



URALS ENERGY

Investor Presentation 2006 Annual Results

April 2007



URALS ENERGY

Urals Energy Public Company Limited

Stock Symbol:	UEN.L
Shares outstanding:	118,923,242 ⁽¹⁾
Free float:	66,075,677 (55.6% of total)
Share price (as of 27/02/07):	\$7.7159 (£3.875)
Market capitalisation:	\$917.6 million
Enterprise value:	\$1038.7 million
2P BOE Reserves:	577 MMBbls
2P Enterprise value:	\$1.80 per barrel

Notes:

1. Total shares issued and outstanding. On a fully-diluted basis, 124.0 million

2006 Highlights

Increased Asset Base

- Acquired Dulisma and Nizhny Omrynskoye
- 5x YoY growth in 2P reserves to 577mm at an average cost of \$1.44 per barrel
- 2.5x YoY increase in PV10 to \$1,804 million

Enhanced Growth Potential

- 82% YoY increase in average daily production to 9,569 bopd
- New forecast peak of 50,000 bopd in 2013
- At peak in 2013, 90% of production will be export oil, 72% to Asian markets

Improved Financials

- Net revenues increased YoY by 80% to \$119.2 million
- EBITDA increased YoY by 36% to \$22.9 million
- 5x YoY increase in net income to \$34.3 million

Bolstered Financial Resources

- Raised additional net \$195 million in equity capital
- Secured additional \$144 million in debt, including a \$130 million Dulisma project loan
- Reduced spread on senior debt by 50 bps

Eight Operating Subsidiaries



<p>1. Arcticneft (100%)</p> <ul style="list-style-type: none"> 2P Reserves: 33MMBbls 1,001 BOPD avg 2006 2 Refineries 1,200 BOPD capacity 	<p>3. Nizhny omrynskoye Neft (100%)</p> <ul style="list-style-type: none"> C1-C2 Russian Reserves: 25MMBbls 	<p>5. Urals Nord (100%)</p> <ul style="list-style-type: none"> 5 exploration licences 94MMBbls potential gross unrisksed resouces 	<p>7. Dulisma (100%)</p> <ul style="list-style-type: none"> 2P Reserves: 464MMBOE 2P BOE Gas Reserves: 1.9 TCF 532 BOPD avg 2006
<p>2. Dinyu (100%)</p> <ul style="list-style-type: none"> 2P Reserves: 22MMBbls 2,877 BOPD avg 2006 	<p>4. CNPSEI (100%)</p> <ul style="list-style-type: none"> 2P Reserves: 9MMBbls 770 BOPD avg 2006 	<p>6. Chepetskoye NGDU (100%)</p> <ul style="list-style-type: none"> 2P Reserves: 21MMBbls 940 BOPD avg 2006 	<p>8. Petrosakh (97%)</p> <ul style="list-style-type: none"> 2P Reserves: 27MMBbls 852MMBbls potential gross unrisksed resouces 3,159 BOPD avg 2006 Refinery 4,100 BOPD capacity

2006 and Q1 2007 Major Events

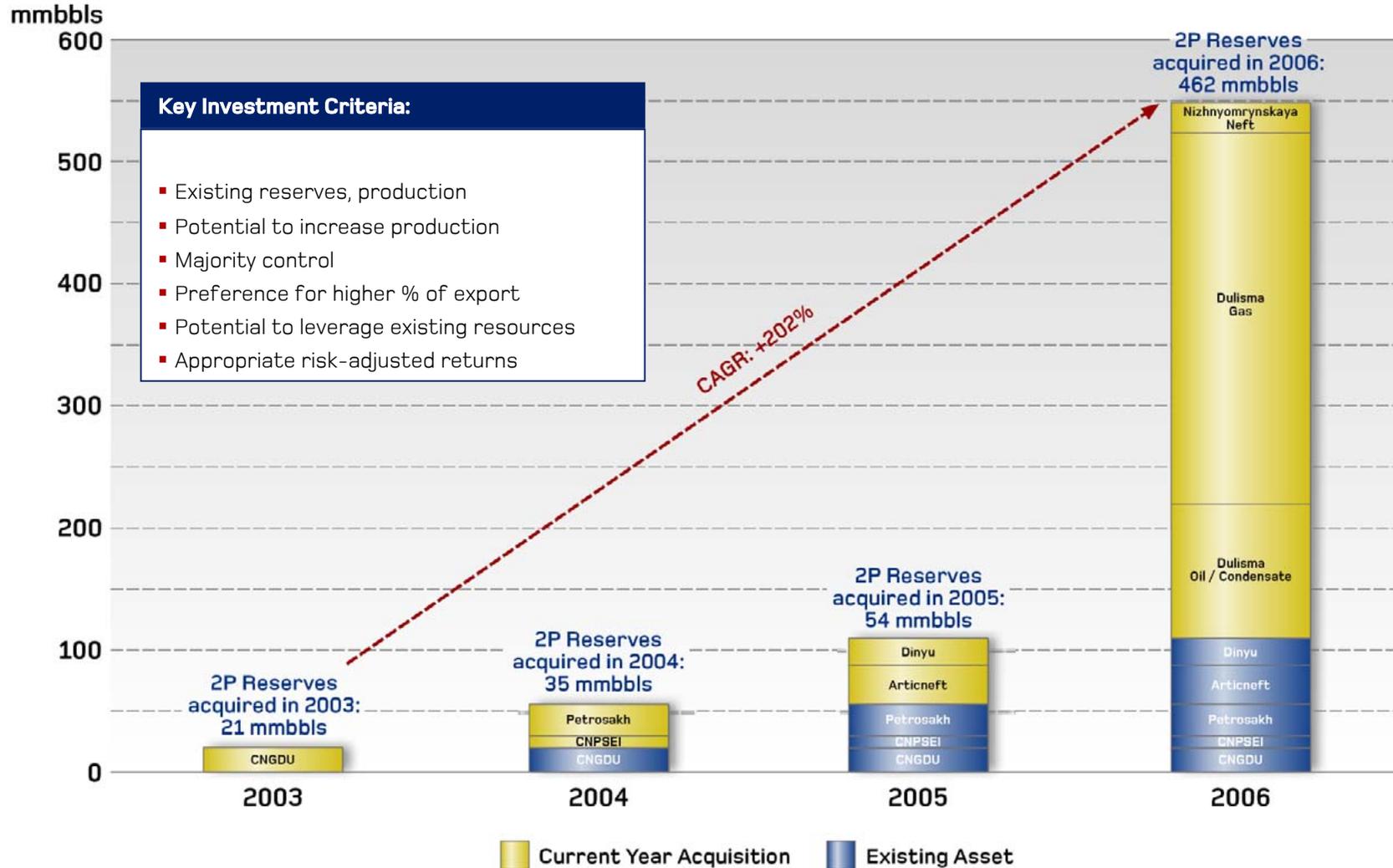
- **January** – \$12 million subordinated loan placed with BNP Paribas
- **February** – Sakhalin offshore exploration license extended for five years
- **March** – Agreed terms of \$148 million acquisition of Dulisma (139 MMBO 2P oil reserves, 323 MMBOE 2P gas reserves)
- **April** – Signed Dulisma acquisition with \$50 million bridge loan from Morgan Stanley
- **May** – sold \$209 million worth of stock in public equity offering
– Completed \$1.5 million acquisition of Nizhny Omrynskoye from LUKoil
- **June** – ESPO re-routed to within 75 km of Dulisma field
- **July** – Received license extension at Arcticneft for lower horizons
- **September** – Slava Rovneiko resigns as Chairman of the Board, Charles Pitman becomes Interim Chairman
- **October** – Secured working capital revolving debt facility from BNP Paribas

