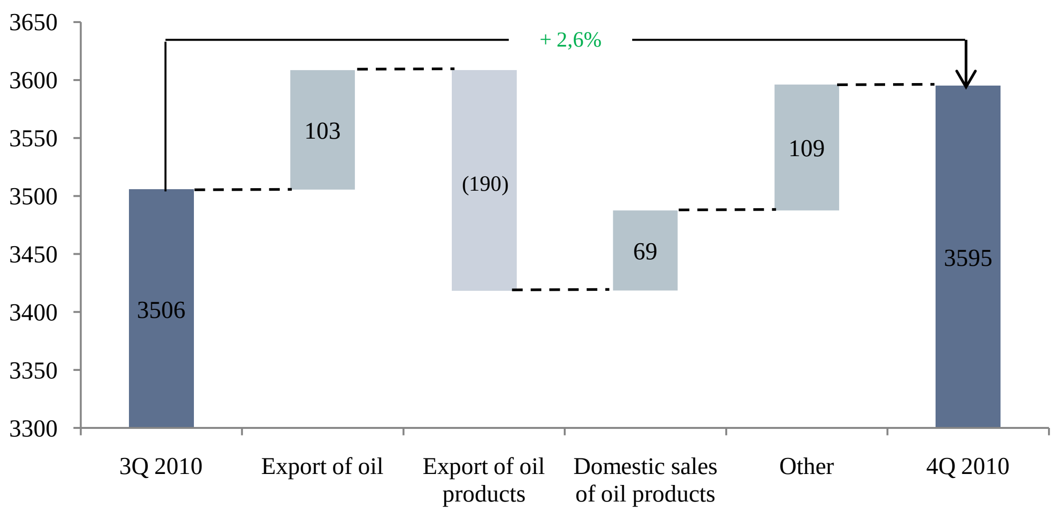
Revenue factor analysis, US$ mln, 12M 2010 vs. 12M 2009



