



URALS ENERGY

First Half 2007 Results

September 2007



URALS ENERGY

Eight Operating Subsidiaries



<p>1. Arcticneft (100%)</p> <ul style="list-style-type: none"> 2P Reserves: 33MMBbls 2 Refineries 1,200 BOPD capacity 904 BOPD BOPD avg H1 07 	<p>3. Nizhny Omrynskoye Neft (100%)</p> <ul style="list-style-type: none"> C1-C2 Russian Reserves: 25MMBbls 278 BOPD avg H1 07 	<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 Gas Reserves: 1.9 TCF
<p>2. Dinyu (100%)</p> <ul style="list-style-type: none"> 2P Reserves: 22MMBbls 3,219 BOPD avg H1 07 	<p>4. CNPSEI (100%)</p> <ul style="list-style-type: none"> 2P Reserves: 9MMBbls 689 BOPD avg H1 07 	<p>6. Chepetskoye NGDU (100%)</p> <ul style="list-style-type: none"> 2P Reserves: 21MMBbls 961 BOPD avg H1 07 	<p>8. Petrosakh (97%)</p> <ul style="list-style-type: none"> 2P Reserves: 27MMBbls 236MMBbls potential gross unrisksed resouces Refinery 4,100 BOPD capacity 2,808 BOPD avg H1 07

2007 Overview

New Management Team in Place

- Mix of Russian and Western managers
- Experience and track record in operational deliverability
- Further strengthening local relationships

Focus on work programme delivery

- Solid programme of development wells, fracking and recommencing Dulisma production
- Resulting in reserves and production growth
- Complementary acquisitions

Solid Building Blocks

- Stabilised production with significant forward programme and production increases
- H2 07 accelerating development on Dulisma
- Gazprom MOU signed

Targeted Acquisition Strategy

- Increasing focus on growing Eastern Siberian presence
- Continuing to assess value enhancing opportunities – assets actively identified
- Targeting synergies with Dulisma and capitalising on tax incentives and ESPO

H1 2007 Major Events

- **January 07**
 - Confirmation of Mineral Extraction Tax holiday at Dulisma through 2016
 - Closing of \$130 million Dulisma project loan with Goldman Sachs