2006 and Q1 2007 Major Events

- **November** – Agreement signed with Transneft for connection to ESPO at pump station 8
- **January 07** – Confirmation of Mineral Extraction Tax holiday at Dulisma through 2016
– Closing of \$130 million Dulisma project loan with Goldman Sachs
- **February 07** – Fracture stimulation work commences at Petrosakh
- **April 07** – Commercial agreement reached to sell future gas produced at Dulisma
– Leonid Dyachenko appointed as CEO, William Thomas to remain as non-executive director on the Board
– Bob Maguire and Alex Ogarev proposed for nomination to the Board

2P BOE Reserves Growth (million barrels) ⁽¹⁾

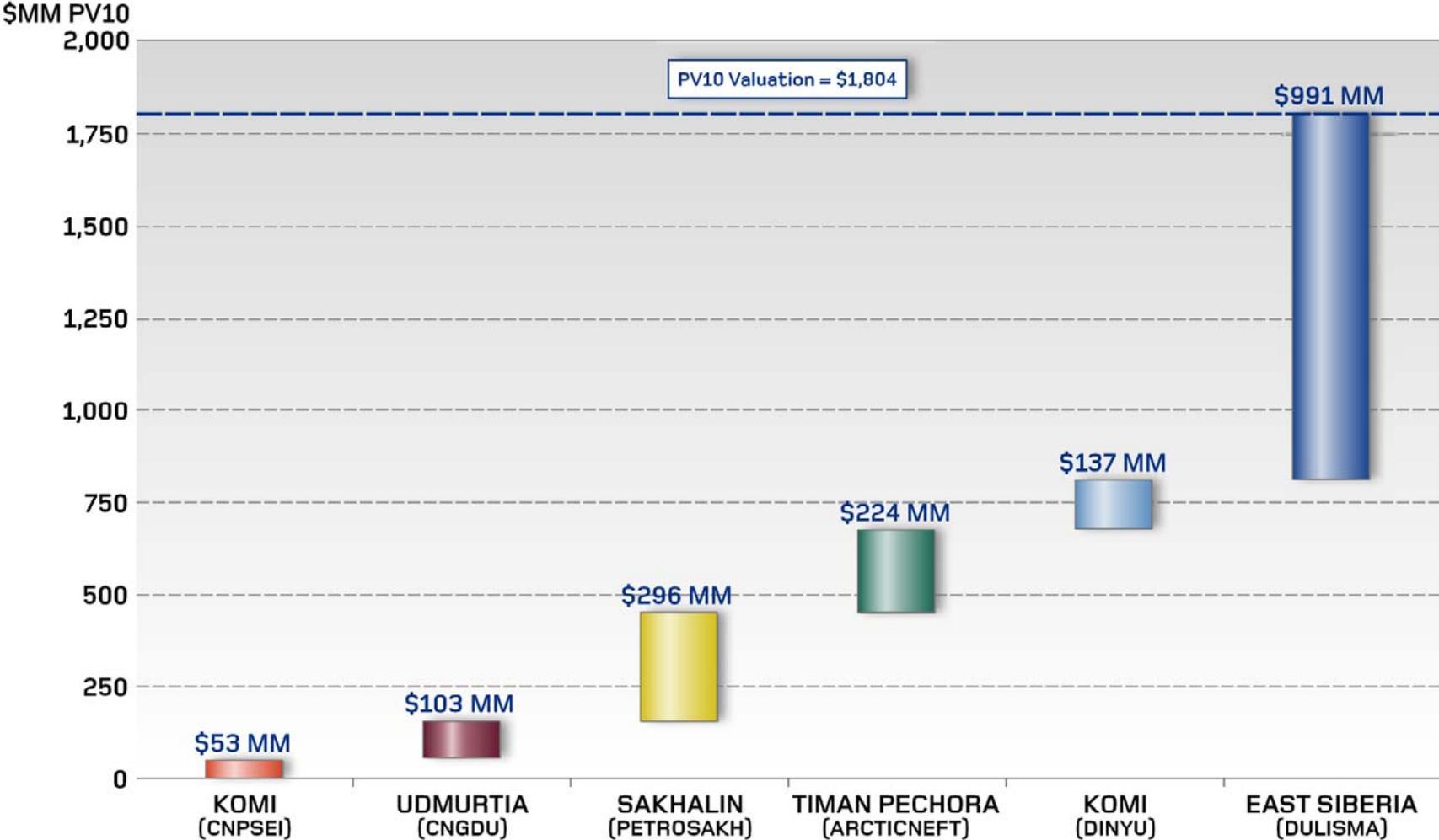
7 Acquisitions



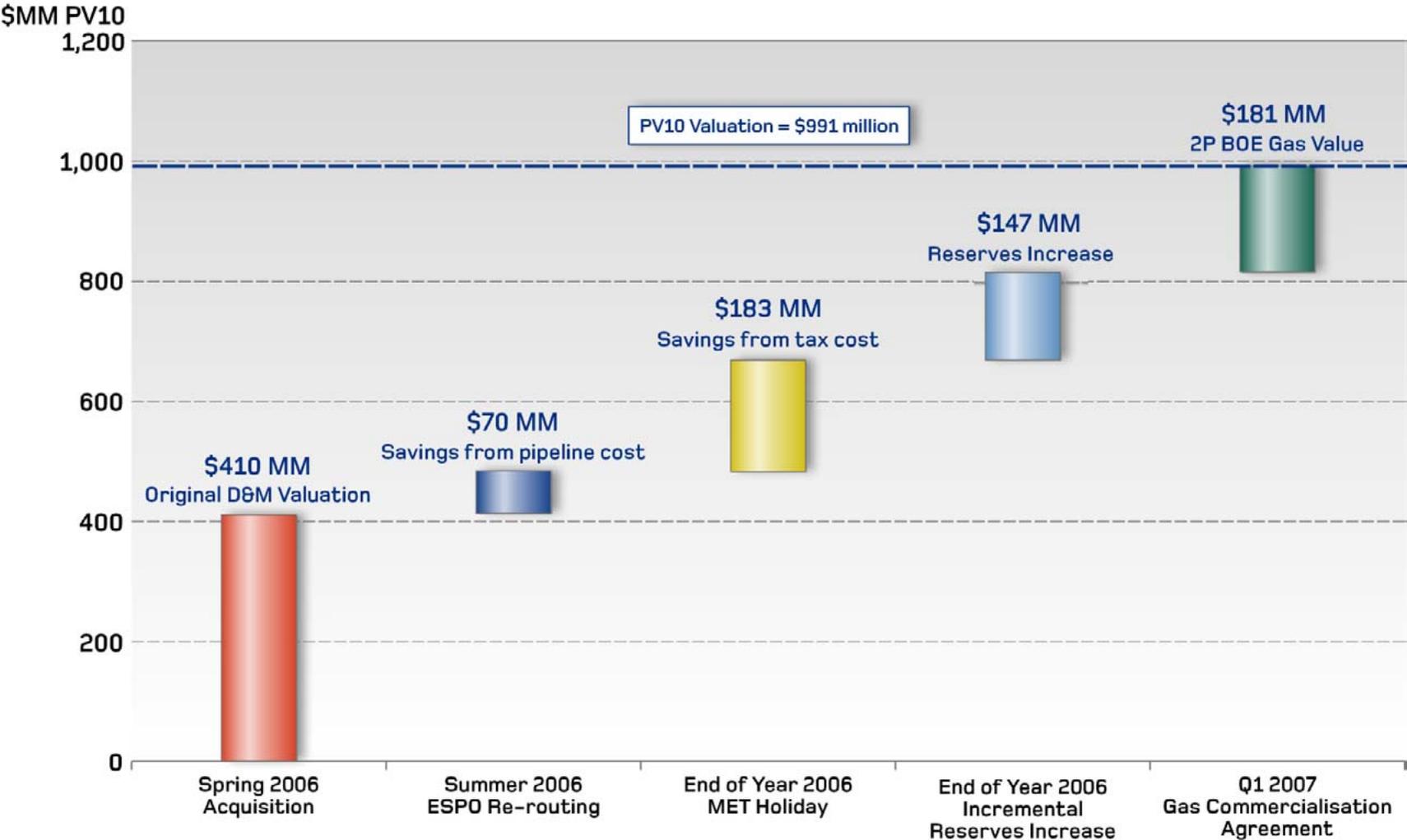
Notes

1. 2P reserves as per DeGolyer & MacNaughton reports as at 31 December 2006 except for Nizhny Omrinskoye Neft according to Russian C1-C2 classification

