



URALS ENERGY

Investor Presentation

October 2006



URALS ENERGY

Urals Energy Public Company Limited

Shares outstanding:	117.9 ⁽¹⁾
Free float:	65.6 million (56% of total ⁽²⁾)
Share price (as of 2/10/06):	\$7.14
Market capitalisation:	\$842 million
Enterprise value:	\$887 million
2P Oil Reserves:	226 MMBbls
2P Enterprise value:	\$3.92 per barrel

Notes:

1. Fully-diluted basis 121.7 million shares including warrants and management options and restricted stock.
2. Total shares issued and outstanding.

Company Strategy & Highlights



Urals Energy Business Model

Create Value

Acquire & Consolidate

- Availability of cheap assets (historically \$2-3/Bbl)
- Rigorous analysis of potential acquisitions based on key investment criteria
- Maintain strict capital discipline and management controls

Develop & Explore

- Application of capital and technology creates significant value
- Exploit the upside (offshore Sakhalin exploration, Arcticneft deep oil horizon, Dulisma gas)
- Synergies from bolt-on acquisitions

Produce & Earn

- Asset portfolio diversification by geography and revenues (export vs domestic sales)
- Leverage existing management over newly acquired assets
- Optimize operational profitability

Realize Value

Investment Highlights

Significant Asset Base

- 10 oil fields with 2P reserves of 226 million barrels
- Current production of 10,100 BOPD
- 100% ownership and control

High Growth Potential

- Achievable production target of 50,000 BOPD by 2011
- Exploration upside of 943 million barrels resource potential
- Growing pipeline of M&A opportunities – 8 deals in 18 months

Unique Characteristics

- Highly experienced Russian – US management team
- Leader of Russian Independent sector
- 65% export sales today and 90% in 2011 (72% to Asia)

Proven Track Record

- Acquired 226 million barrels for \$1.44 per barrel
- Increased average production by 80% (5,600BOPD) since IPO in August 2005
- Successful investment and exit of first Urals Energy (sold to LUKoil in 2003)

Portfolio Diversification Through Acquisition



1. Arcticneft (100%)

- 2P Reserves: 36MMBbls
- 1,052 avg 1H 2006
- 2 Refineries 1,200BOPD

3. Nizhnyomrynskaya Neft (100%)

- C1-C2 Russian Reserves: 25MMBbls

5. Urals Nord (100%)

- 5 exploration licences
- 94MMBbls potential gross unrisks resources

7. Dulisma (100%)

- 2P Reserves: 109MMBbls
- 1.7 TCF Possible gas reserves
- 614 BOPD avg 1H 2006

2. Dinyu (100%)

- 2P Reserves: 21MMBbls
- 2,678 BOPD avg 1H 2006

4. CNPSEI (100%)

- 2P Reserves: 9MMBbls
- 790 BOPD avg 1H 2006

6. Chepetskoye NGDU (100%)

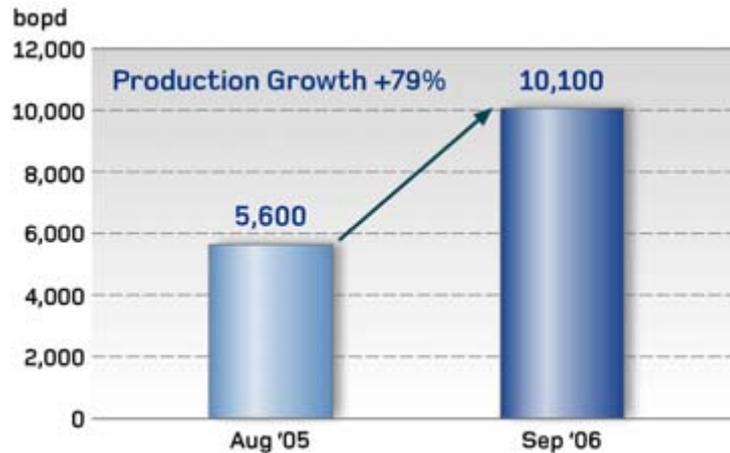
- 2P Reserves: 23MMBbls
- 844 BOPD avg 1H 2006

8. Petrosakh (97%)

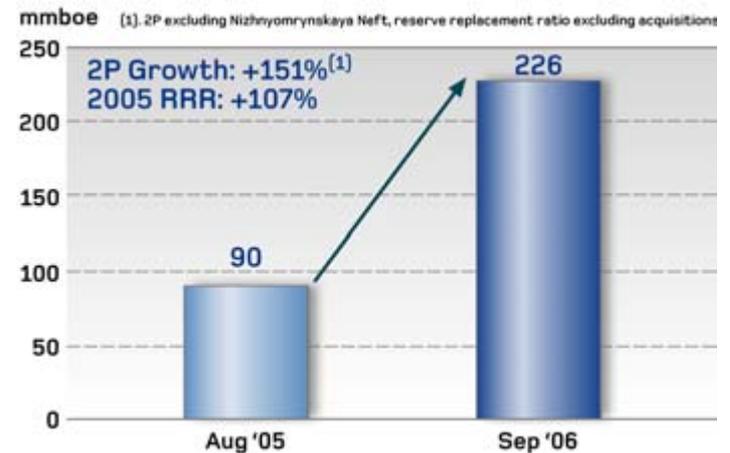
- 2P Reserves: 28MMBbls
- 852MMBbls potential gross unrisks resources
- 3,088BOPD avg 1H 2006
- Refinery 4,100 BOPD

Achievements in First Year After IPO

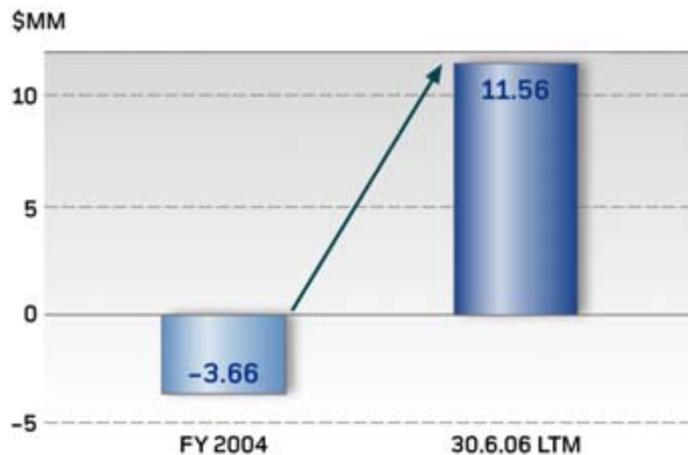
"Increase production to 10,500 BOPD by end-2007"