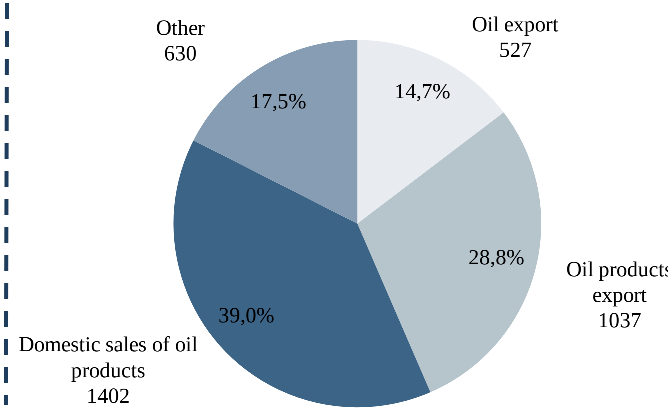
Revenue breakdown 12M 10, US$ mln



Revenue factor analysis, US$ mln, Q4 10 vs. Q3 10

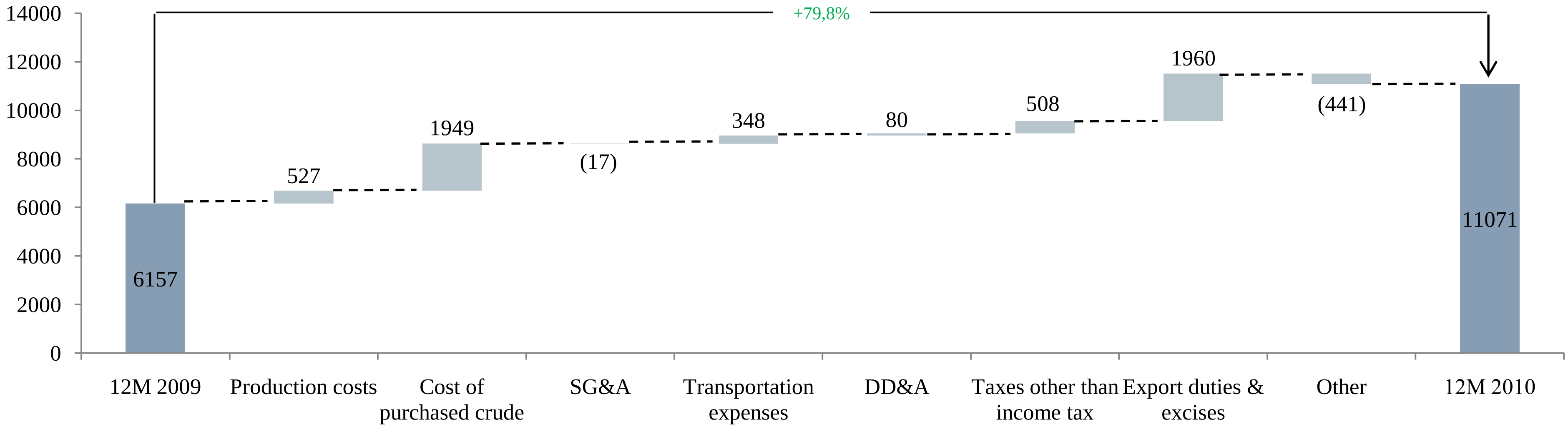


Revenue breakdown Q4 10, US$ mln

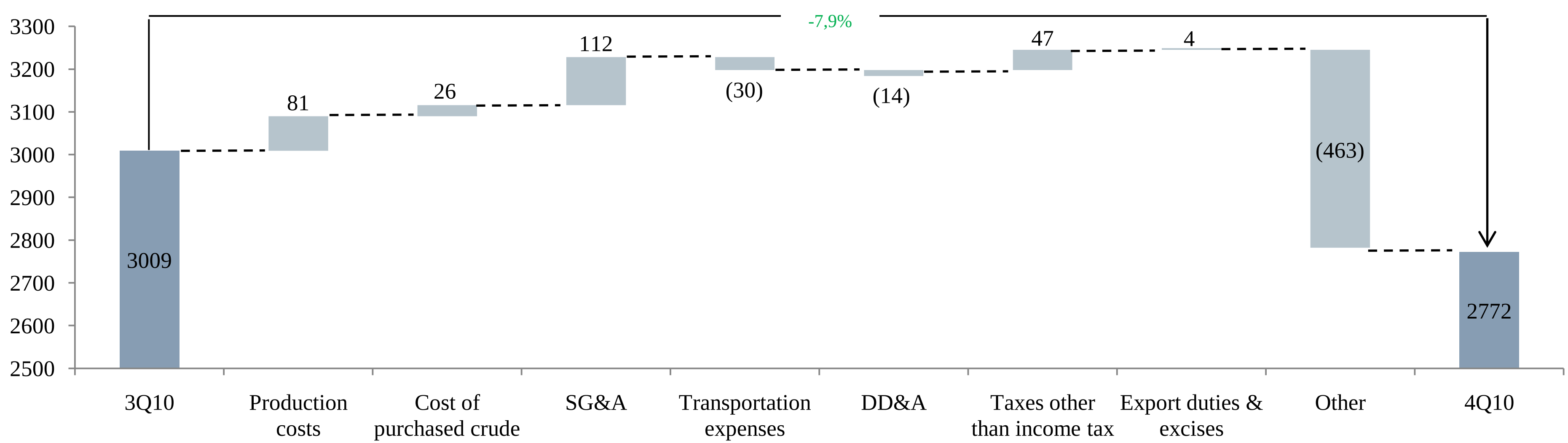


Operating Expenses

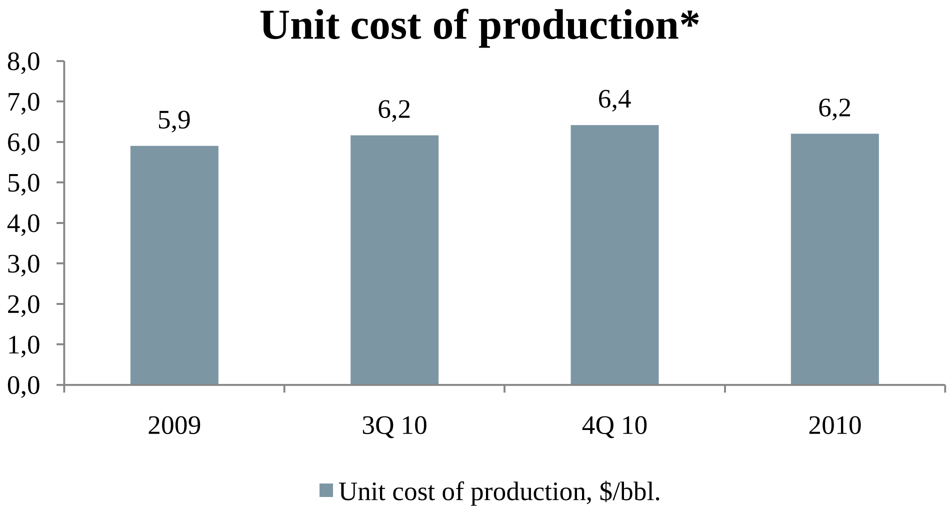
Operating expenses factor analysis, US$ mln, 12M 2010 vs. 12M 2009

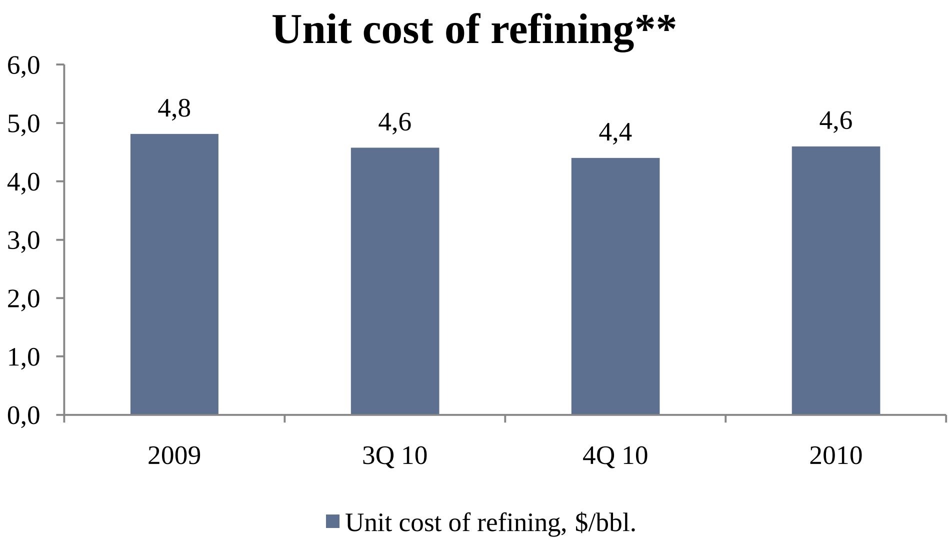


Operating expenses factor analysis, US$ mln, 4Q 2010 vs. 3Q 2010



Unit Costs





- Unit cost of production growth slightly exceeded inflation in fourth quarter of 2010
- Unit cost of production increased by 4.8% to US$ 6.2/bbl in 2010, and by 4.1% to US$ 6.4/bbl in fourth quarter
- Refining costs declined by 3.1% to US$ 4.6/bbl in 2010, and by 4.1% to $4.4/bbl in fourth quarter vs. US$ 4.6/bbl in third quarter
- The decline was due to cost savings and efficiency