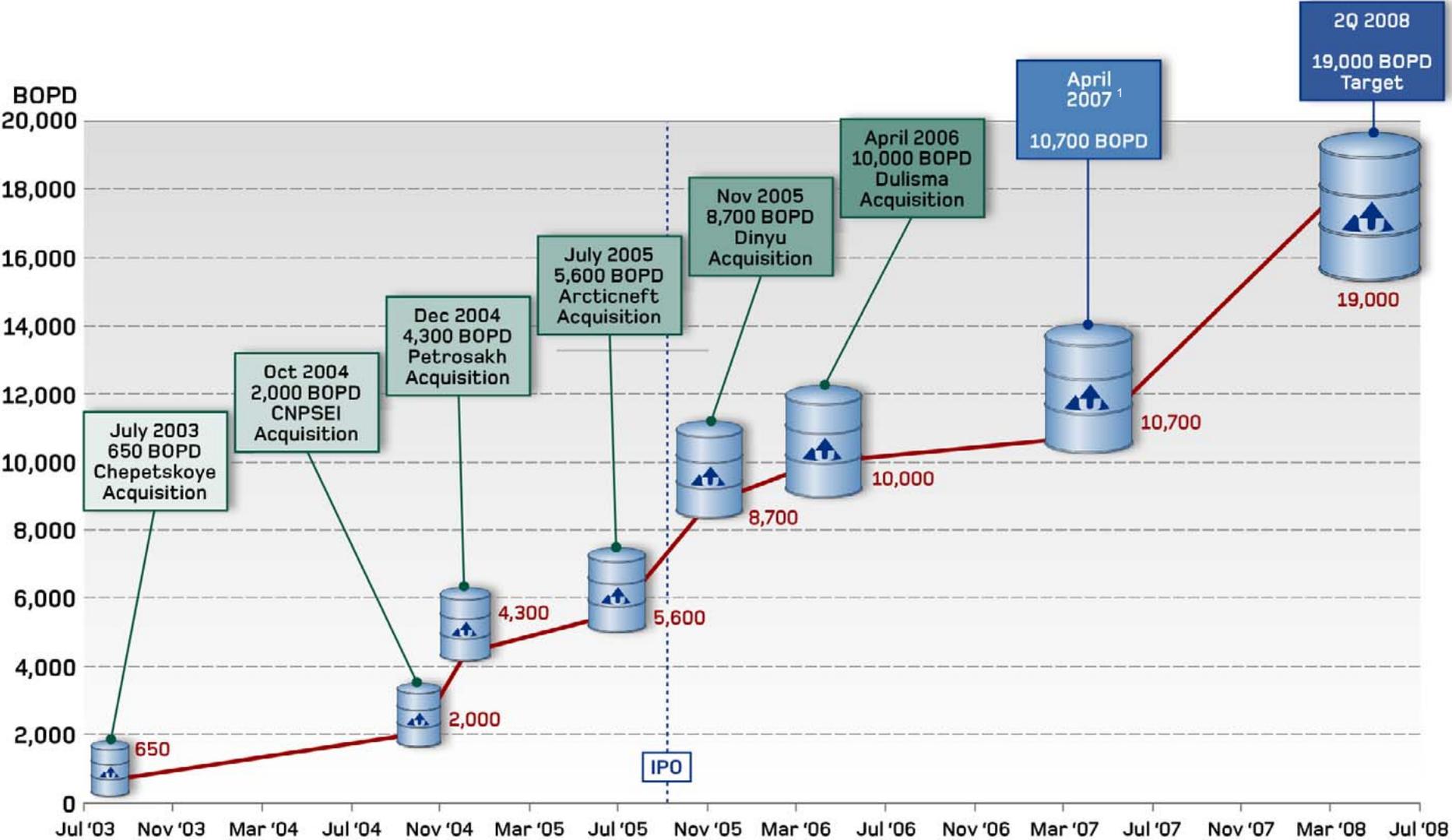
DeGolyer and MacNaughton – 31/12/06 PV10 of the 2P Reserves