"Grow reserves through acquisition & drill-bit"



"Net profit positive"



"Achieve \$1 billion market cap by end-2007"

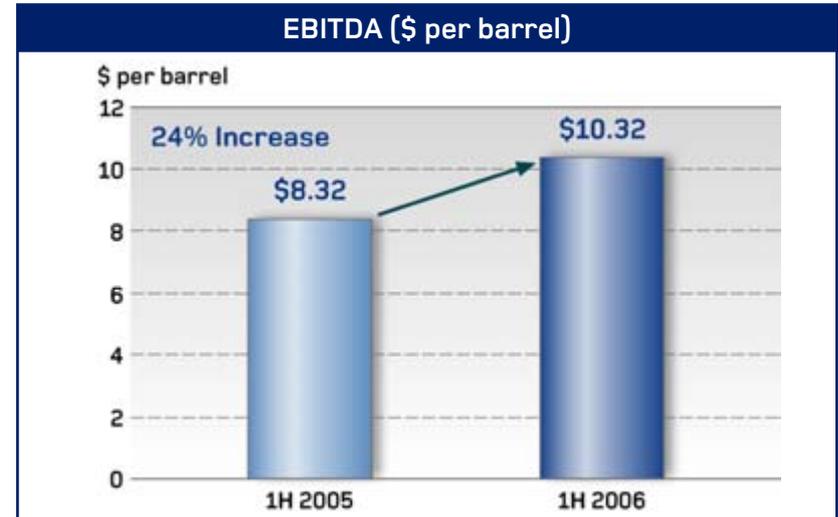
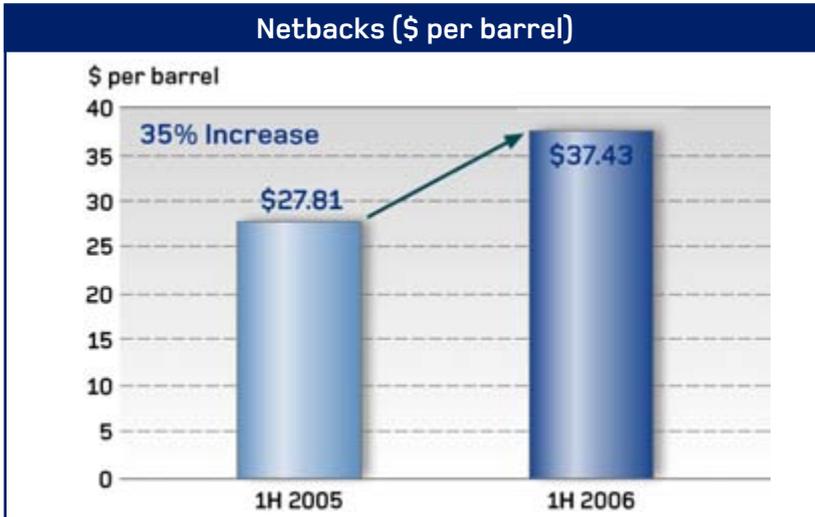