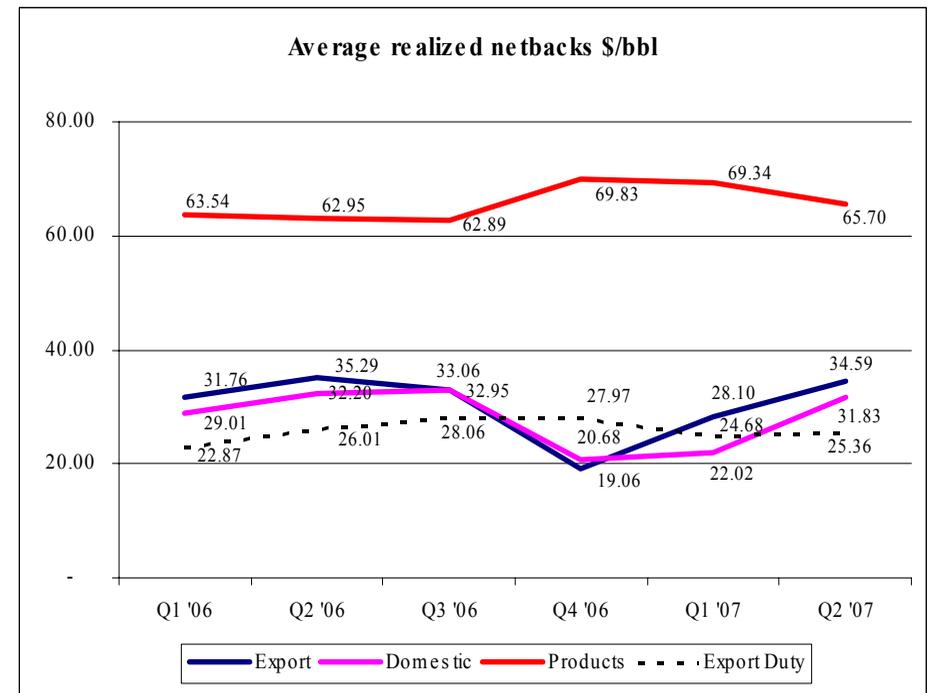
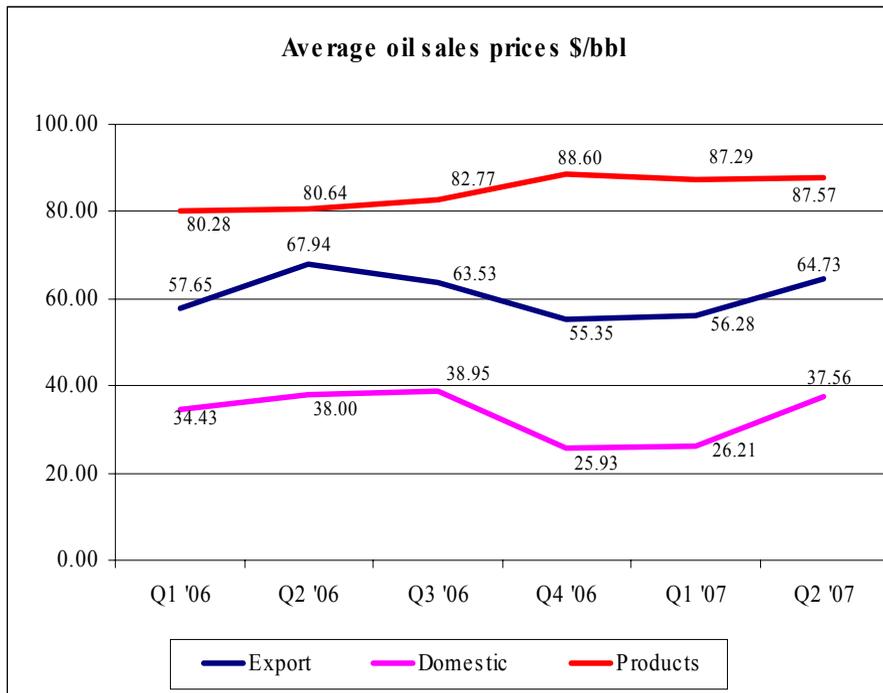
- **March 07**
 - Begun programme to add three water injection wells at Dinyu with substantial uplift

- **April 07**
 - Announced 400% increase in reserves to 577 mmboe
(subsequent Commercial agreement reached with Gazprom to sell future gas produced at Dulisma)
 - Leonid Dyachenko appointed as CEO
 - Steve Kirton appointed as VP Technical Services
 - Bob Maguire and Alex Ogarev nominated to the Board

