



Russian Independent Oil Producers Day

**Presentation by
William R. Thomas, CEO**

26 April 2006



● Shares outstanding:	86.7 million ⁽¹⁾
● Free float:	34.5 million (40% of total)
● Share price (as of 20/4/06):	£4.05 (\$7.21)
● Market capitalisation:	\$625 million (£351 million)
● Enterprise value:	\$680 million
● 2P Oil Reserves (as of 31/12/05):	116 MMBbls
— Pro forma Dulisma acquisition:	225 MMBbls (94% increase)
● 2P Enterprise value:	\$5.81 per barrel
● 2P Enterprise value pro forma Dulisma:	\$3.01 per barrel

1. Fully diluted, 90.4 million shares are outstanding.

Creating Value

Acquire

- Russian oil assets remain fundamentally cheap (\$2-3/Bbl)
- Consolidation and rationalization of the industry continues
- Geography, establishing "core areas" and control are important
- Management, experience and relationships in the industry are critical

Develop & Explore

- Application of capital and technology creates significant value
- Vertical integration of services is important
- Exploit the upside (offshore Sakhalin exploration, Arcticneft deep oil horizon, Dulisma gas)
- Maintain strict capital discipline

Produce & Earn

- Value diversification of asset geography and revenues (export vs domestic sales)
- Leverage existing management over newly acquired assets
- Tax policy pendulum swinging back to the middle
- Add accretive acquisitions in core areas

Realize Value

- Goal is \$1 billion market cap by end of 2007 with minimum dilution
- Opportunistic approach: sale to a large Russian or Western company or continue value creation through organic growth and/or acquisitions

General Location Map



URALS ENERGY



Notes

1. Reserve and resource estimates according to DeGolyer and MacNaughton preliminary 2005 year-end report

2005 Operating Highlights



URALS ENERGY

• Average 2005 Oil Production	5,263 BOPD (Current 10,000 BOPD)
• Adjusted EBITDA	\$16.9 MM (\$10 per barrel)
• Total Reserve Growth	31% to 116 MMBbls
• Reserve Replacement Ratio	107%
• Average Reserve Replacement Drilling Cost	\$2.50 per barrel
• Percent of Overall Production Exported	62.5%
• Average 2005 Netback	\$ 30.02 per barrel

➤ Exploration

G&G:	3D seismic at Petrosakh Reservoir modelling at Arcticneft
Wildcat Drilling:	1 well – Timan Pechora 1 well – Dinyu Prepare for 2007 offshore drilling program at Petrosakh

➤ Development

Sidetracks:	3 wells – Petrosakh
Development Drilling:	20 total new producers
Fracking:	6 wells – Petrosakh

➤ **Total Capex Budget: \$40 Million**

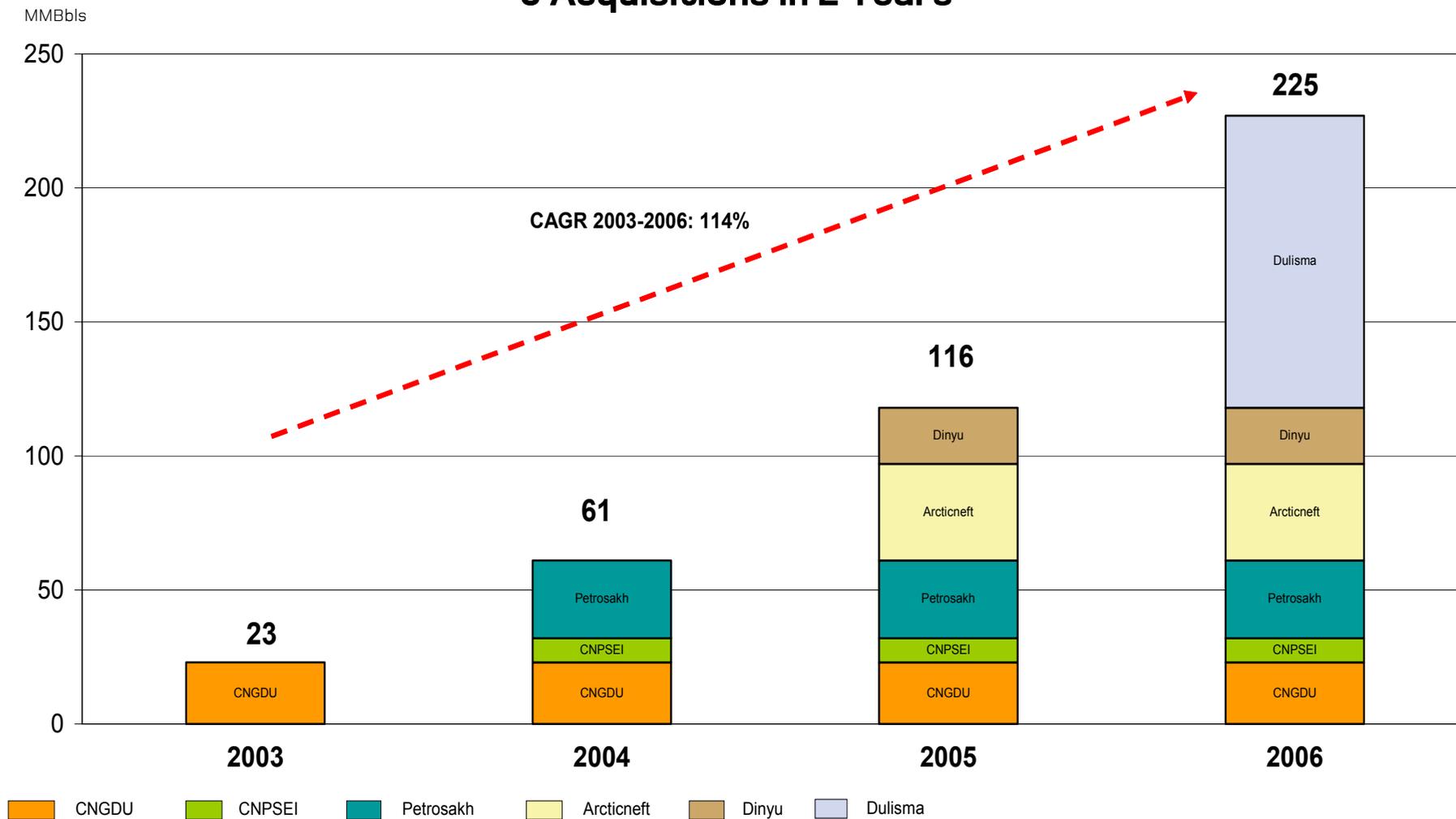
➤ **Year End 2006 Forecast Production : 13,000 BOPD (including Dulisma)**