Achievements in First Year After IPO

Growth in Scale

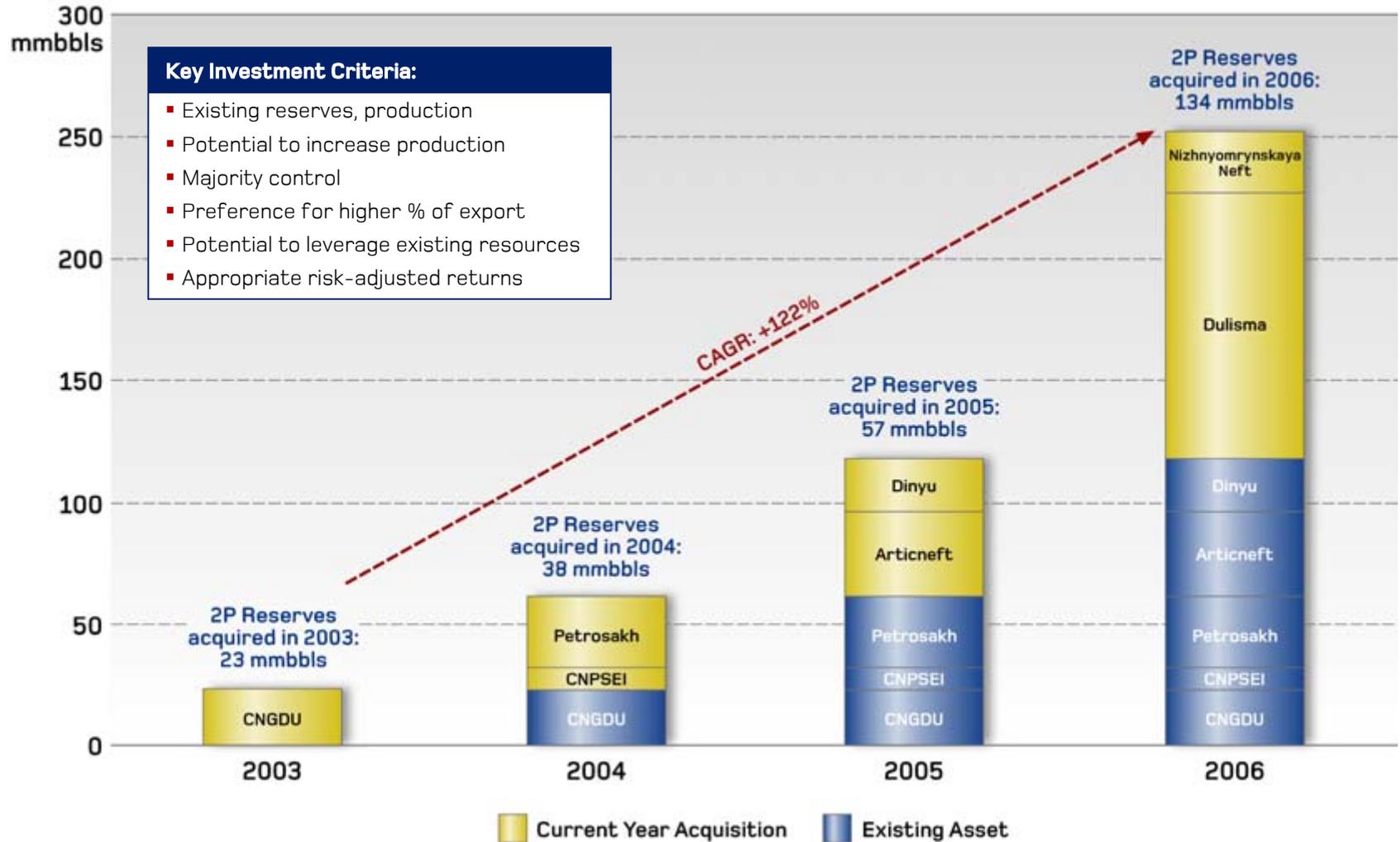


Improvement in Margins



2P Reserves Growth (million barrels oil only) ⁽¹⁾

6 Principal Acquisitions in 18 Months

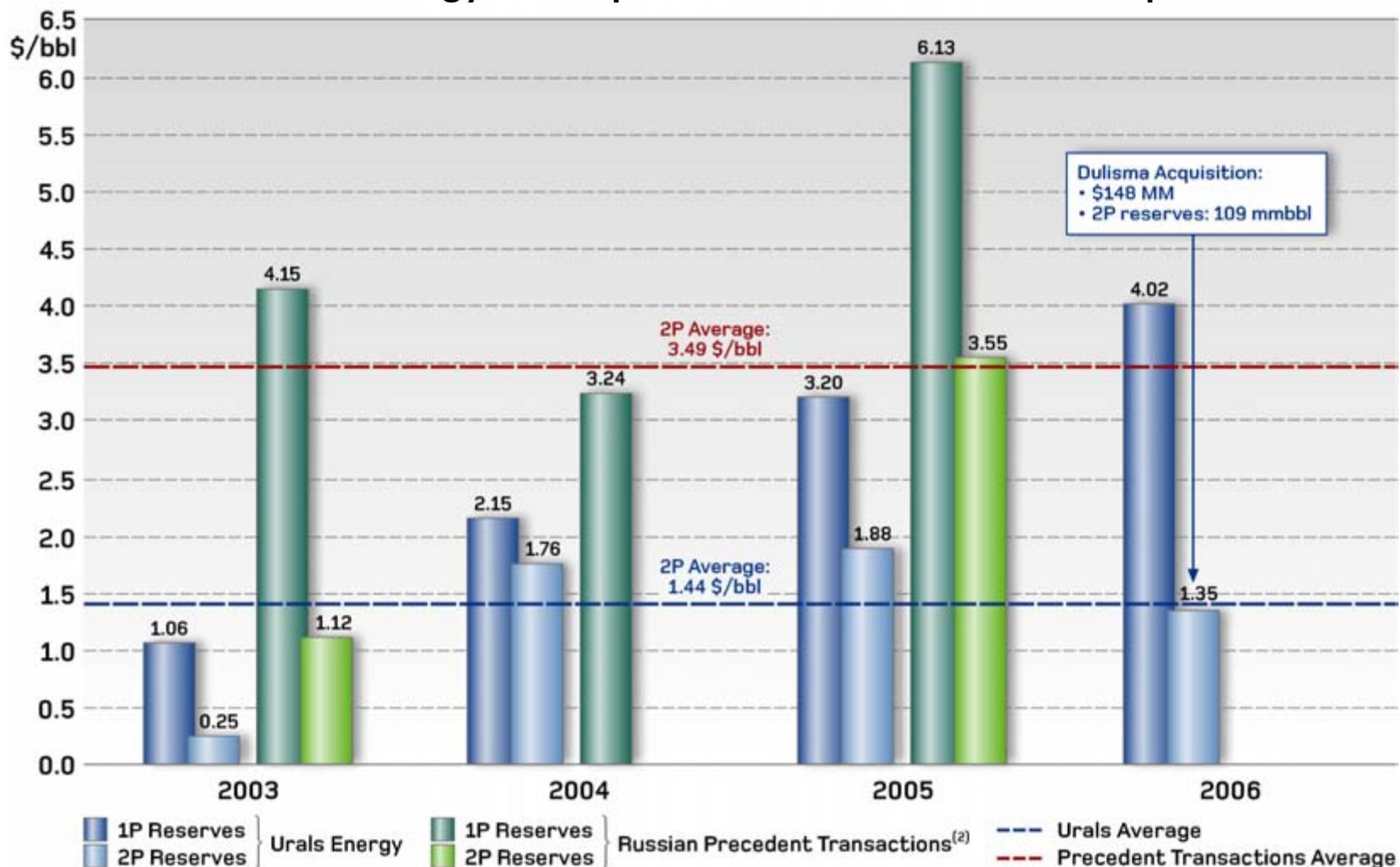


Notes

1. 2P reserves as per DeGolyer & MacNaughton reports as at 31 December 2005 except for Dulisma as at 31 March 2006 and Nizhnyomrynskaya Neft according to Russian C1-C2 classification