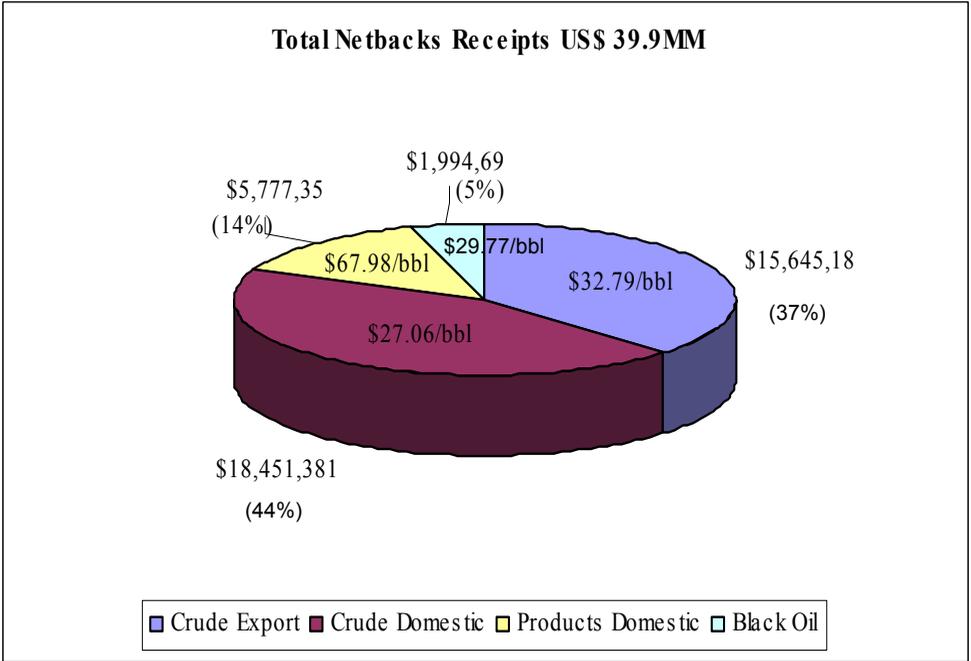
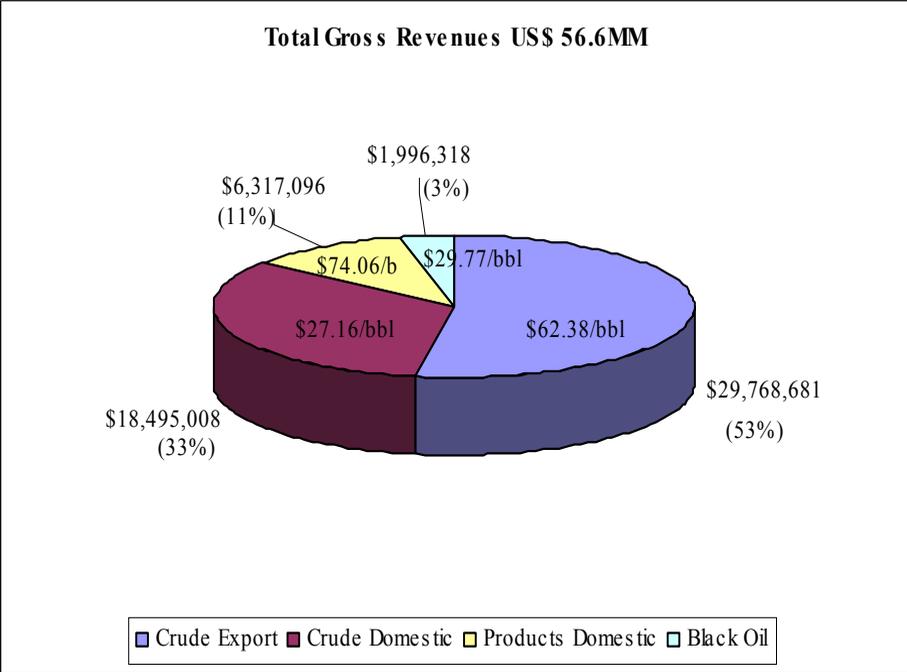
- **Post end H1 07**
 - Vladimir Sidorovich appointed CFO
 - Kerry Kendrick appointed C00
 - Ministry of Natural Resources confirmed Urals reserves figures
 - Petrosakh water and gas injection successfully stabilised production
 - Fully repaid BNP Paribas RBL and subordinated loan for a total of \$65.1 million – all assets unpledged