2P Reserves Growth (million barrels oil only)¹



URALS ENERGY

6 Acquisitions in 2 Years



Notes

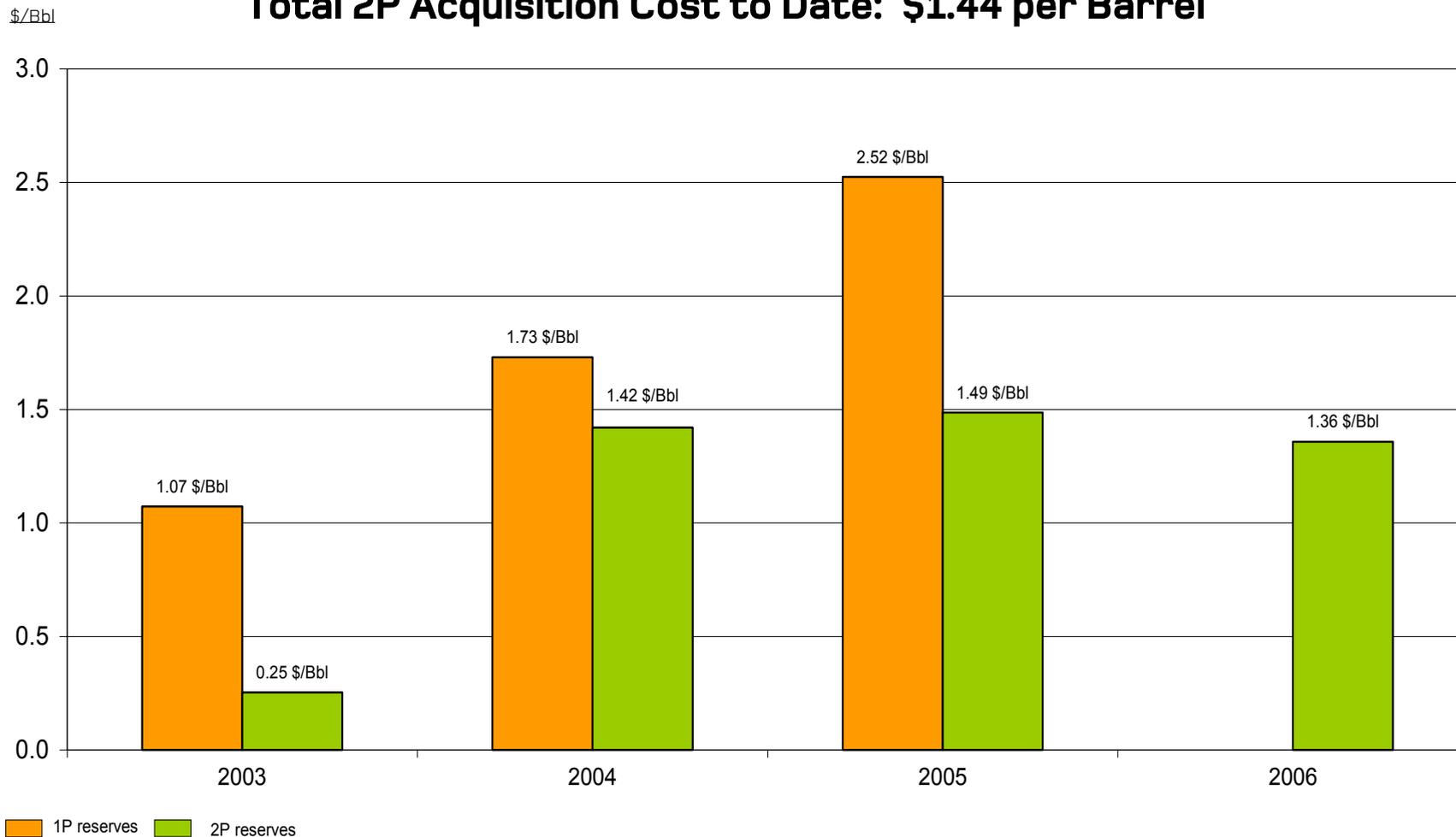
1. 2P reserves all stated as at 31 December 2005.

1P vs 2P Reserves Acquired⁽¹⁾ – \$ per Barrel (Oil Only)