Dulisma – PV10 Value build-up



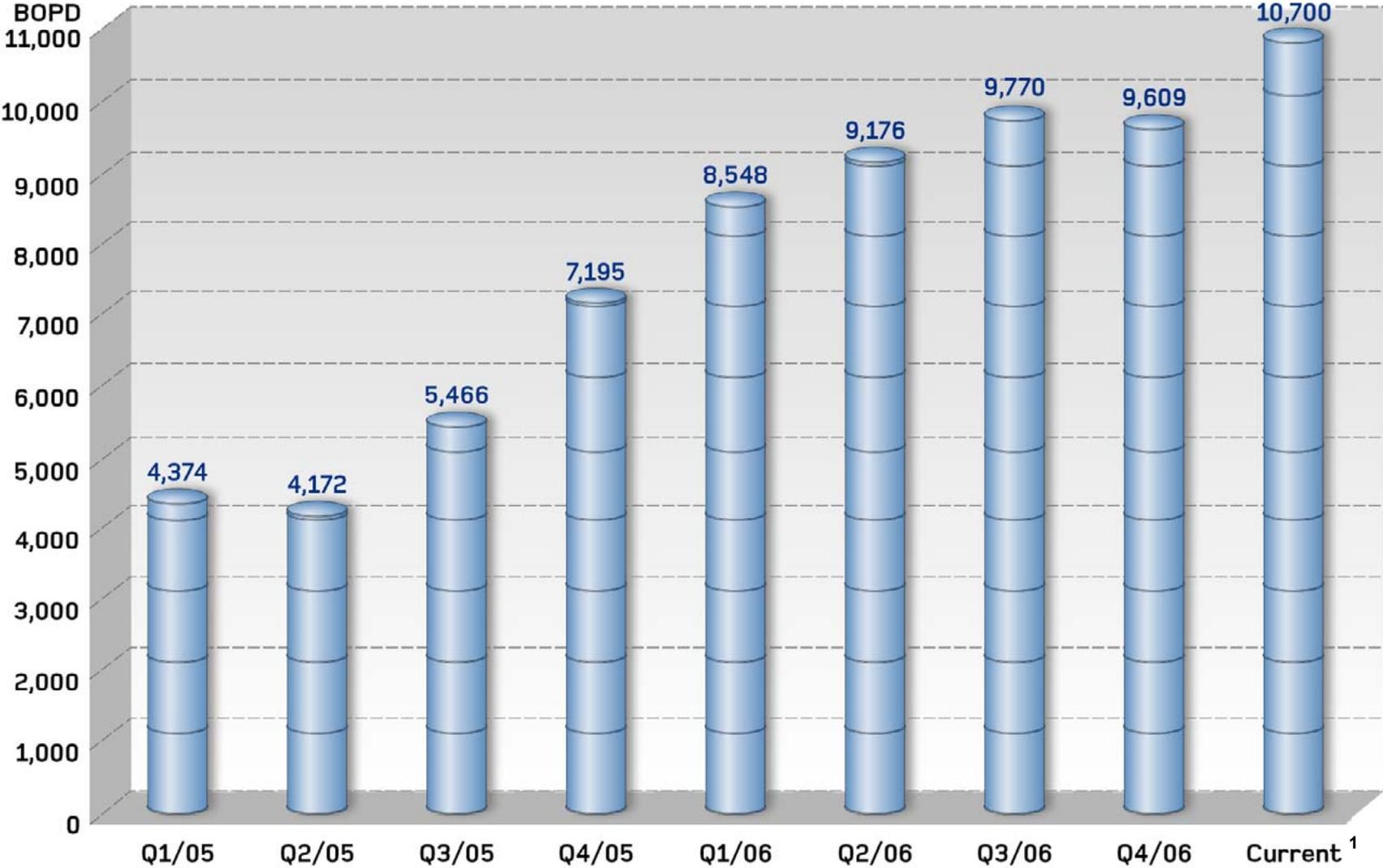
Urals Energy – Production Growth



Notes
 1. April 2007 as day of results release, includes Dulisma production of 1,144 BOPD which is temporarily shut-in due to pipeline maintenance work