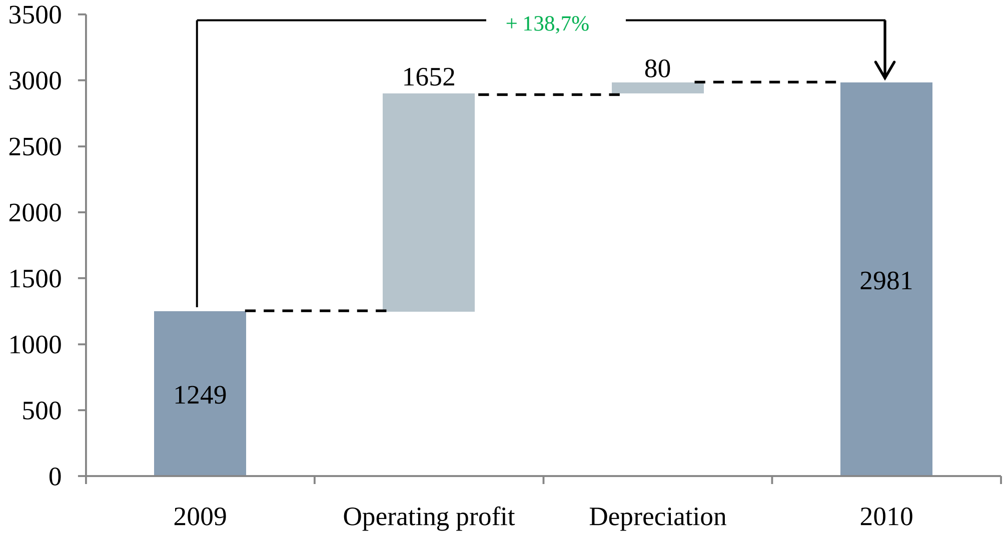
**cost of production- (excluding oil MET and depreciation)*

cost of refining- (excluding excise duty and depreciation)

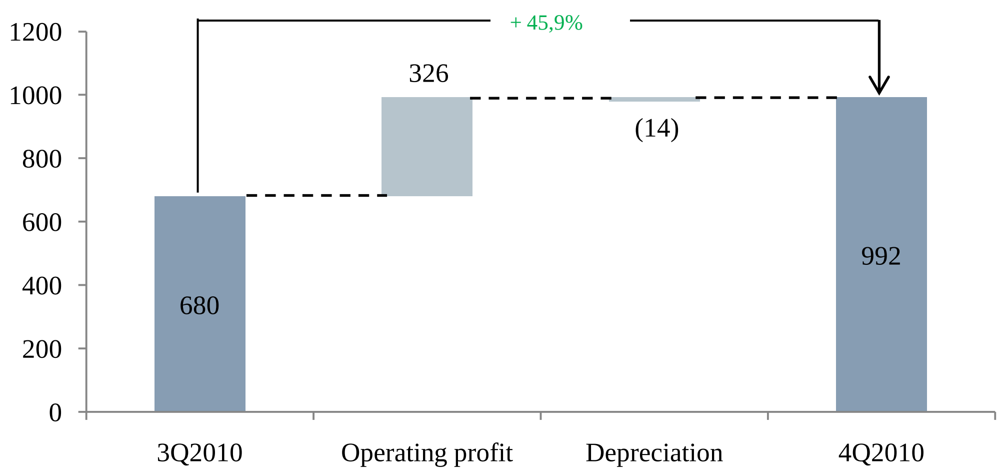
*** 7.12 barrels of crude oil = 1 tonne*

OIBDA

OIBDA breakdown, US$ mln, 12m 2010 vs. 12m 2009



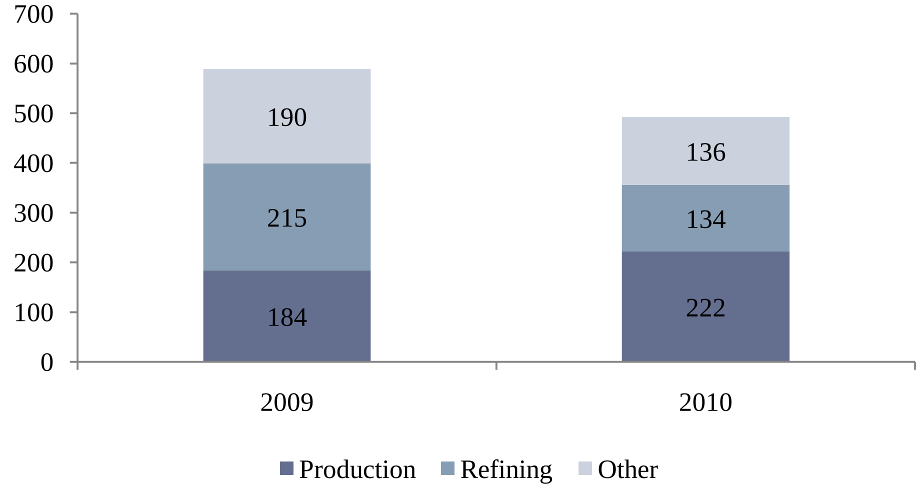
OIBDA breakdown, US$ mln, 4Q 2010 vs. 3Q 2010