URALS ENERGY

Total 2P Acquisition Cost to Date: \$1.44 per Barrel



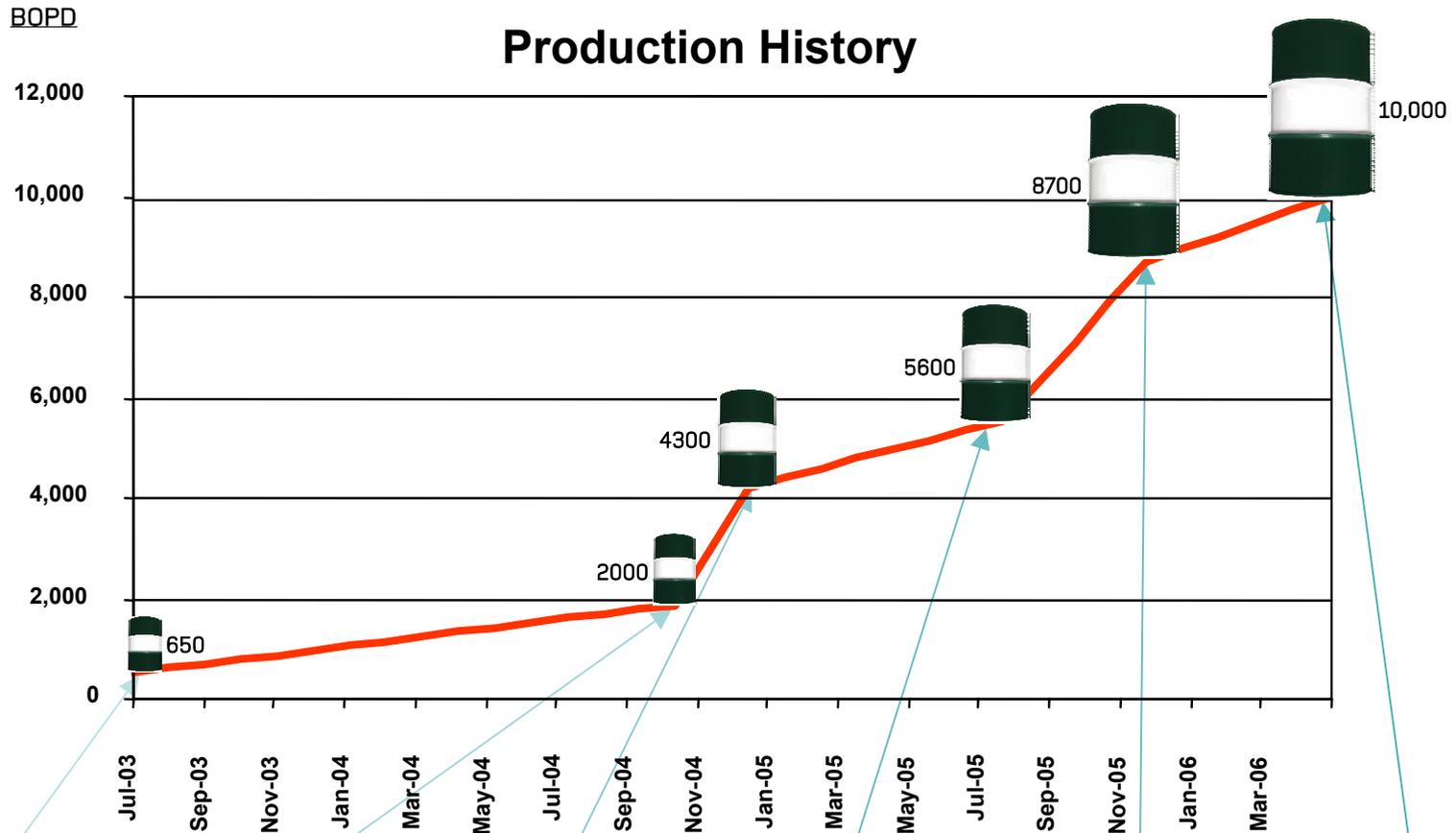
Notes

1. Reserves as of D&M report (31 December 2005)

Urals Energy – Production Growth



URALS ENERGY



July 2003
650 BOPD –
Chepetskoye
Acquisition

October 2004
2,000 BOPD –
CNPSEI
Acquisition

December 2004
4,300 BOPD –
Petrosakh
Acquisition

July 2005
5,600 BOPD –
Arcticneft
Acquisition

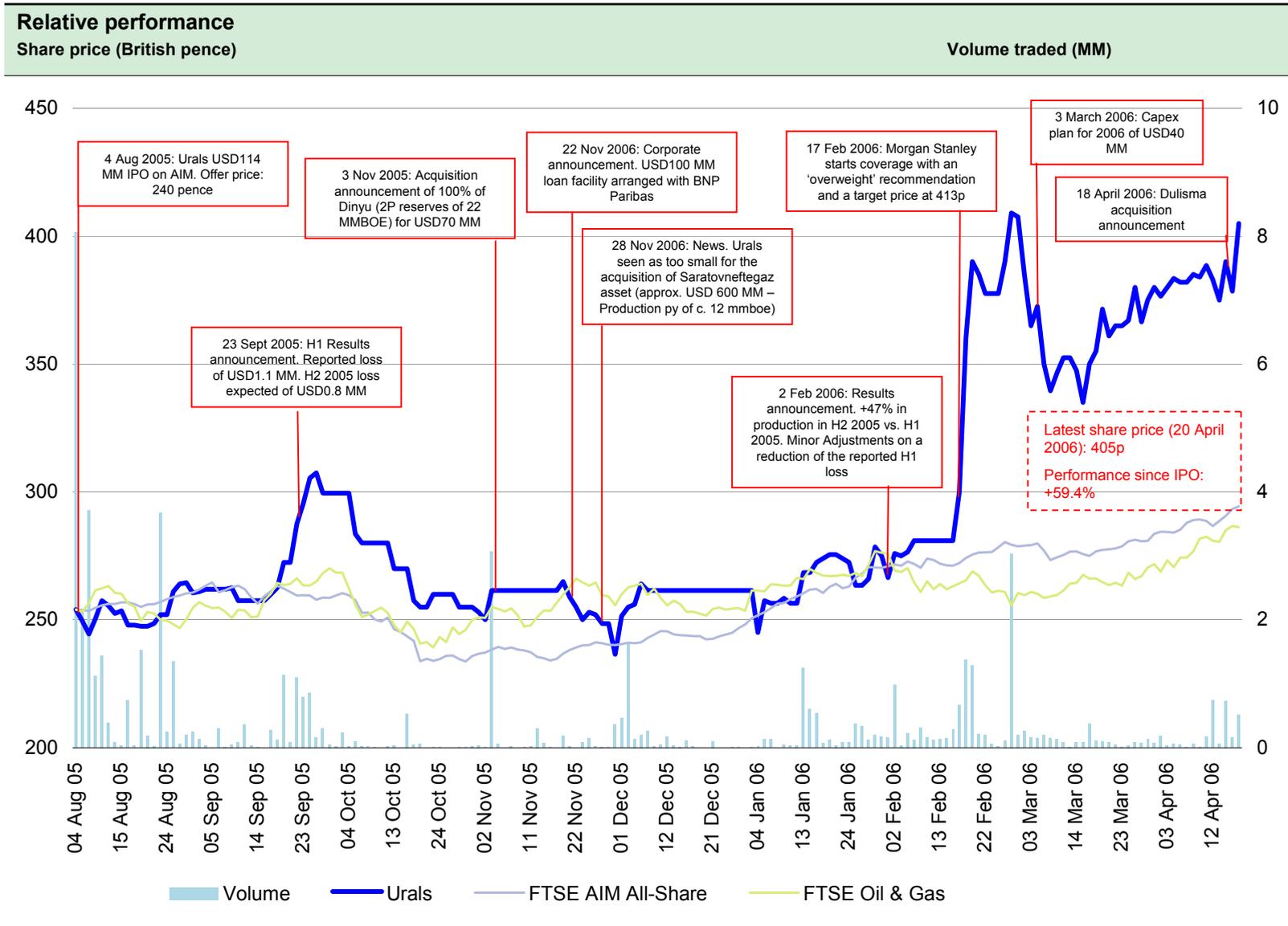
November 2005
8,700 BOPD –
Dinyu
Acquisition

April 2006
10,000 BOPD –
Dulisma
Acquisition

Share Price Performance Since IPO



URALS ENERGY



Dulisma – LTK Acquisition

April 2006

\$148 million

Reservoir Overview

- Asset located in the North Irkutsk region of Eastern Siberia
- License granted in 2000 and is valid thru 2019
- 2P reserves of 109 MMBbls (2P) and 1.9 TCF of gas (D&M preliminary estimates)
- Good reservoir characteristics and high quality oil (c.41o API) and condensate (c.70oAPI)