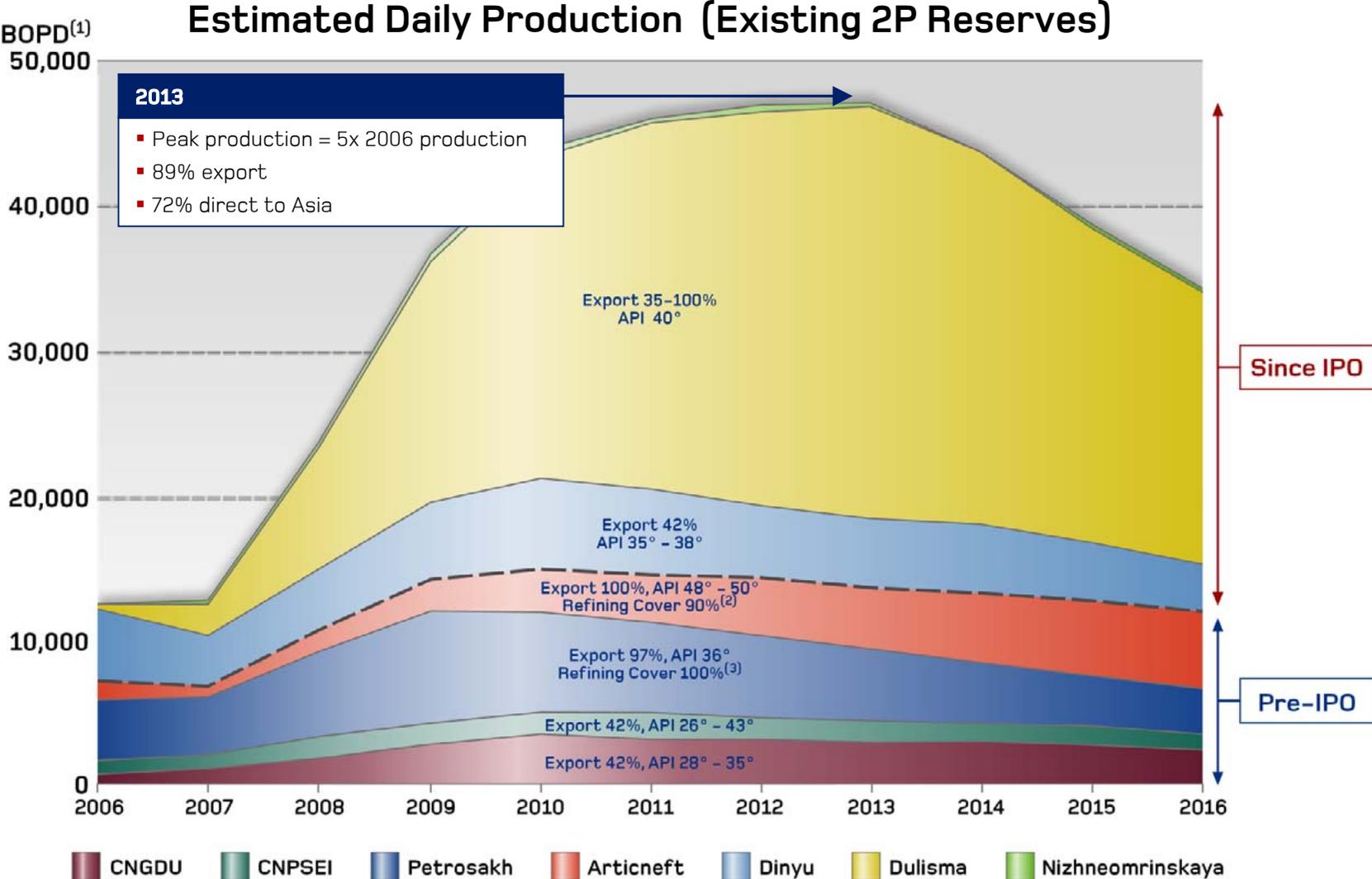
Quarterly Production



Notes

1. April 2007 as day of results release, includes Dulisma production of 1,144 BOPD which is temporarily shut-in due to pipeline maintenance work

D&M Projected Daily Average Oil Production



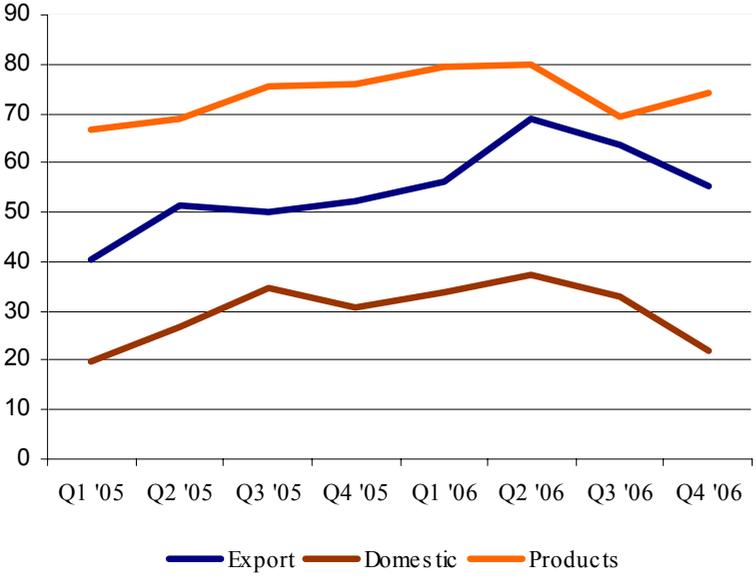
Notes
 1. Current refining capacity of Arcticneft is 1,200 BOPD 2. Current refining capacity of Arcticneft is 1,200 BOPD
 2. Current refining capacity of Petrosakh is 4,100 BOPD, upgradeable to 8,200 BOPD at limited cost.