2P Reserves Growth (million barrels oil only) ⁽¹⁾

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



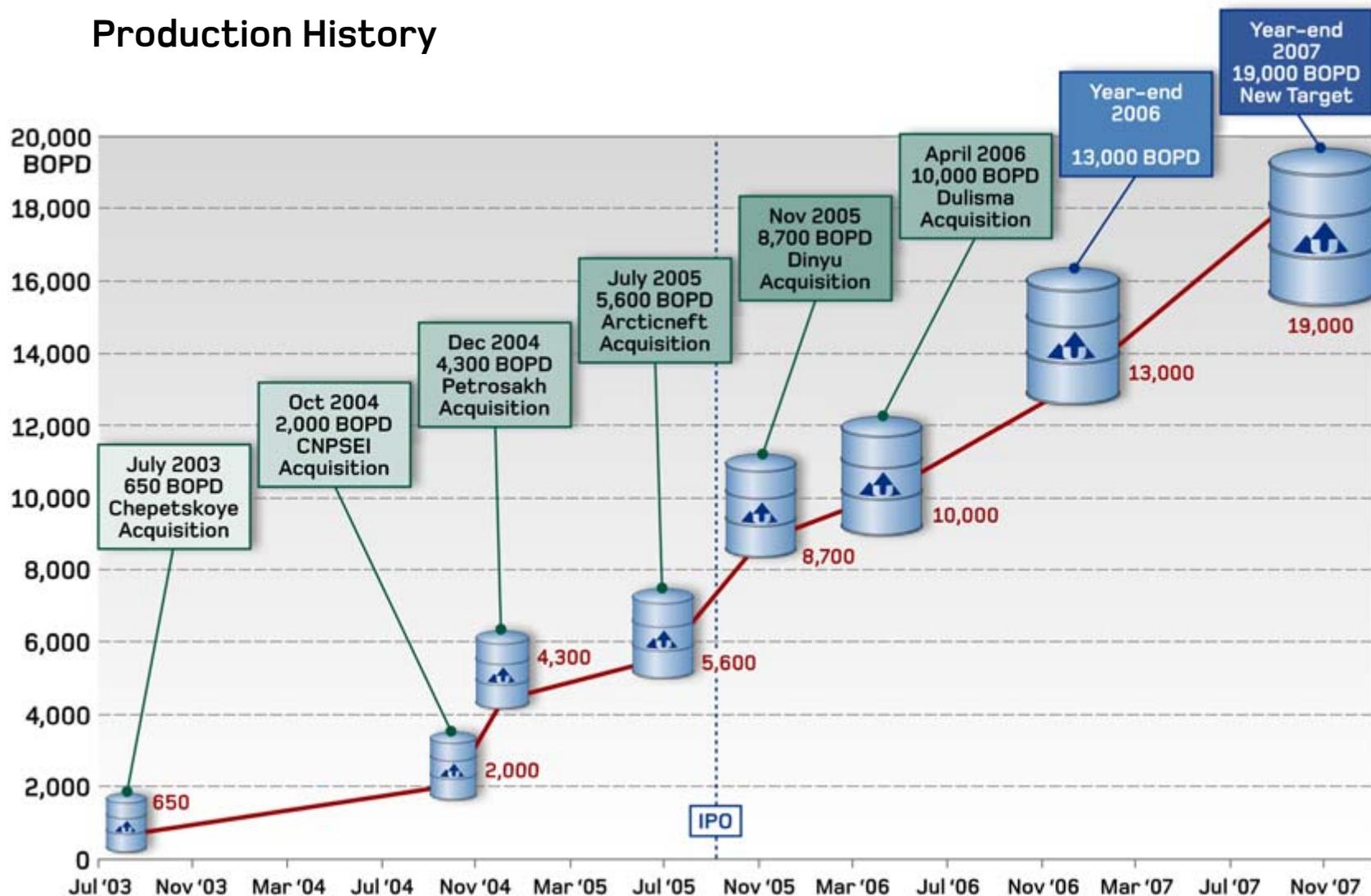
Notes

1. DeGolyer & MacNaughton reports as at 31 December 2005 except for Dulisma as at 31 March 2006, excludes Nizhnyomrinskaya Neft

2. Precedent Transactions: 2003: MOL/West Malobalyskoye, MarathonOil/KMOC. 2004: Valkyries/Pechoraneftegas, Arawak Energy/Pechoraneftegas. 2005: Valkyries/Mintley Cyprus Limited, Amerada Hess/Samara-Nafta, Lukoil/Geolbent, West Siberian Resources/Pechoraneft, Lukoil/Nelson Resources, West Siberian Resources/Saneco. Morgan Stanley estimates