Improving Netbacks

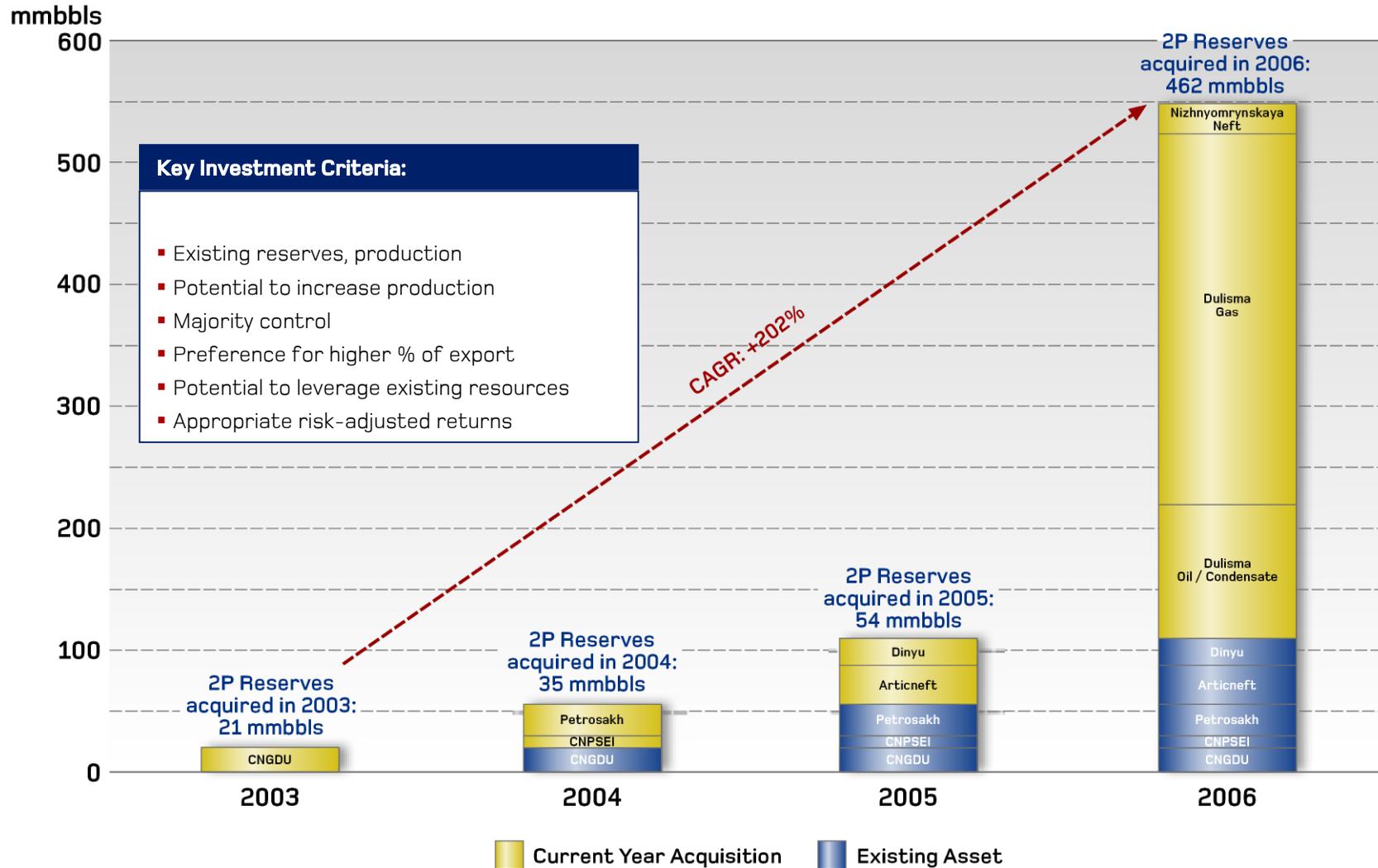
Prices and Netbacks



1H 2007 Gross Revenues & Netback Analysis



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



Notes

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

1H 2007 Financial Results Summary

Operational Highlights

- Average 1H 2007 Oil Production: 8,859 BOPD
 - Current: c.9,000 BOPD
- Percent of 1H 2007 Crude Exports: 52.6%
- Average 1H 2007 Netback: \$31.94/bbl –
 - Export crude: \$32.79/bbl
 - Domestic crude: \$27.06/bbl
 - Domestic products: \$51.13/bbl
- Average Netback Q3 2007: \$40.47
- Financial Highlights
 - \$105.8 million in net debt proceeds from Goldman Sachs
 - \$49.0 million in net repayment of reserve based loan facility and subordinated debt
 - Operating loss of \$22 million. \$11 million before non recurring items.
 - Cash position \$55.9 million