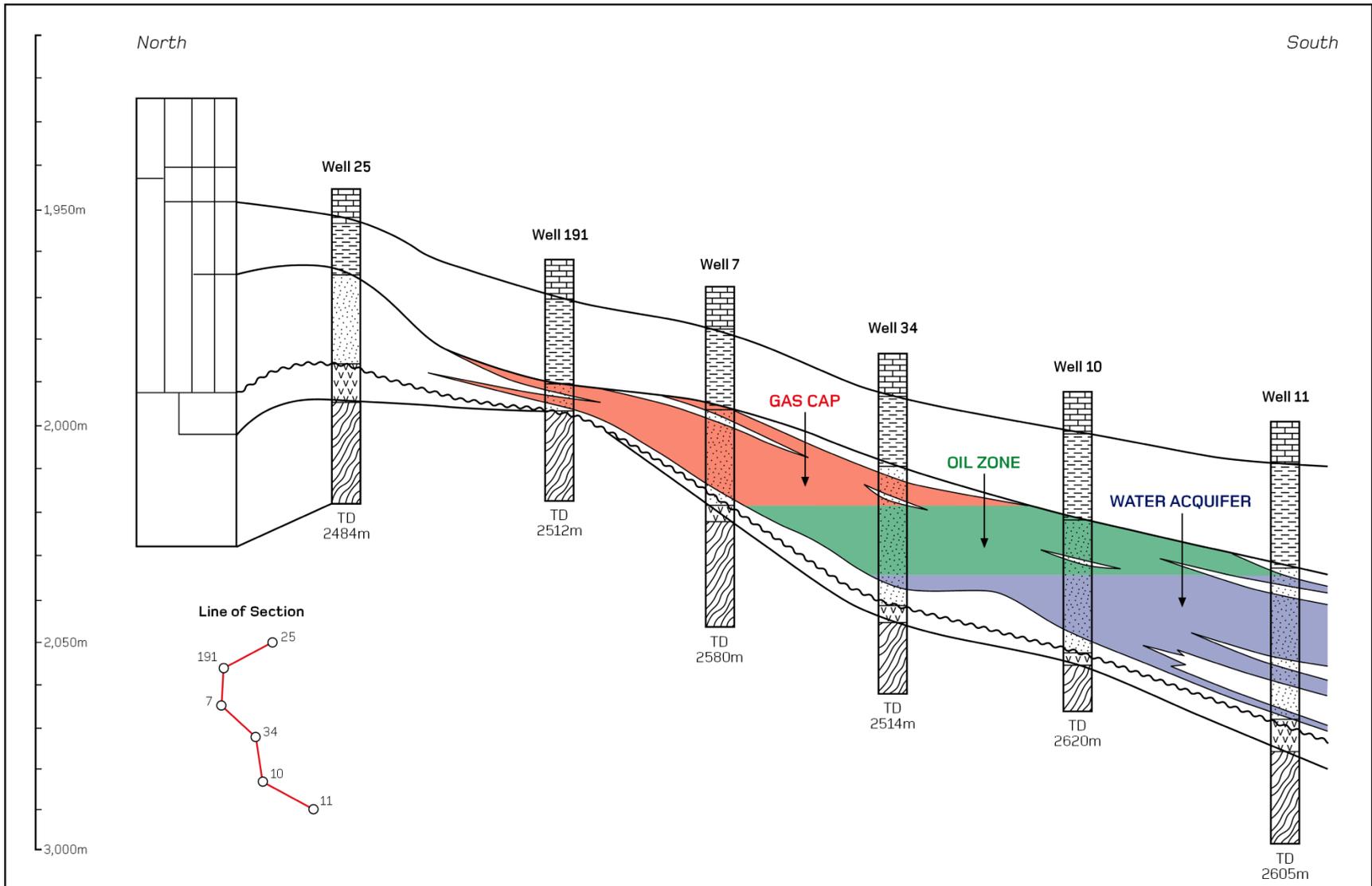
Reservoir Development

- Production development plan in two pahses
 - 2008: 12,000 BOPD
 - 2011: 30,000 BOPD
- Development field with horizontal wells

Dulisminskoye – Reservoir Cross Section



URALS ENERGY



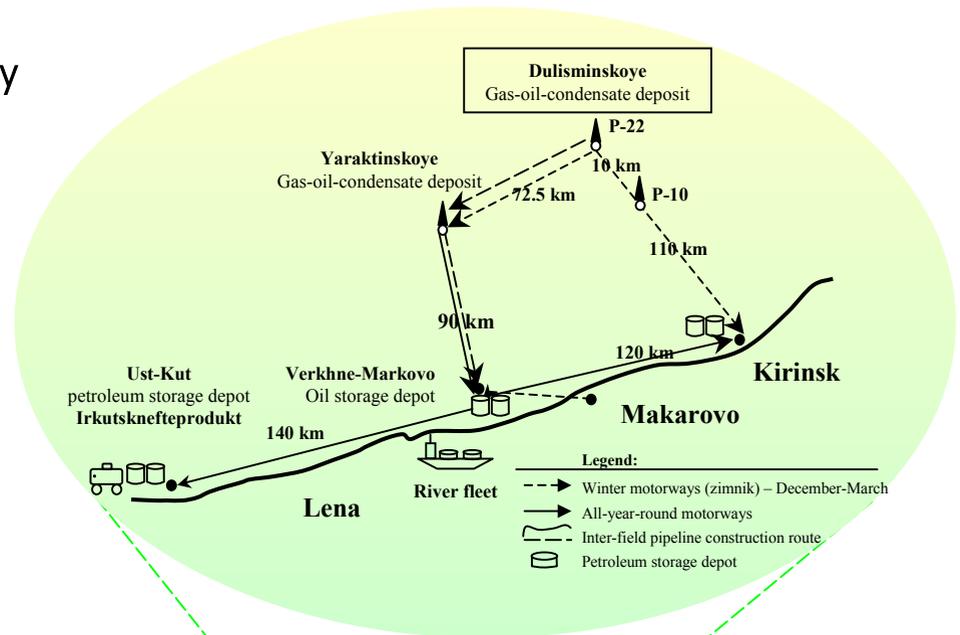
Note: Horizon depths are indicative only for illustration purposes.

Dulisminskoye Field – Transportation



URALS ENERGY

- LTK pipeline provides 12,000 BOPD “early oil” capacity
 - Est. construction completion in 1Q07
- Connect to ESPO pipeline in 2008-9
- Gas is upside
 - Note recent Gazprom agreement with local administration