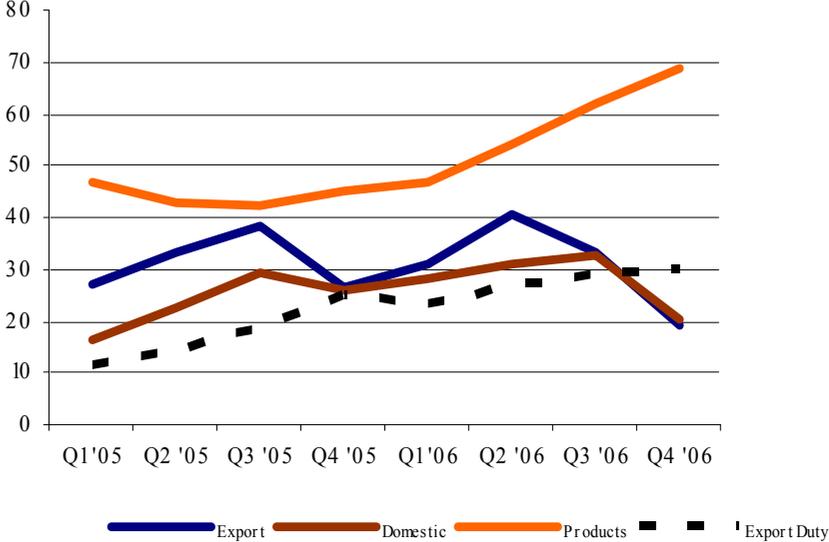
Improving Netbacks

Improving Prices and Netbacks

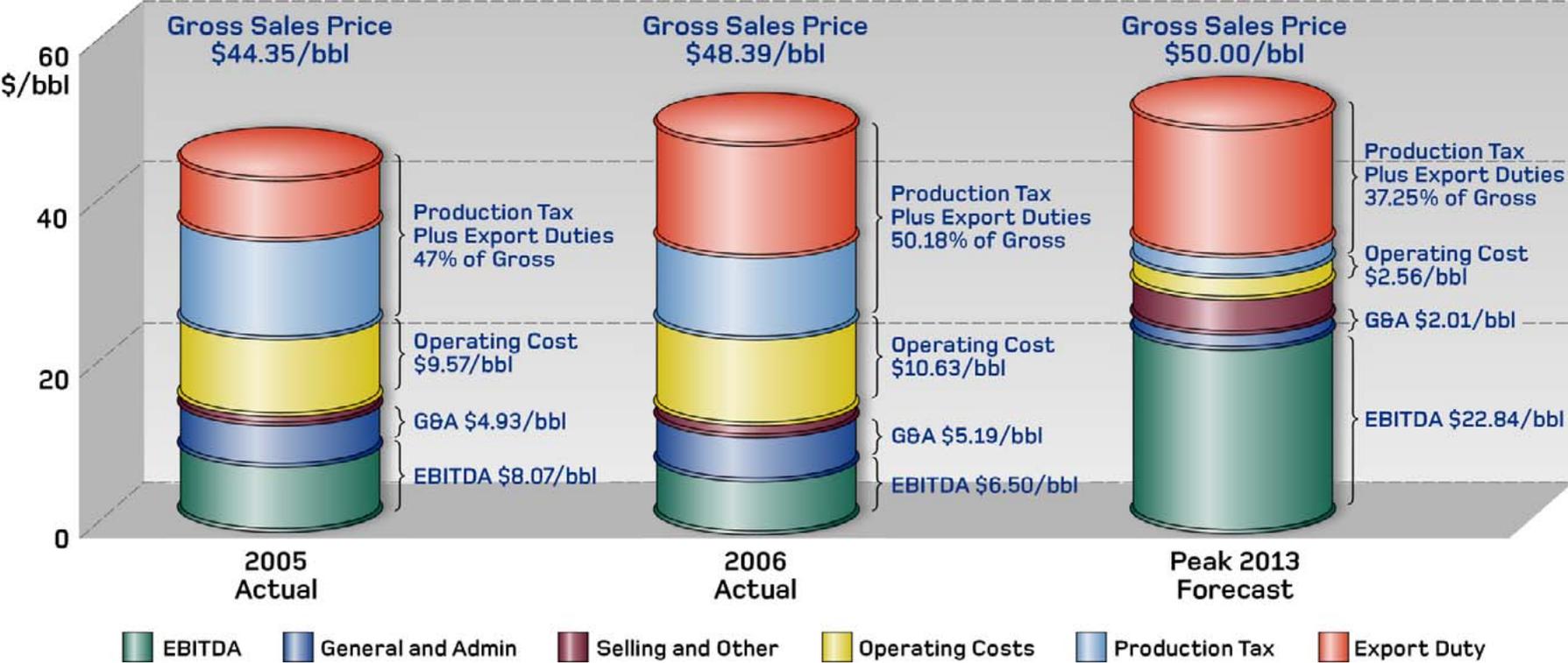
Average Oil Sales Prices \$/bbl



Average Realised Netbacks \$/bbl



Improving per Barrel Economics



1. Average prices for 2005 and 2006 actual average for period. Peak rate 2013 set at a theoretical level of \$50/bbl

2006 Financial Results Summary

Operational Highlights

- Average 2006 Oil Production: 9,569 BOPD
 - Current: 10,700 BOPD
- Percent of 2006 Crude Exports: 55%
- Average 2006 Netback: \$30.82/bbl
 - Export crude: \$29.63
 - Domestic crude: \$28.71
 - Domestic products: \$47.64

Financial Highlights

- Acquisition expenditures: \$137.3 million (net cash)
- Funding raised in 2006:
 - \$195.0 million in net equity proceeds
 - \$12.0 million in subordinated debt
- Funding raised in Jan 2007:
 - \$130 million in project financing for Dulisma

Summary 2006 and 2005		
in US \$ thousands	2006	2005
Production (yearly average BOPD)	9,569	5,263
Income Statement		
Net revenues	119,197	66,135
IFRS EBITDA	22,773	16,913
Operating profit	34,066	11,348
Net profit / (loss)	34,308	7,055

2006 – Investing in Growth

Operational Task Completion

Drilling

- 18 development wells
- 3 side track wells
- 2 exploration wells

Rigs Purchased

- 1 mobile rig - 160 ton
- 1 mobile rig - 100 ton
- 2 workover rigs - 60/80 ton
- 1 Frac fleet