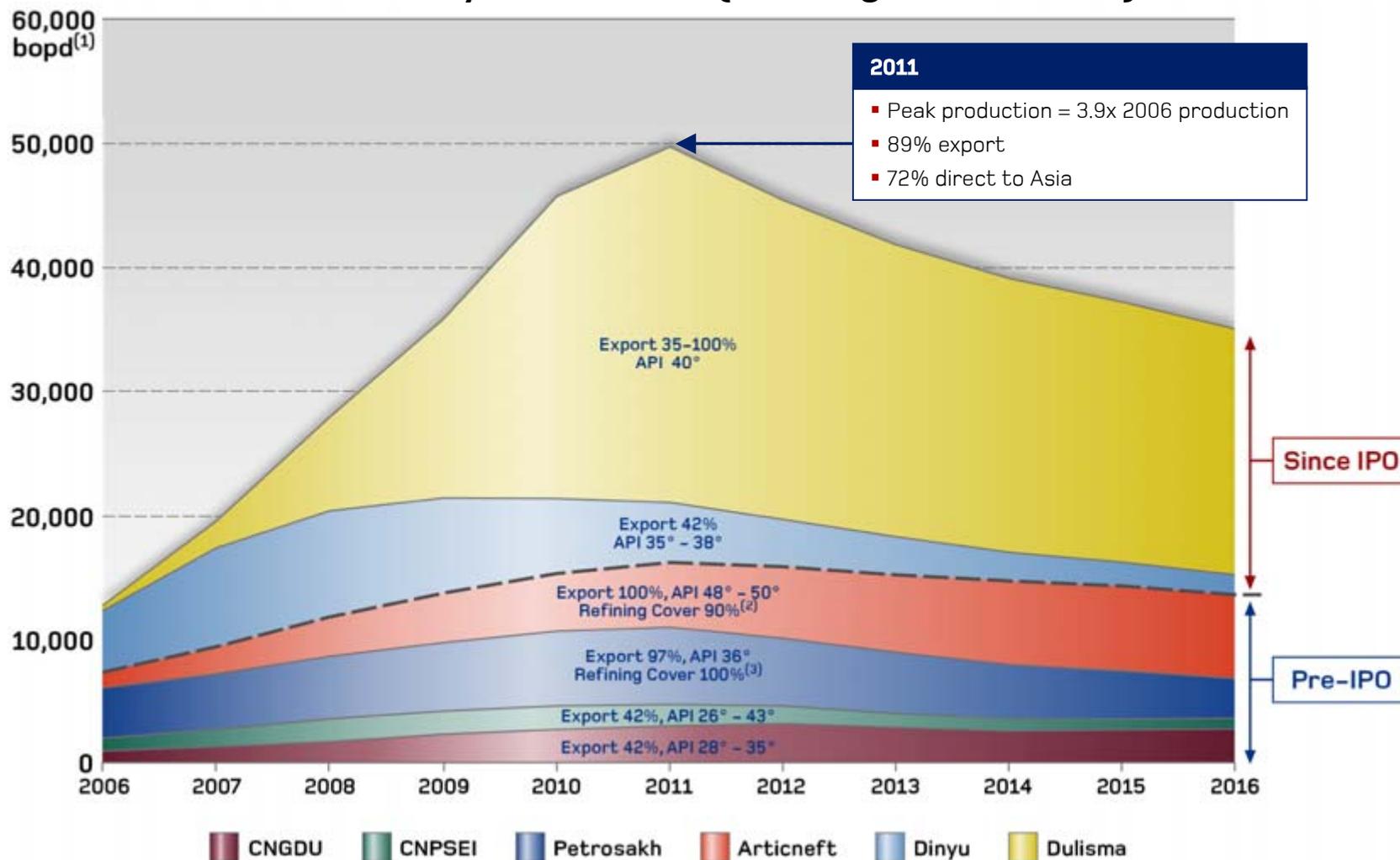
Urals Energy – Production Growth

Production History



D&M Projected Daily Average Oil Production

Estimated Daily Production (Existing 2P Reserves)



Notes

1. Average daily production from proved + probable reserves for each year as estimated by DeGolyer & MacNaughton reports as at 31 December 2005 except for Dulisma as at 31 March 2006, excludes Nizhnyomrynskaya Neft
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