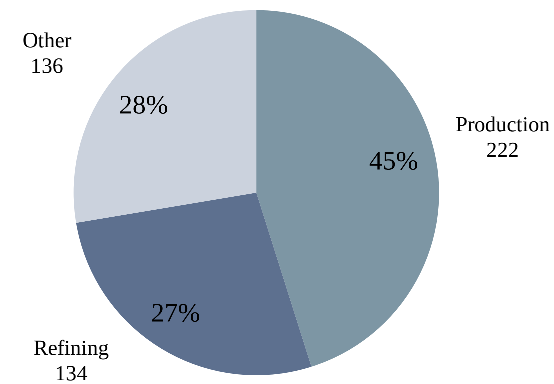
- OIBDA – US$ 2 981 mln vs. US$ 1 249 mln in 2009
- Growth factors – end of commission refining, growth in production and selling prices
- In fourth quarter OIBDA increased to US$ 992 mln vs. US$ 680 mln in third quarter, operational income rose by 65.8% to US$ 823 mln vs. third quarter
- In fourth quarter key factors of OIBDA increase were production growth, price increases for oil and oil products, and one-off gain from revaluation of JSC Belkamneft stake (38.46%)
- In fourth quarter depreciation declined to US$ 169 mln from US$ 183 mln in third quarter, due to reserve revaluation, which is carried out annually as of December 31 (in recalculation of amortization for 2010, which had previously been carried out in quarterly accounts on the basis of reserve evaluation as of 31 December 2009, the accrued difference for intervening quarters was shown in the indicator for the fourth quarter of 2010)

Capital investments

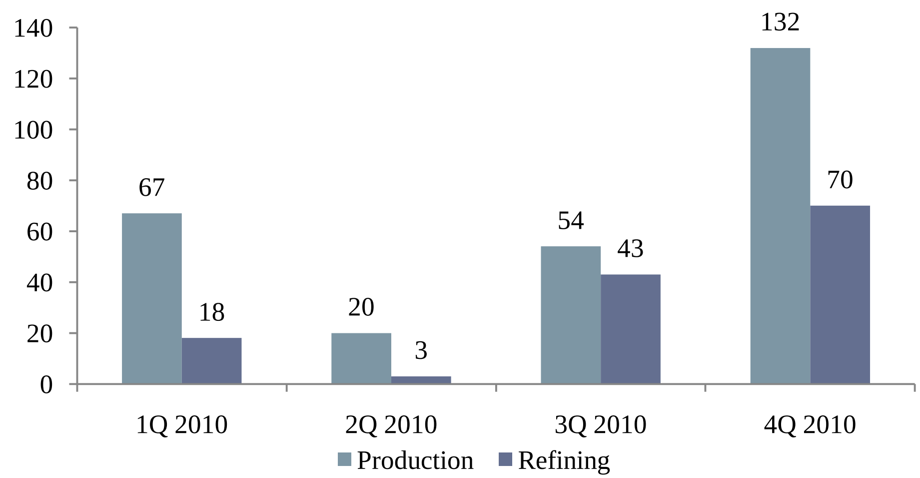
CAPEX in production and refining in 2010, US$ mln