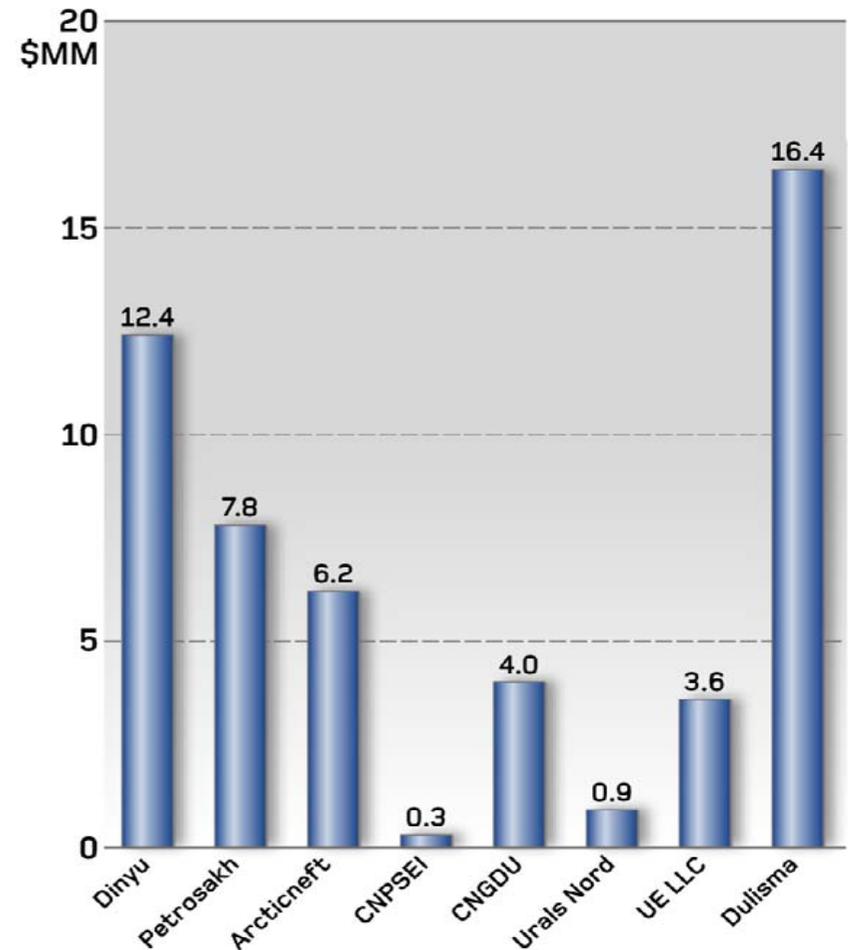
Seismic

- 2D acquisition – 307 km²
- 3D acquisition - 17 km²
- 3D reprocessing - 517 km²

Storage

- 2 new 10,000cm³ storage tanks

2006 Capex Expenditures – Approx. \$ 51.6 MM



Asset Update



East Siberia

Gross Reserves Summary (mboe)

1P	2P	3P ⁽²⁾	2P PV10%
221.0	464.0	570.2	\$990.8 MM

Source D&M as at 31 Dec 2006

Dulisma

2006 Highlights

- Average production 2006 = 532 BOPD

2007 Program

- New 160 ton mobile rig mobilised to site
- 2 gas turbine generators mobilised to site
- Commence construction of CFP facility
- New 100 man workers camp installed
- Drill first two horizontal wells

Constuction of ESPO underway



New 160 ton mobile rig



Sakhalin

Gross Reserves Summary (mmbbl)				Unrisked Potential Resources (mmbbl) ⁽¹⁾
1P	2P	3P	2P PV10	
8.7	26.7	50.5	\$291.5 MM	852

Source D&M as at 31 December 2006

Operations

- Average production
 - 2006 = 3,159 BOPD

2006 Highlights

- Onshore:
 - 2 development wells
 - 3 re-entry wells
 - 3D seismic reprocess & reinterpretation
 - 20,000 cm new crude storage tanks
- Offshore:
 - 1 exploration well
 - 3D seismic reprocess & reinterpretation

2007 Program

- 6 development wells
- Frac 11 wells
- 3 new oil products storage tanks

Notes
1. Calculated DeGolyer & MacNaughton as of 31 March 2005 - Gross unrisked potential resources have not been adjusted for risk

Construction of new storage facility



Frac equipment



Komi

Gross Reserves Summary (mmbbl)

1P	2P	3P	2P PV10%
11.8	31.5	59.1	\$181.8 MM

Source D&M as at 31 December 2006

Operations (Dinyu, S. Michayu, CNPSEI, Nizhnyomrynskaya Neft)

- Average production
 - 2006 = 3,937 BOPD

2006 Highlights

- Dinyu
 - 8 development wells
 - 2 exploration wells
 - 2D seismic program
- Nizhnyomrynskaya Neft
 - \$1.5 million acquisition from LUKoil
 - 25 million barrels C1-C2 Russian standard reserves
 - Mature field with development upside
 - Possible qualification for tax relief

2007 Program

- Dinyu 5 development wells plus possible exploration well
- Nizhnyomrynskaya Neft work-over wells
- Komi-wide fracking program
- 18 fracture simulations

Drilling Facilities at Dinyu



Timan Pechora

Gross Reserves Summary (mmbbl)				Unrisked Potential Resources (mmbbl)
1P	2P	3P	2P PV10	
21.5	33.0	44.4	\$218.3 MM	94

Source D&M as at 31 December 2005

Operations (Arcticneft, Urals Nord)

- Average production
 - 2006 = 1,001 BOPD

2006 Highlights

- Arcticneft
 - Completed reservoir model
 - Drilled 2 development wells
 - Received license extension for deeper Permian horizon

2007 Program

- Arcticneft 4 development wells
- Arcticneft drill 1 side-track exploration well plus 1 possible exploration well
- Urals Nord
 - Drill first exploration well
 - Nadizhnsky prospect located 60 km south east of port of Varandey
 - 60 mmbbl target at 3,700 meters

Rigging-up of Urals Nord exploration well



Udmurtia

Gross Reserves Summary (mmbbl)

1P	2P	3P	2P PV10%
8.0	21.2	29.4	\$99.5 MM

Source D&M as at 31 December 2006

Operations (Chepetskoye NGDU)

- Average production
 - 2006 = 940 BOPD

2006 Highlights

- Drilled 6 development wells

2007 Program

- Drill 5 development wells



Chepetskoye Operations