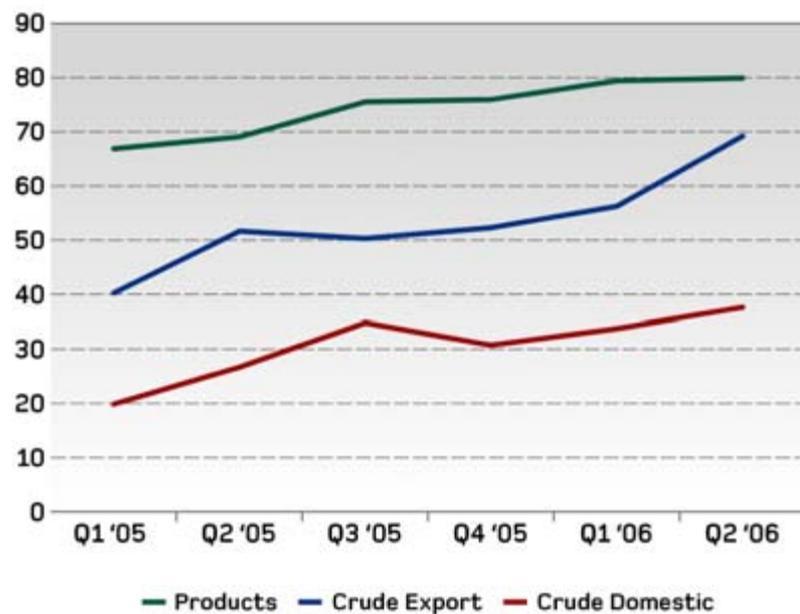
1H 2006 Update



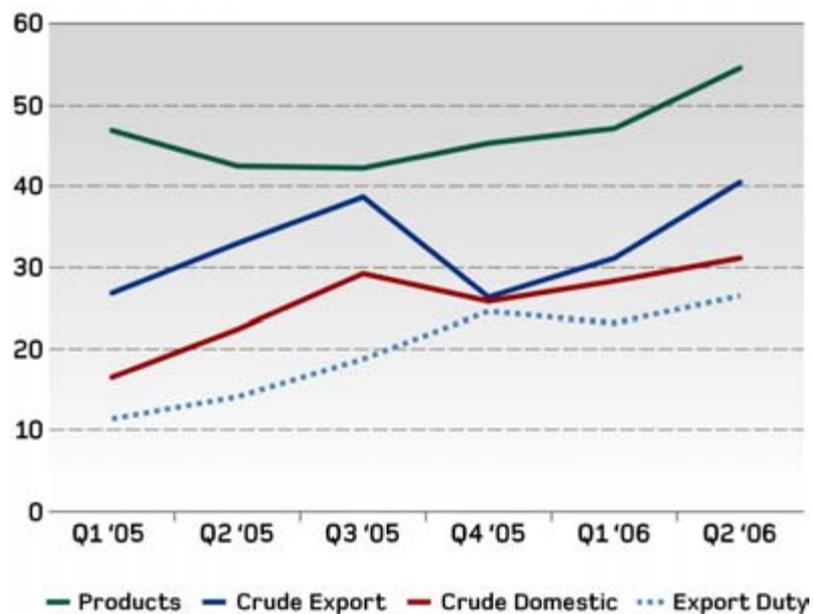
Improving Netbacks

Improving Prices and Netbacks

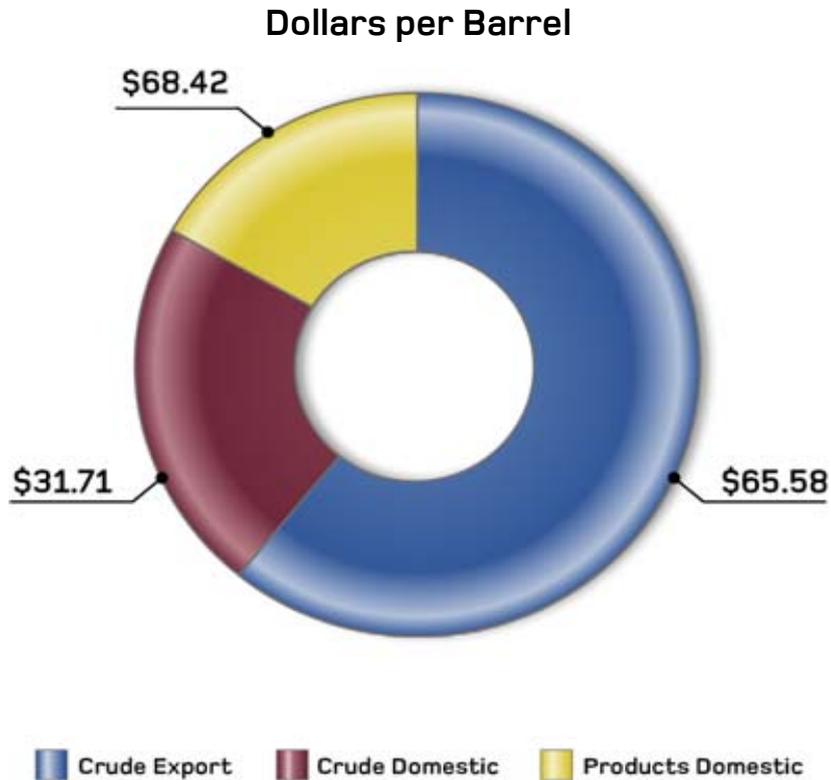
Average Oil Sales Prices \$/bbl



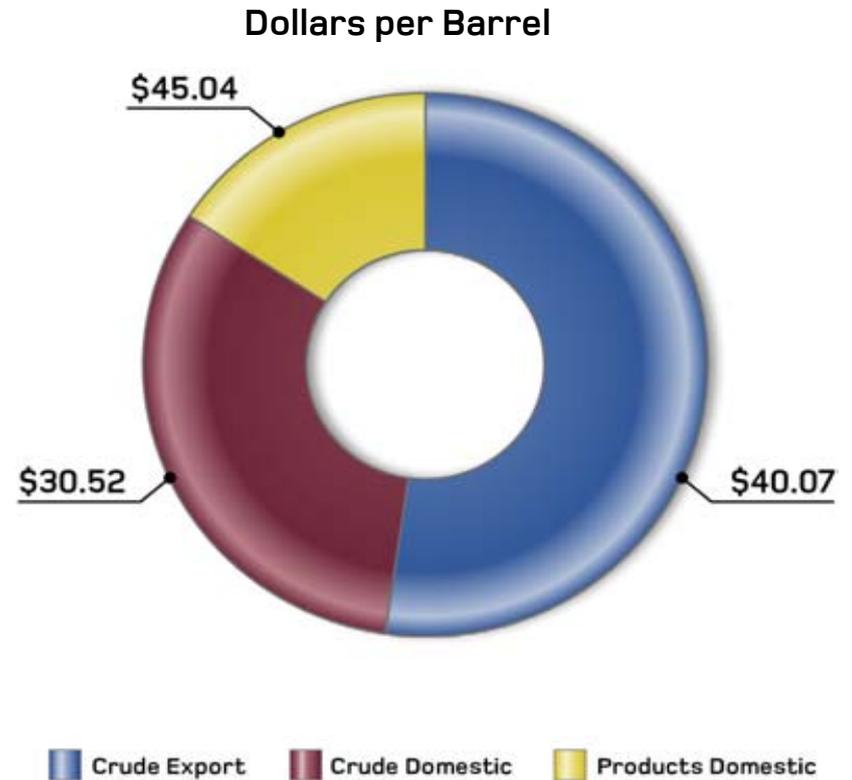
Average Realised Netbacks \$/bbl



1H 2006 Gross Revenues & Netback Analysis



Weighted Average = \$50.34/bbl

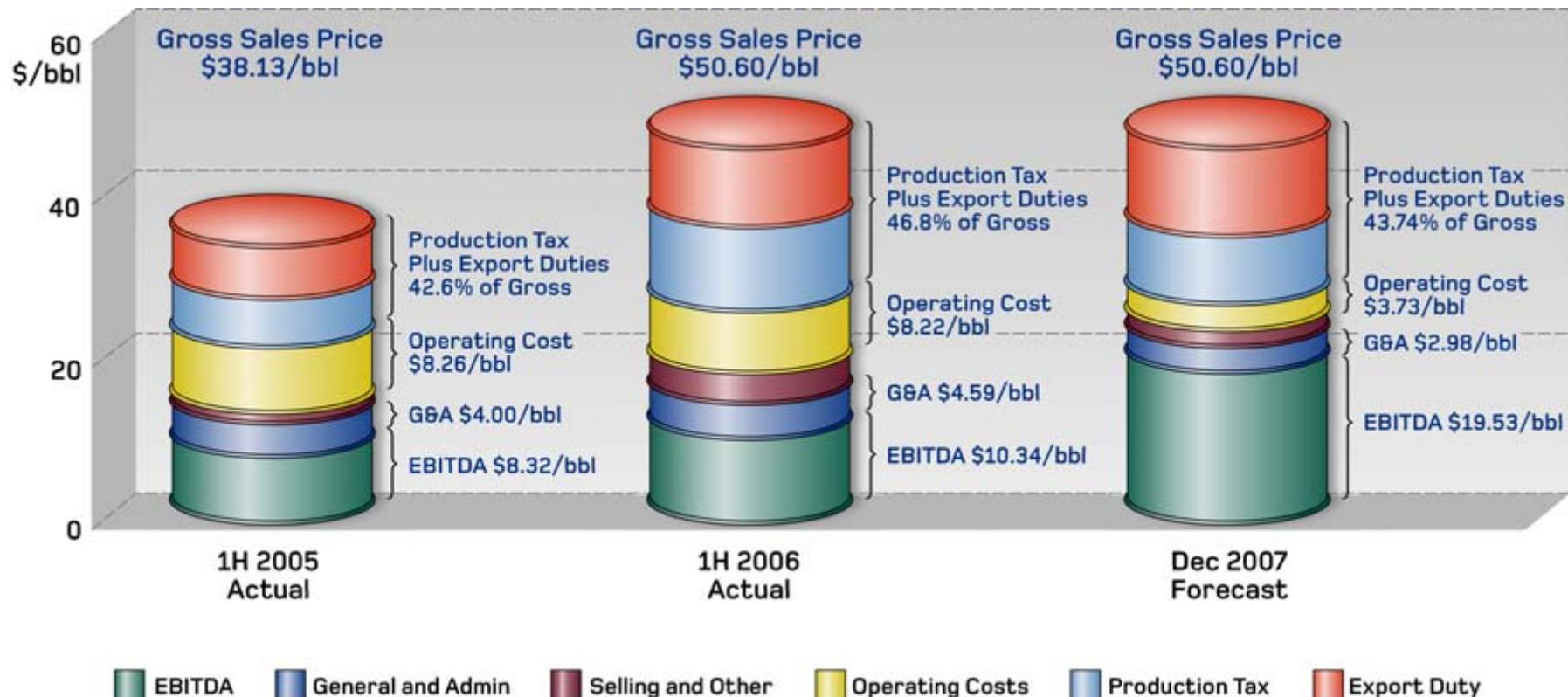


Weighted Average = \$37.43/bbl

Notes

1. Netback analysis does not include third party crude sales

Improving per Barrel Economics



1. December 2007 forecast assumes 1H06 actual average oil prices of \$73.31 Brent and \$50.60 sales price to Urals Energy
2. December 2007 forecast assumes Dulisma production of approximately 3,100 BOPD is exempt from paying production taxes per new law
3. Production for 1H05 and 1H06 actual end of period. December 2007 forecast

1H 2006 Financial Results Summary

Operational Highlights

- Average 1H 2006 Oil Production: 9,089 BOPD
 - Current: 10,100 BOPD
- Percent of 1H 2006 Crude Exports: 55.5%
- Average 1H 2006 Netback: \$37.43/bbl
 - Export crude: \$40.07