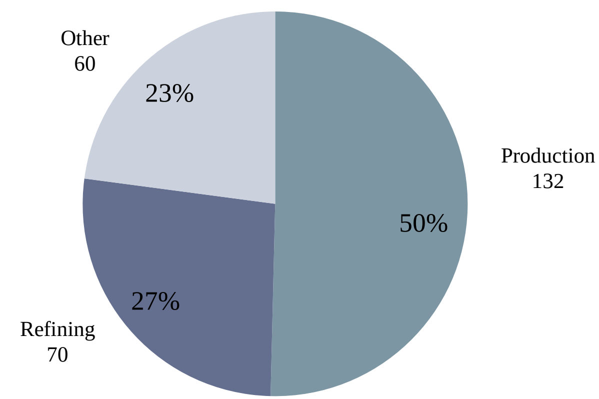
CAPEX breakdown in 2010, US$ mln



CAPEX in production and refining in Q4 2010, US$ mln

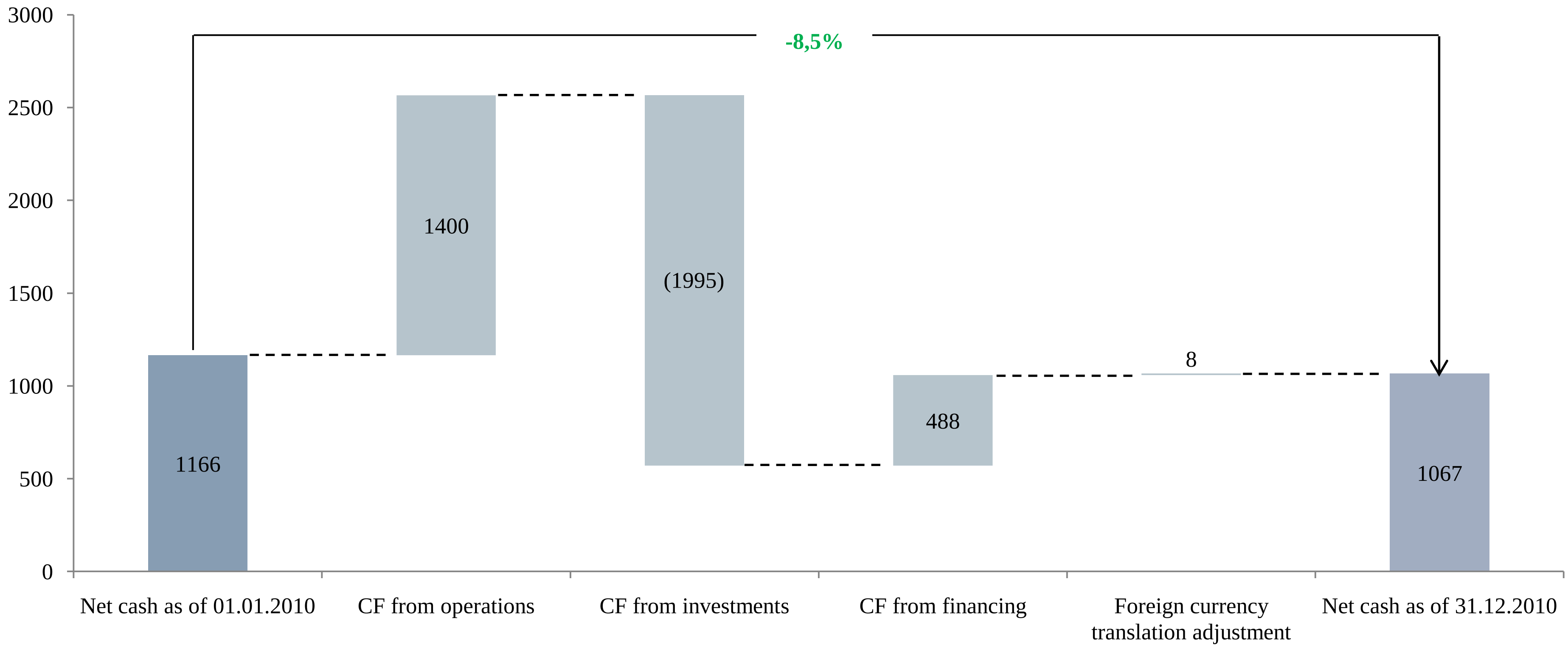


CAPEX breakdown in Q4 2010, US$ mln



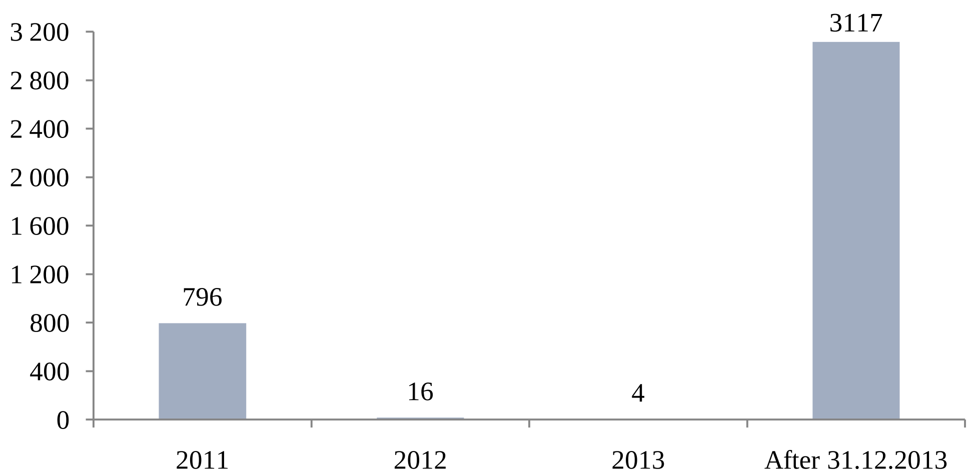
Net Cash Flow

Cash flow in 2010, US$ mln