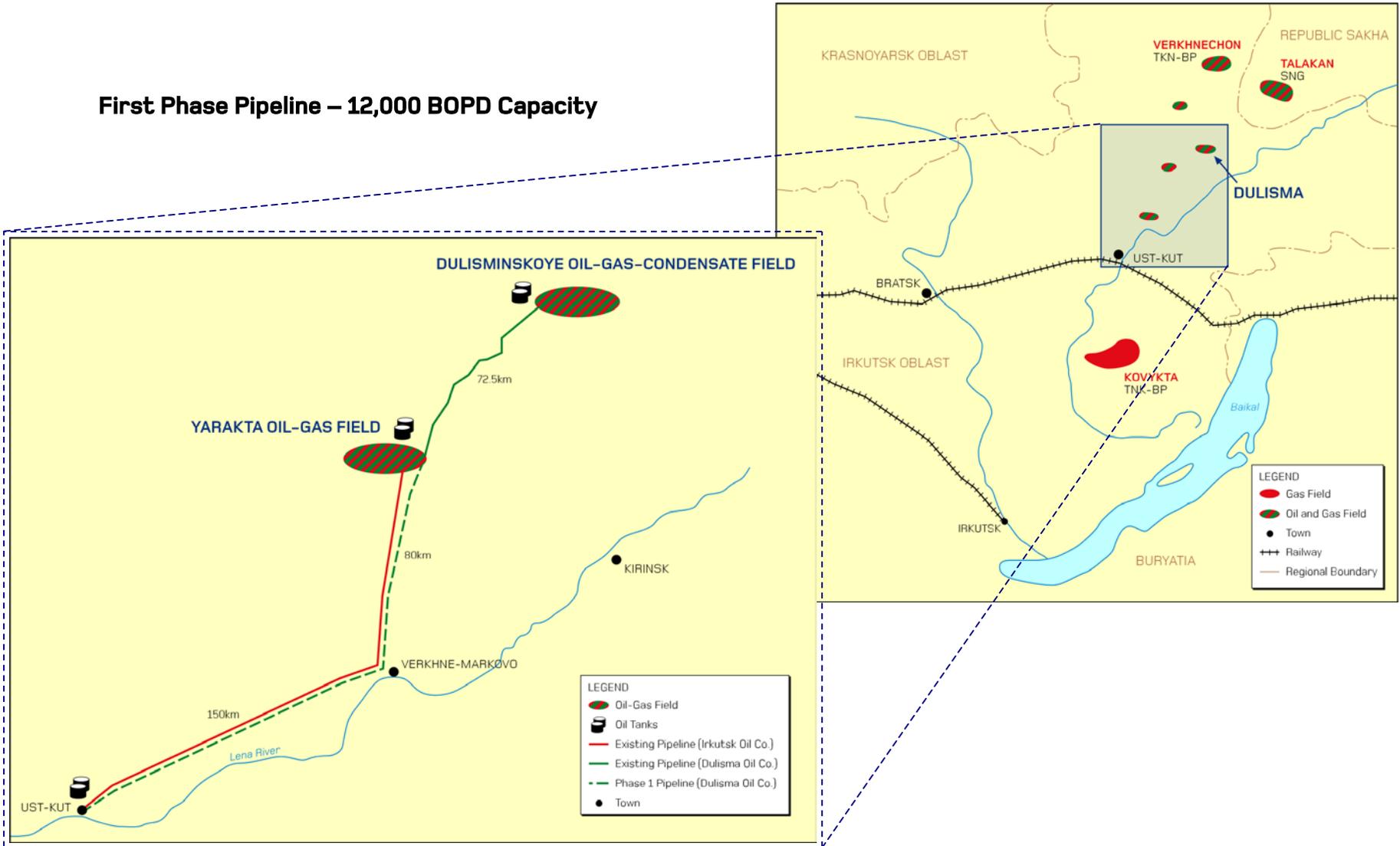


Dulisminskoye Field and LTK Pipeline Area of Operations



URALS ENERGY

First Phase Pipeline – 12,000 BOPD Capacity



Transneft ESPO Pipeline – Proposed Route



URALS ENERGY

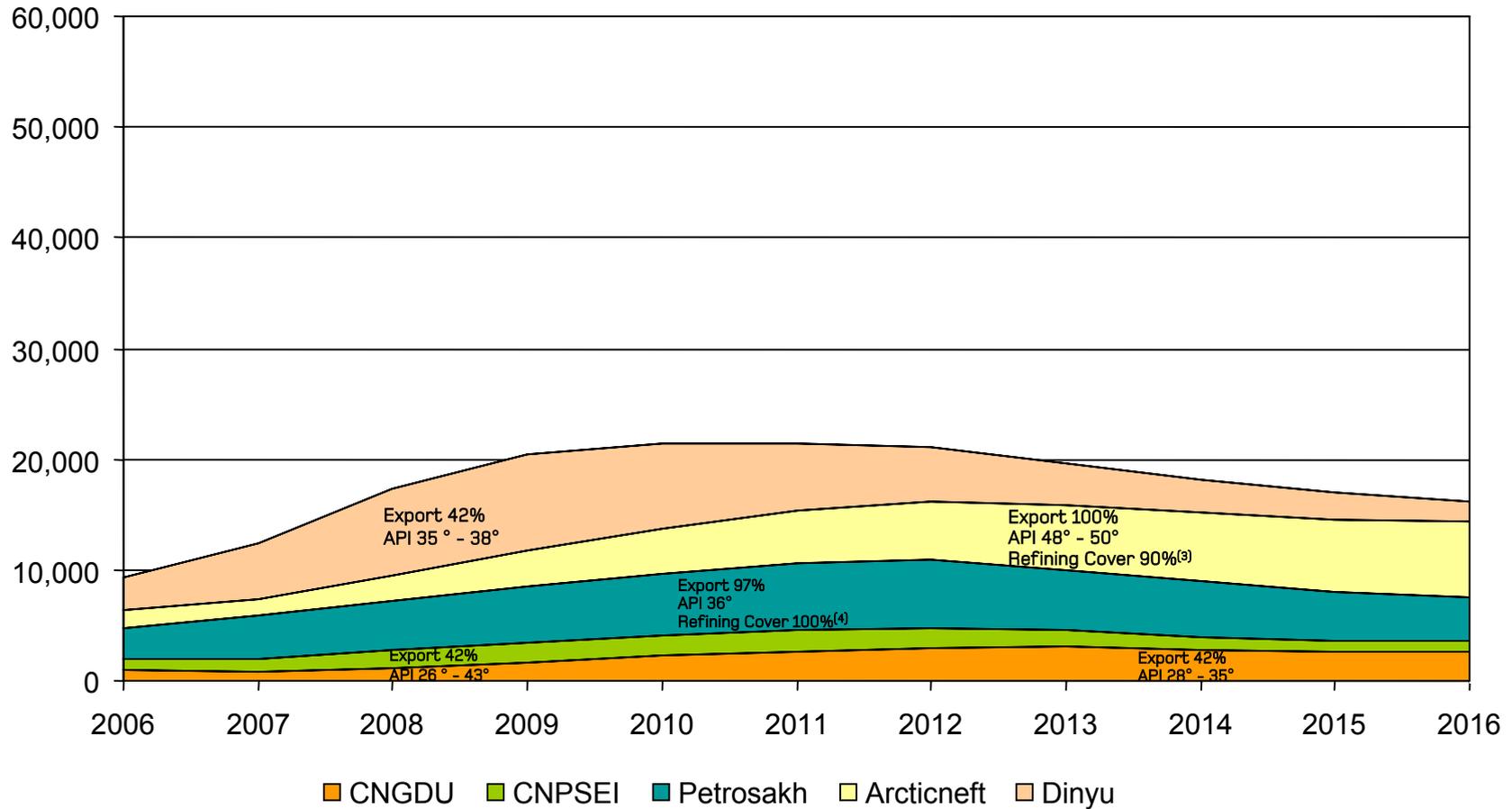


Projected Daily Average Oil Production – At 31 December 2005



URALS ENERGY

Estimated Daily Production
(Existing 2P Reserves)
(BOPD)⁽¹⁾



Notes

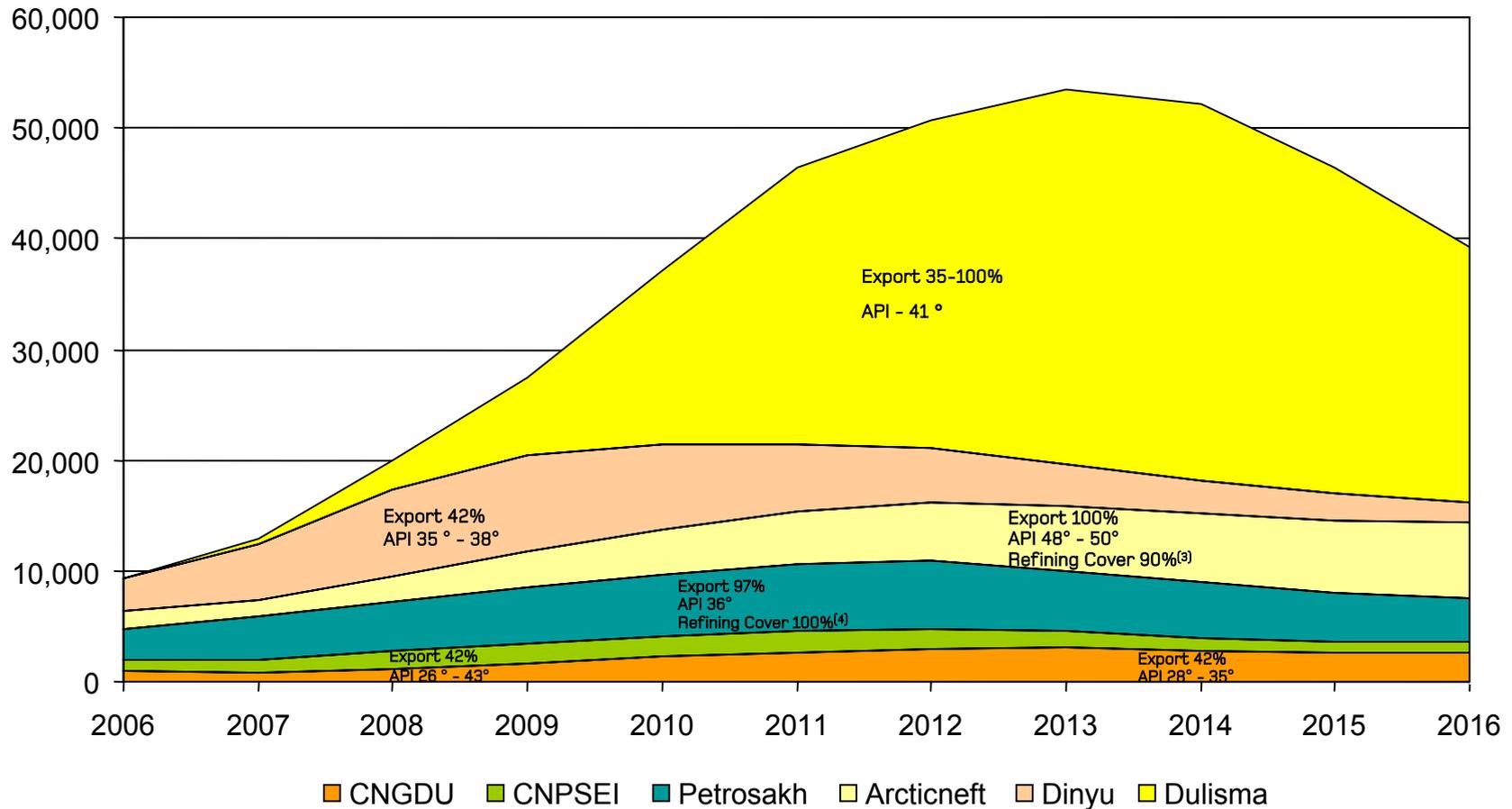
1. Average daily production from proved + probable reserves for each year as estimated by D&M
2. Current refining capacity of Arcticneft is 1,200 BOPD
3. Current refining capacity of Petrosakh is 4,100 BOPD, upgradeable to 8,200 BOPD at limited cost

D&M Projected Daily Average Oil Production – Including Dulisma



URALS ENERGY