Summary H1 2007 and H1 2006		
in US \$ thousands	H1 2007	H1 2006
Production (6 months average BOPD)	8,859	9,089
Income Statement		
Net revenues	44,407	58,438
IFRS EBITDA	(7,586)	15,128
Operating (loss)/profit	(22,197)	4,777
Net (loss)/profit	(29,055)	476

Summary EBITDA analysis H1 2007 and H1 2006

Items contributing to loss

➤ Poor weather conditions delayed in cargo shipment from Arcticneft (shipped in July 2007 with \$3.6 million EBITDA received from that)

➤ Production decrease at Petrosakh due to drop of pressure: since restored

➤ Decrease of netbacks in the first half of 2007 due to lower oil prices and export duties lag

➤ Increased SG&A as a result of non-recurring payments of \$11 million.

➤ Increase in operating costs at Dulisma connected with the increased operation in the field

EBITDA analysis in US \$ thousands	1H 2007	1H 2006	Change
Operating companies (EBITDA positive)	5,834	16,538	(10,704)
Corporate	(13,421)	(1,411)	(12,010)
Group EBITDA	(7,586)	15,128	(22,714)

Major reasons for the decrease	US \$000
Decrease of sales volume	6,038
Decrease of netbacks	2,994
Increase of Corporate G&A	10,879
Increase of costs in Dulisma	2,803
Total change	22,714

Outlook

- Production set to increase through new development wells, fracking and recommencement of Dulisma production.
- 7 wells to be drilled in H207 including two exploration and completion of Urals Nord exploration well currently drilling with results expected shortly.
- At Dulisma major development and preparatory work including clearing of land, purchasing of rigs and installation of generators and powerlines underway ahead of tie-in to Transneft ESPO pipeline.
- Growth through 2008 with ramping up of Dulisma production and execution of acquisition strategy.
- Continuing to assess complementary and value enhancing acquisitions.
- Assets actively being identified - confident of funding as required.
- Overall an exciting period for Urals Energy as it enters its next phase of growth.

Asset Update



East Siberia

Gross Reserves Summary – mmbœ			
1P	2P	3P ⁽¹⁾	2P PV10%
121	463	568	\$822 MM

Source D&M as at 27April 2007

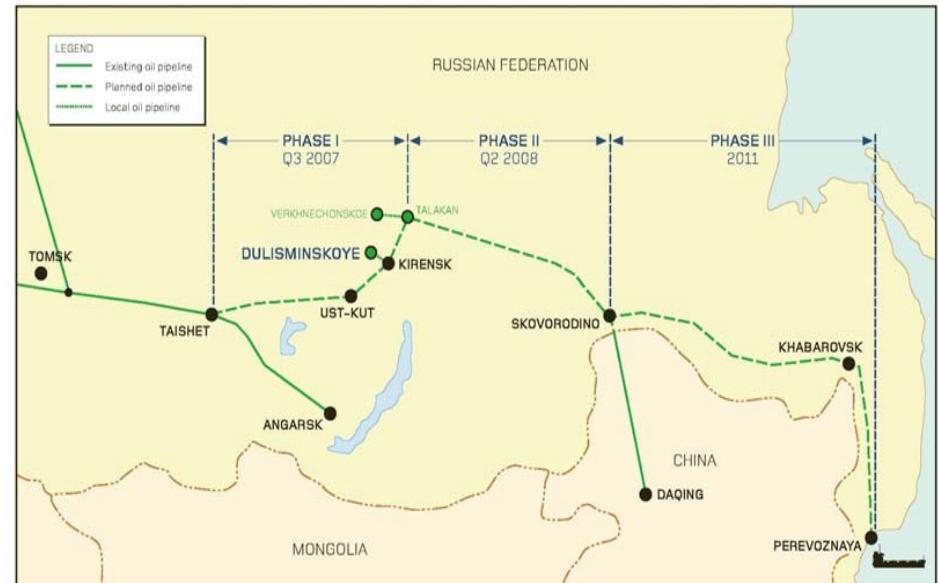
Operations:

- 30,000 BOPD in 2011

2007 Activity:

- Field Development Plan approved by TsKR
- Completed projecting for field construction
- Received Transneft ESPO tie-in requirements
- Delivered 160 tonne mobile rig to field
- Constructed pad 1
- Drilled surface holes to 300m on 3 wells
- Installing 5mW power generation & power lines
- Installing 100 man camp
- Purchasing equipment for CPF & CTF
- Purchasing pipe for ESPO tie-in
- Purchased additional 225 tonne mobile rig

DULISMINSKOYE FIELD TRANSNEFT ESPO PIPELINE - PROPOSED ROUTING & ESTIMATED TIMING



"This [ESPO], as I have already said, - is a serious competitive advantage and here is the key to solve the energy problem of the region,"

- President V. Putin speaking in a Tomsk meeting on Siberian regional issues

Sakhalin

Gross Reserves Summary (mmbbl) Onshore Blk				Unrisked Potential Resources (mmbbl)
1P	2P	3P	2P PV10	
7.4	21.2	48.5	\$155 MM	236

Source D&M as at 27 April 2007

Operations:

- 2,450 BOPD currently

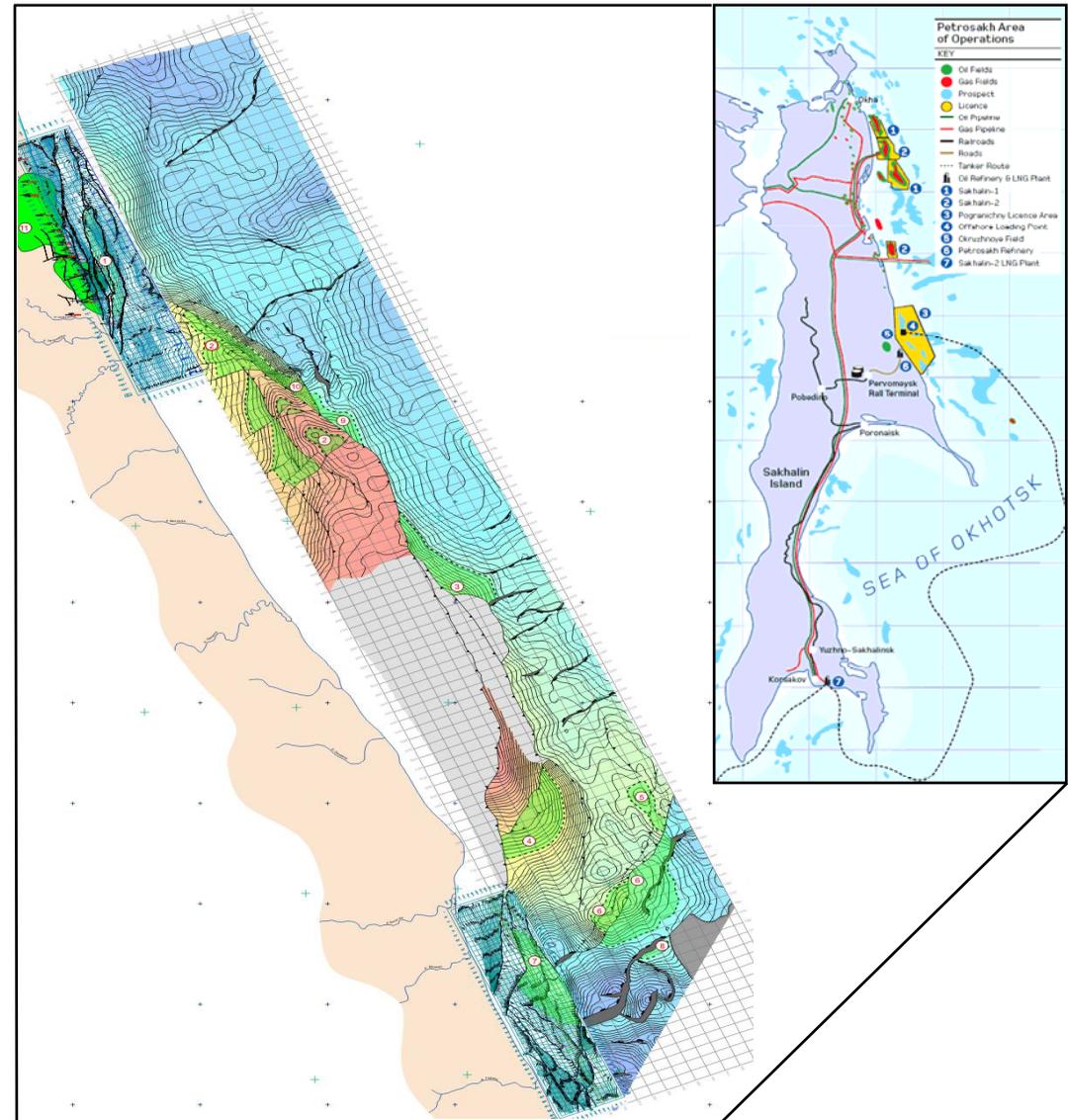