 - Domestic crude: \$30.52
 - Domestic products: \$45.04

Financial Highlights

- Acquisition expenditures: \$150.7 million
- Funding raised in 1H 2006:
 - \$195.0 million in net equity proceeds
 - \$12.0 million in subordinated debt

Summary 1H 2006 and 1H 2005

in US \$ thousands	1H 2006	1H 2005
Production (six month average BOPD)	9,089	4,250
Income Statement		
Net revenues	58,438	21,232
IFRS EBITDA	15,518	6,841
Operating result	4,777	3,363
Net profit / (loss)	3,790	(800)

2006 – Investing in Growth

Operational Task Completion

September 2006

- Nizhnyomrynskaya Neft completion of acquisition
- Petrosakh well completion result
- Arcticneft spudding of first well
- Chepetskoye NGDU well completion result

October 2006

- Petrosakh arrival of fracing equipment
- Dinyu well completion result

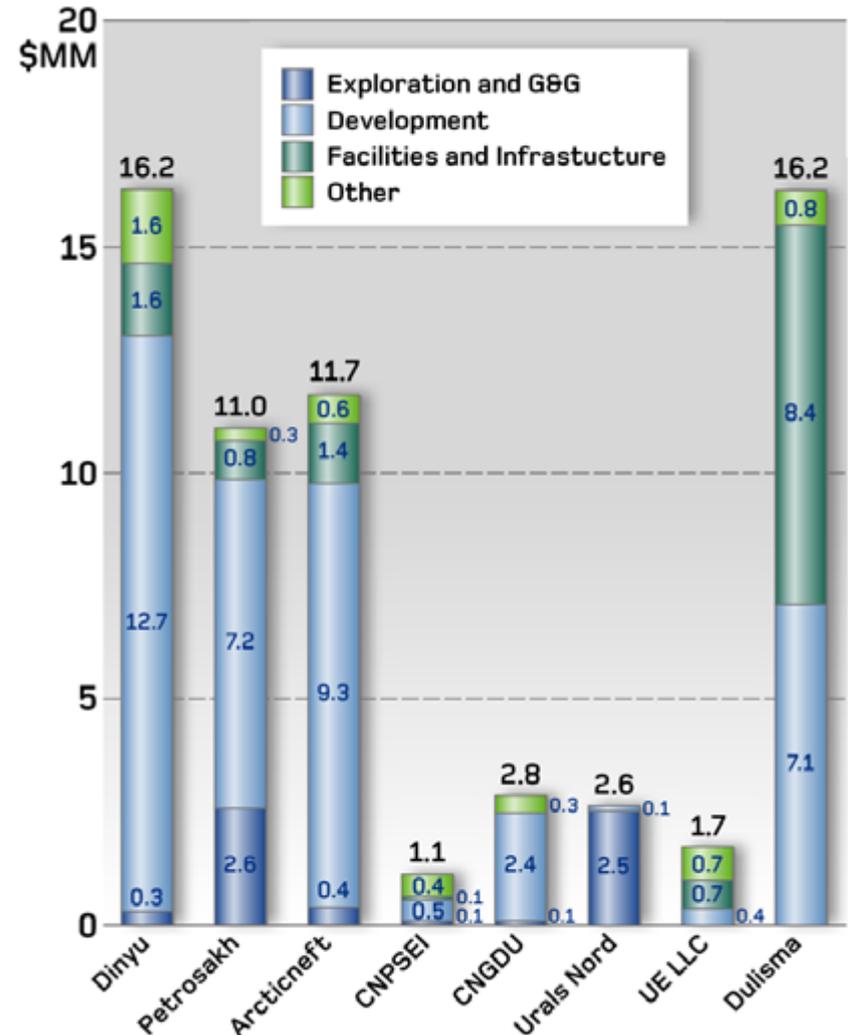
November 2006

- Petrosakh well completion result
- Arcticneft well completion result
- Dinyu well completion result
- Dulisma arrival of mobile drilling rig

December 2006

- Arcticneft well completion result
- Dinyu well completion result
- Chepetskoye NGDU well completion result