Estimated Daily Production
(Existing 2P Reserves)
(BOPD)⁽¹⁾



Notes

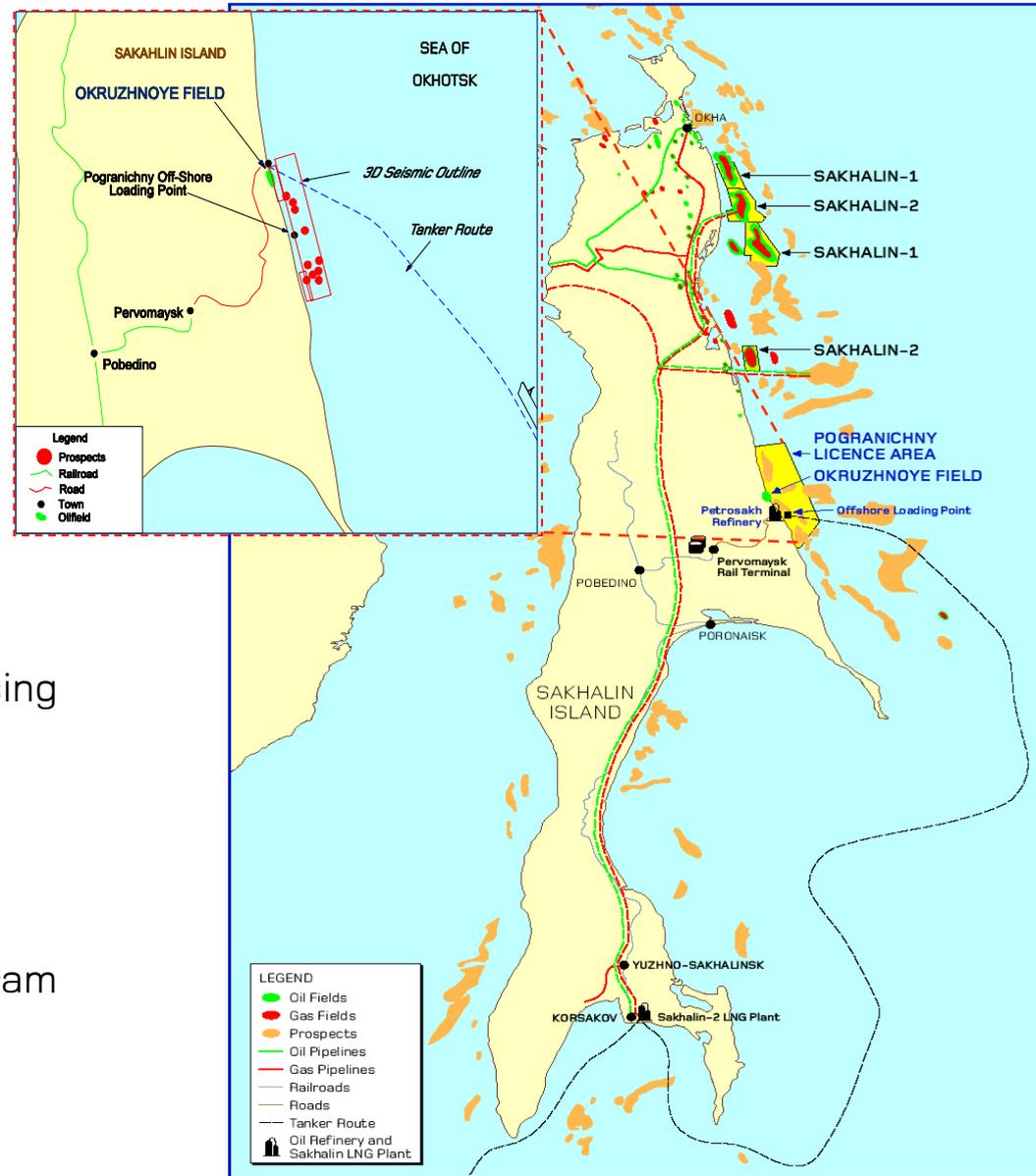
1. Average daily production from proved + probable reserves for each year as estimated by D&M as per 31 December 2005 reserve report. Dulisma daily production as per 12 April preliminary D&M report
2. Average production for 2005 is calculated based on production estimates for April 1, 2005 – December 31, 2005 for Petrosakh, CNPSEI and CNGDU and for July 16, 2005 – December 31, 2005 for Arcticneft as presented by D&M
3. Current refining capacity of Arcticneft is 1,200 BOPD
4. Current refining capacity of Petrosakh is 4,100 BOPD, upgradeable to 8,200 BOPD at limited cost

Petrosakh Operations

- 2P Reserves – 27.5 MMBbls
- Average production
 - 2005: 2,524 BOPD
 - 2006e: 3,992 BOPD