2007 Activity

Onshore

- Drilled 3 development wells incremental 600 BOPD
- Remaining to be drilled 2 development & 1 re-entry
- Fractured stimulated 6 wells incremental 156 BOPD
- Building 10,000m³ storage tank for total winter storage 57,300m³
- Added 1 gas & 1 water injection wells

Offshore

- Completed 3D seismic reprocess & reinterpretation
- Evaluating to drill exploration Pogranichnoye well



Komi

Gross Reserves Summary (mmbbl)			
1P	2P	3P	2P PV10%
11.3	30.9	57.8	\$123 MM

Source D&M as at 27 April 2007

Operations (Dinyu, S. Michayu, CNPSEI, N. Omrinskoye)

- 5,000 BOPD currently

2007 Activity

Dinyu

- Drilled 3 development wells ~ 800 BOPD (1 well for water injection)
- Drilling well 56
- Added 4 water injection wells
- Expanded DNS processing facility
- Reprocessed Ivanshorskoye license area 2D seismic data
- Planning to fracture stimulate 8 production wells

S. Michayu

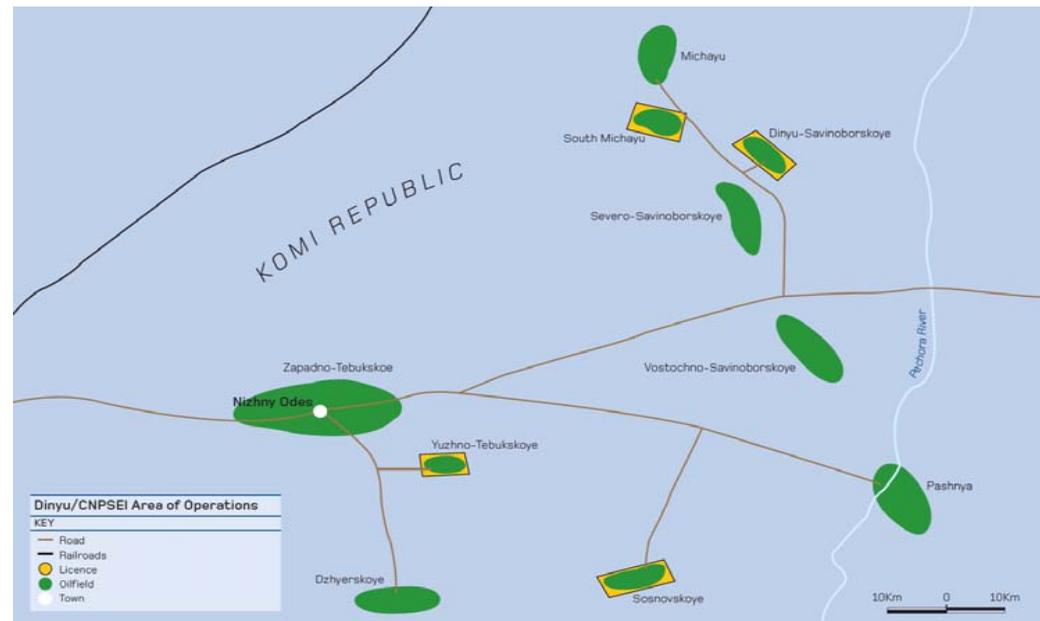
- Planning to fracture stimulate 1 production well