Debt Portfolio

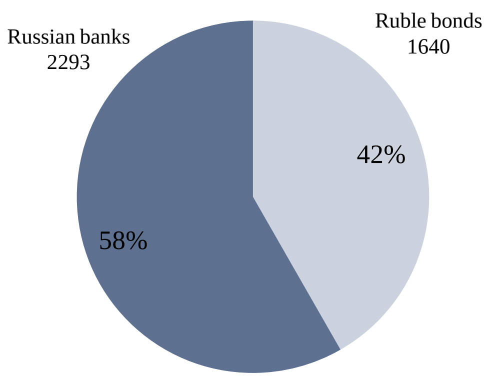
Debt maturity schedule, US$ mln



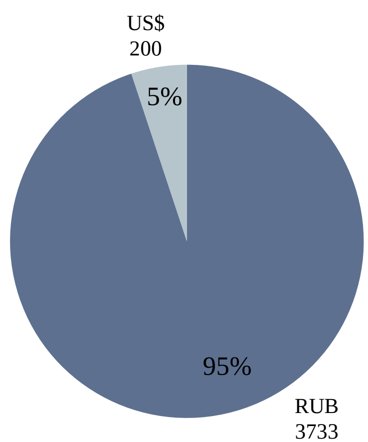
2010 highlights:

- Short/long term ratio was 20-80 at the end of 2010
- Ruble loans – 95% of debt portfolio
- Substantial part of debt is due after 2013