2006 Activity

- Onshore:
 - 3 development wells
 - 3 re-entry wells
 - Frac program
 - 3D seismic program in processing
- Offshore
 - Complete testing EO#1
 - Reprocess and reinterpret 3D seismic (tie-in onshore 3D)
 - Prepare for 2007 drilling program
 - Considering jack-up to drill 3 vertical wells

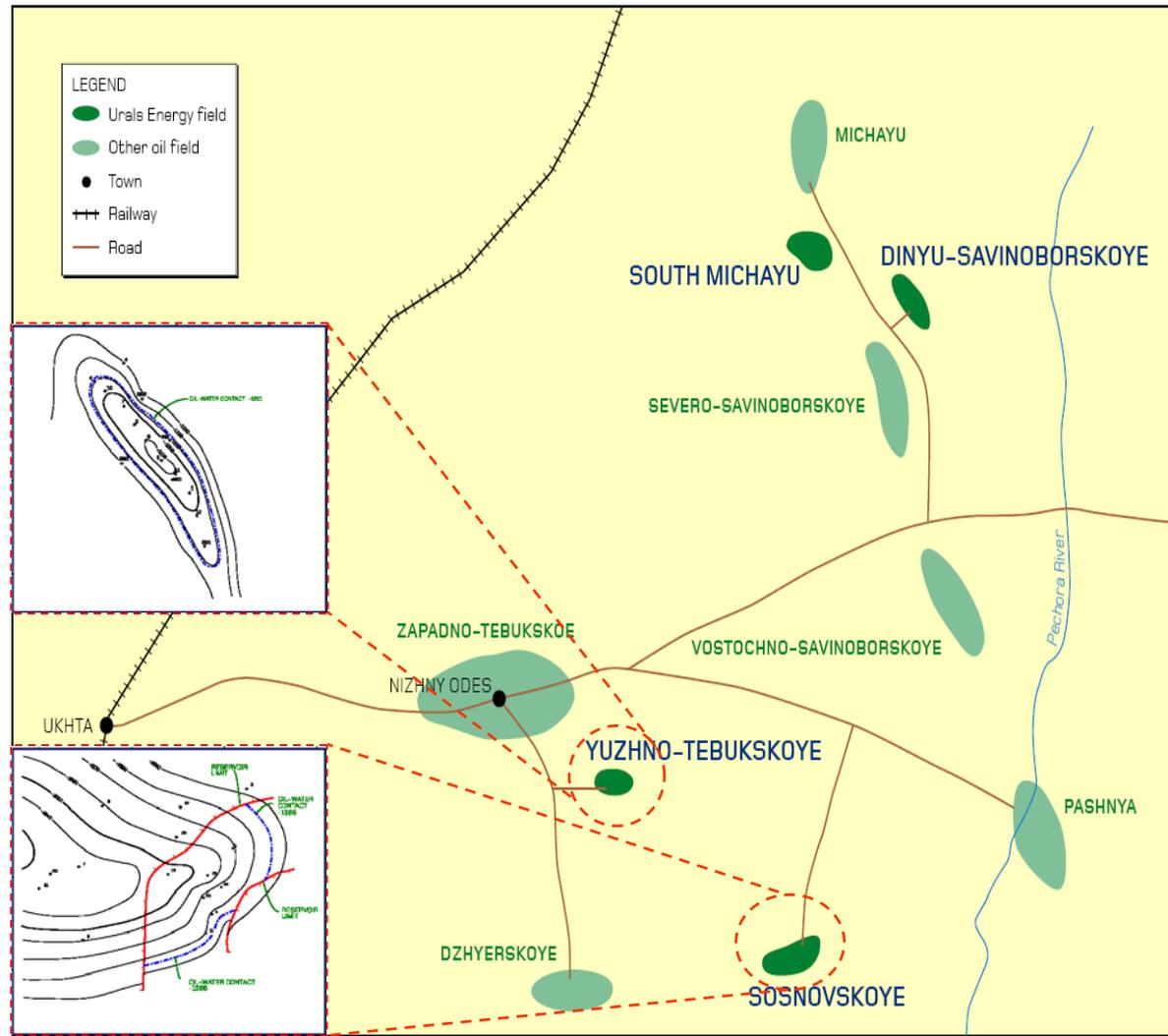


Operations

- 3 producing subsidiaries
 - Dinyu
 - S. Michayu
 - CNPSEI
- P2 reserves – 30 MMBbls
- Average production
 - 2005: 3,400 BOPD
 - 2006e: 6,055 BOPD

2006 Activity

- Dinyu
 - 9 development wells
 - 1 exploration well
 - 2D seismic program
- Add-on acquisition in pipeline