CNPSEI

- Reactivated 1 abandoned well
- Planning to fracture stimulate 4 production wells

N. Omrinskoye

- Fracture stimulated 3 production wells



Processing Facilities at Dinyu

Timan Pechora

Gross Reserves Summary (mmbbl)				Unrisked Potential Resources (mmbbl)
1P	2P	3P	2P PV10	
21.6	43.3	61.6	\$202 MM	94

Source D&M as at 27 April 2007

Operations (Arcticneft, Urals Nord)

- 850 BOPD currently

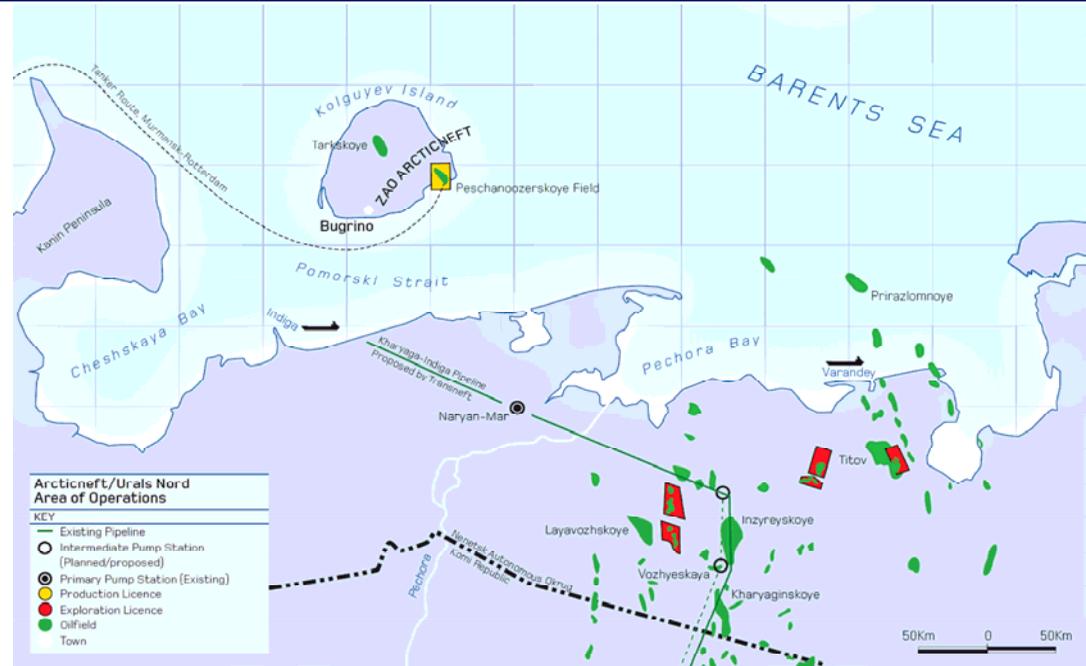
2007 Activity

Arcticneft

- Completed new Geological model
- Drilled 2 side-track wells incremental 80 BOPD
- Drilling Paleozoic exploration side-track well (expect to complete November)
- Added 2 water injection wells

Urals Nord

- Drilling Nadezhdin exploration well



Crew change at Arcticneft

Udmurtia

Gross Reserves Summary (mmbbl)

1P	2P	3P	2P PV10%
7.9	21.2	29.5	\$65 MM

Source D&M as at 31 December 2005

Operations (Chepetskoeye)

- 800 BOPD currently

2007 Activity

- Drilled 2 development wells incremental 140 BOPD
- Upgraded commercial meter station
- Reactivated 1 abandoned well incremental 11 BOPD
- Planning to acidize 6 production wells



Chepetskoeye Workover Operations