Debt source breakdown, US$ mln



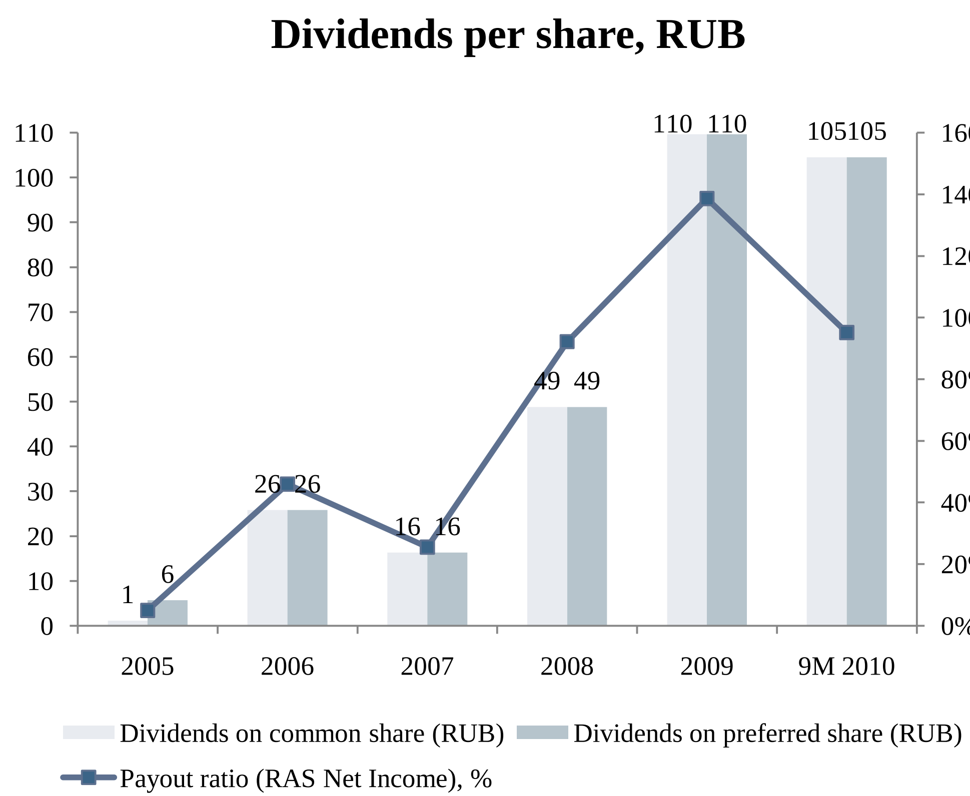
Currency breakdown, US$ mln



Debt portfolio management:

- Maintaining adequate level of debt - Total Debt/OIBDA< 3
- Debt portfolio diversification
- Raising pre-export funding
- Loan restructuring, decline of interest rate
- Obtaining credit rating

Dividends



- Bashneft has steadily increased dividend payments over several years
- In 2009 the Company increased dividend payments by 124.6% to RUB 109.65 (US$ 3.46) on common and preferred shares in 2009 (138.6% of RAS unconsolidated net income)
- Dividends declared for the 9 months of 2010 were RUB 21.4 bln (US$ 705 mln), RUB 104.5 (US$ 3,44) on common and preferred shares

Thanks for your attention

Investor Relations
JSC Bashneft
www.bashneft.ru

Appendix

Bashneft Group today

Bashneft – one of the major players in oil production (Top-10) and oil refining (Top-5) in Russia

Bashneft exports oil and oil products to Europe and CIS and sells products in the domestic market

Group consists of oil producing and refining companies, and a retail network in Bashkortostan, Udmurtia and Orenburg Region

Oil Production 276 thsd. bbl./day	Oil Refining 509 thsd. bbl./day	Supply Retail and small wholesale: 0.9 mln tonnes
JSC Bashneft	JSC Ufaneftehim, JSC Novoil, JSC UNPZ, JSC Ufaorgsintez	JSC Bashkirnefteprodukt, JSC Udmurtnefteprodukt JSC Orenburgnefteprodukt
• Substantial reserves (19 years) • High growth potential due to new technologies	• Large-scale refining facility with high level of complexity and production quality	• Filling stations and oil depots in the Republic of Bashkortostan, Udmurtia and Orenburg Region

Strategy (to 2013) and Current Objectives

Creating a vertically integrated oil producer

- Increase upstream to match downstream, by organic growth and acquisitions
- Improve corporate governance and organizational structures, as well as increase transparency level of the ownership structure
- Implement an integrated planning system, control and managerial reporting

Exploration and production

- Deliver organic oil production growth to at least 395,000 bbl/day by 2013
- Reduce production costs by at least 10% within 3 years

Refining

- Balance refining demand with 80-100% supply of own oil
- Upgrade refineries with the aim of producing 100% of fuel with Euro 4/5 standard
- Increase refining depth to 91%
- Increase light product yield to 65%

Sales

- Expand the retail network and oil storage facilities to over 25 regions
- Sell up to 25% of motor fuel produced via the retail network (Bashneft and third-party filling stations)

Objectives for 2011

- Oil production– 287,000 bbl/day
- Continue to modernize refineries to ensure compliance with Euro 4/5 standards
- Improve downstream margin
- Create 15 regional distribution companies