Timan Pechora Update



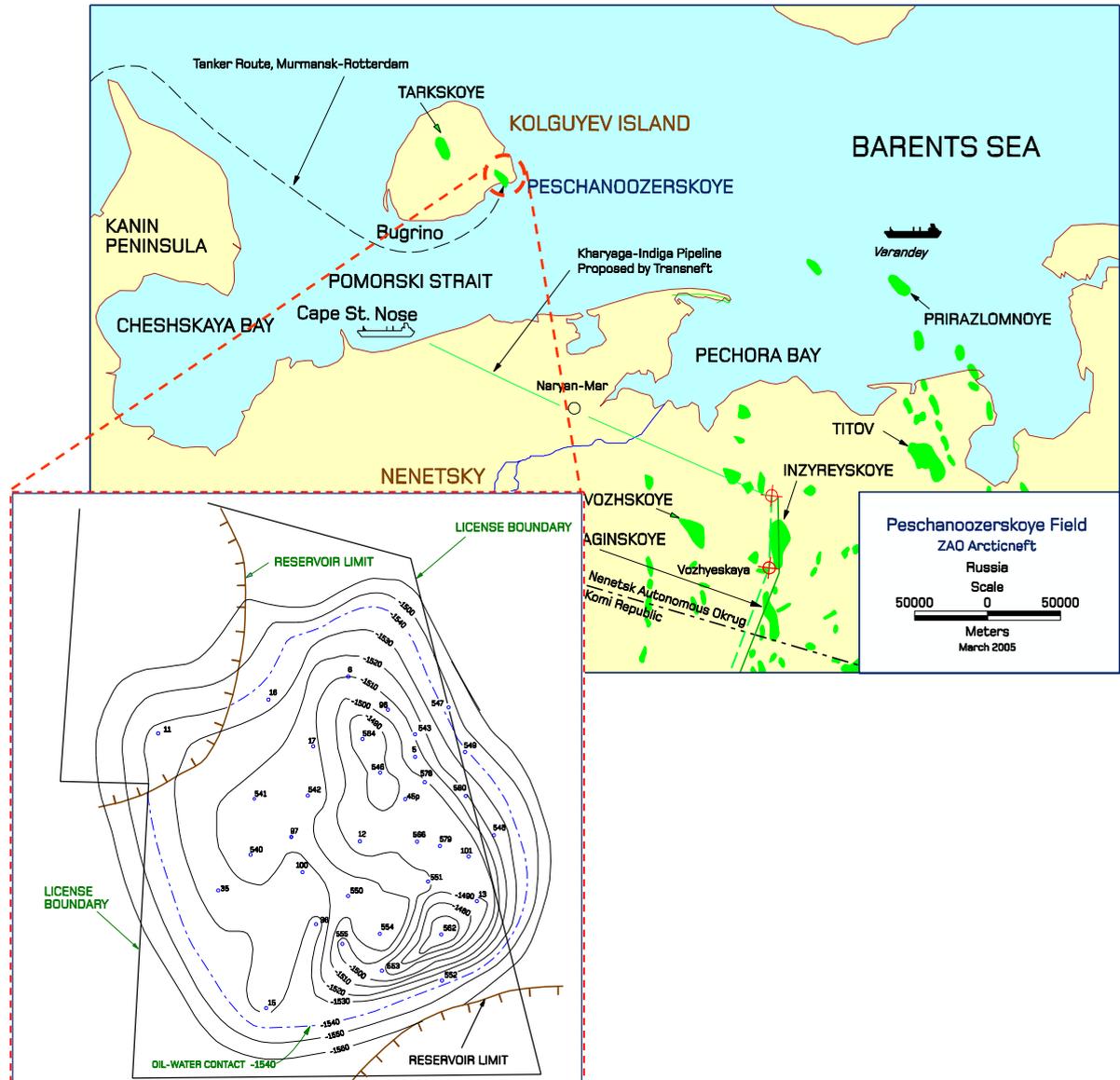
URALS ENERGY

Operations

- 2 operating subsidiaries
 - Arcticneft (production)
 - Urals Nord (exploration)
- P2 reserves – 36 MMBbls
- Average production
 - 2005: 1,143 BOPD
 - 2006e: 1,430 BOPD

2006 Activity

- Arcticneft
 - Complete reservoir model
 - Drill 4 development wells
 - Evaluate deeper Permian horizon
- Urals Nord
 - Drill first exploration well
 - Nadizhnsky prospect located 60 km south east of port of Varandey
 - 60 mmbbl target



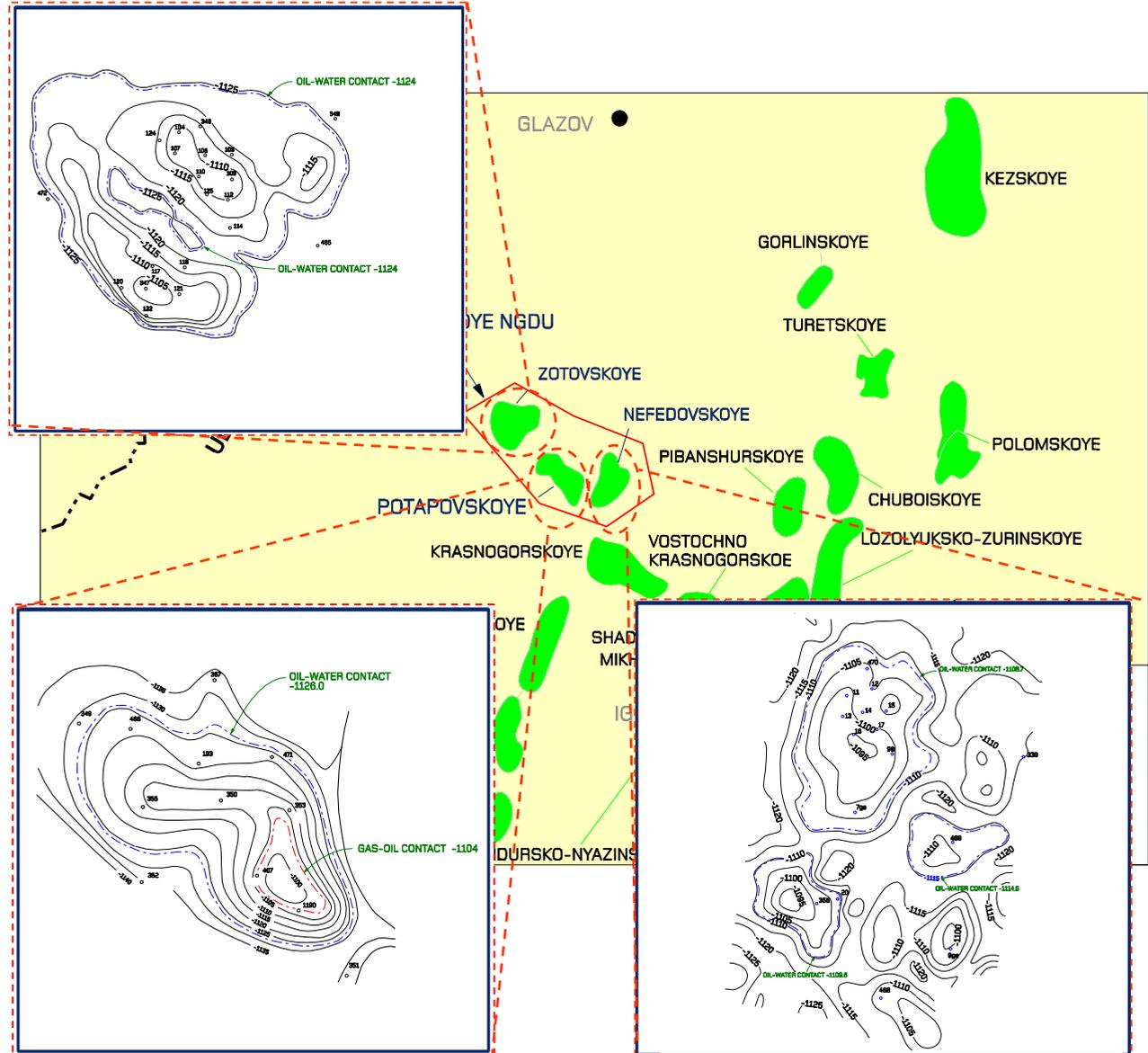
Chepetskoye NGDU

Operations

- 2P reserves
 - 23 MMBbls
- Average production:
 - 2005: 914 BOPD
 - 2006e: 874 BOPD

2006 Activity

- Potapovskoye field
 - 3D seismic completed
 - Drill 4 development wells



Notes

1. Production from proven+probable (unrisked) reserves; estimated by DeGolyer and MacNaughton

Financial Highlights 2005 Year-End



URALS ENERGY

Financial Highlights

- Grew assets 3.5x, 2004 to 2005
- Grew net revenues 9.0x, 2004 to 2005
- Grew adjusted EBITDA 5.7x, 2004 to 2005
- Grew net income from (\$3.7) million to \$7.0 million, 2004 to 2005
- \$163 million in debt/bridge funding raised in last 12 months
- \$166 million in private/public equity raised in last 12 months

Summary 2004 and 2005 Financials		
in US \$ thousands	2004	2005
Statement of Operations		
Net revenues	7,401	66,135
Cost of production	4,352	50,442
SG&A	6,825	13,968
Operating result	(3,776)	11,348
Financial costs, Currency loss, Other gains	(59)	(6,640)
Income tax	177	2,265
Net profit / (loss)	(3,658)	6,973
Balance sheet		
Cash and cash equivalents	1,395	32,334
Total current assets	68,763	7,900
Property, plant and equipment	102,754	287,485
Total assets	110,946	358,346
Total current liabilities	59,153	54,059
Borrowing and long term lease	4,703	48,362
Total long term liabilities	22,486	100,855
Cash Flow Statement		
Cash flow used in operations	218	(32,246)
Cash flow from investing activities	(41,386)	(124,587)
Cash flow from financing activities	42,605	187,795