2006 Capex Budget – Approx. \$ 64 MM



Asset Update



East Siberia

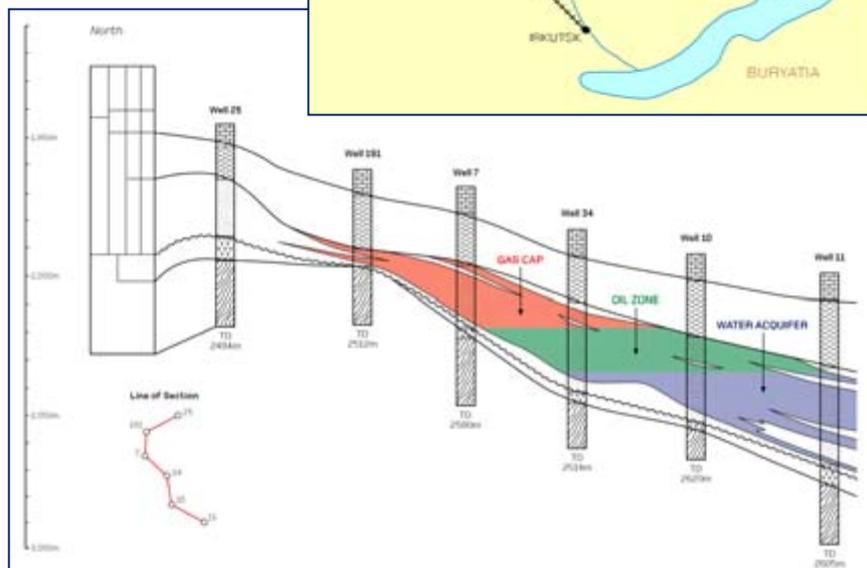
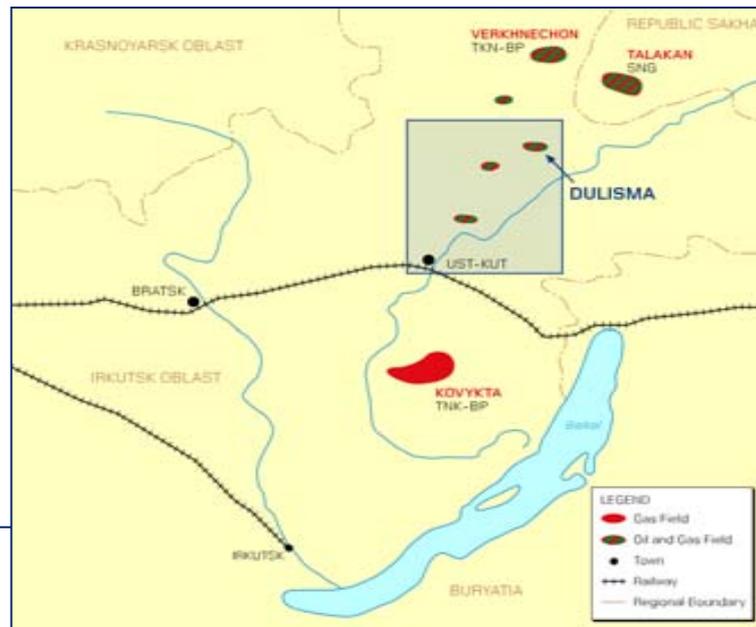
Gross Reserves Summary (mmboe)

1P	2P	3P ⁽²⁾	2P PV10%
36.8	109.4	476.6	\$410.1 MM

Source D&M as at 31 March 2006

Dulisma

- License valid through 2019
- Field well defined through 49 exploration and appraisal wells
- 1.7 tcf of gas classified as possible ⁽¹⁾ awaiting commercialization
- Good reservoir characteristics and high quality oil (c.40o API) and condensate (c.70o API)
- Two phase development plan:
 - End of 2008: 12,000 BOPD
 - End of 2011: 30,000 BOPD



Note: Horizon depths are indicative only for illustration purposes.

Notes

1. DeGolyer & MacNaughton reserves as at 31 March 2006
2. Include 1.7 tcf possible gas reserves

Dulisma – The “ESPO”

Operations

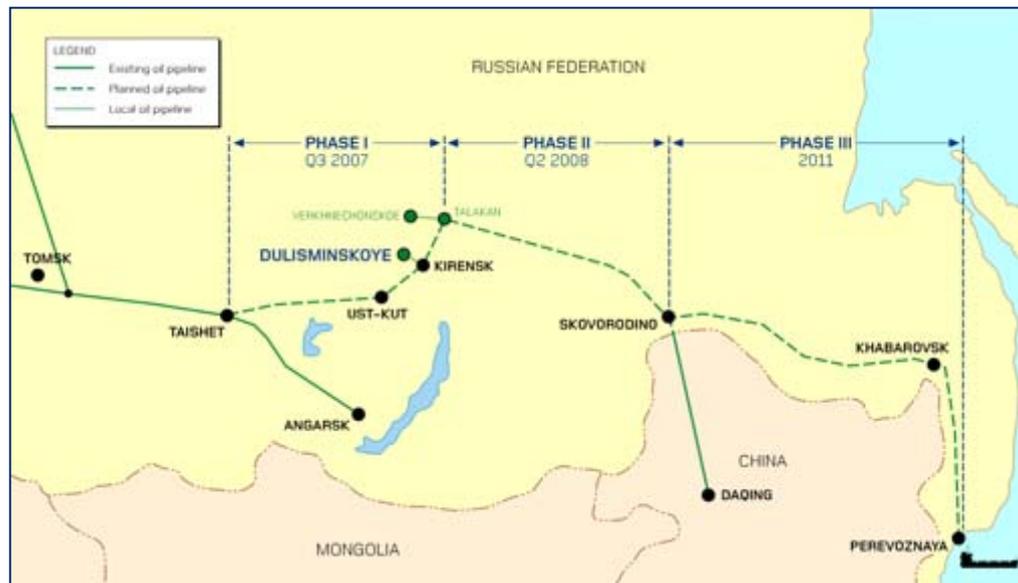
- Average Production
 - 826 BOPD currently
 - 3,000 BOPD by end of 2007
 - 30,000 BOPD peak in 2011

2006 Activity

- Purchased new 160 ton mobile rig
- Commissioned D&M reservoir development model
- Working with Transneft on ESPO inter-connect

2007 Activity

- 3-4 horizontal development wells
- 4 well workovers
- Possible second rig deployment
- New field camp, generator and separation facilities
- Initial interconnecting pipeline work



“ 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

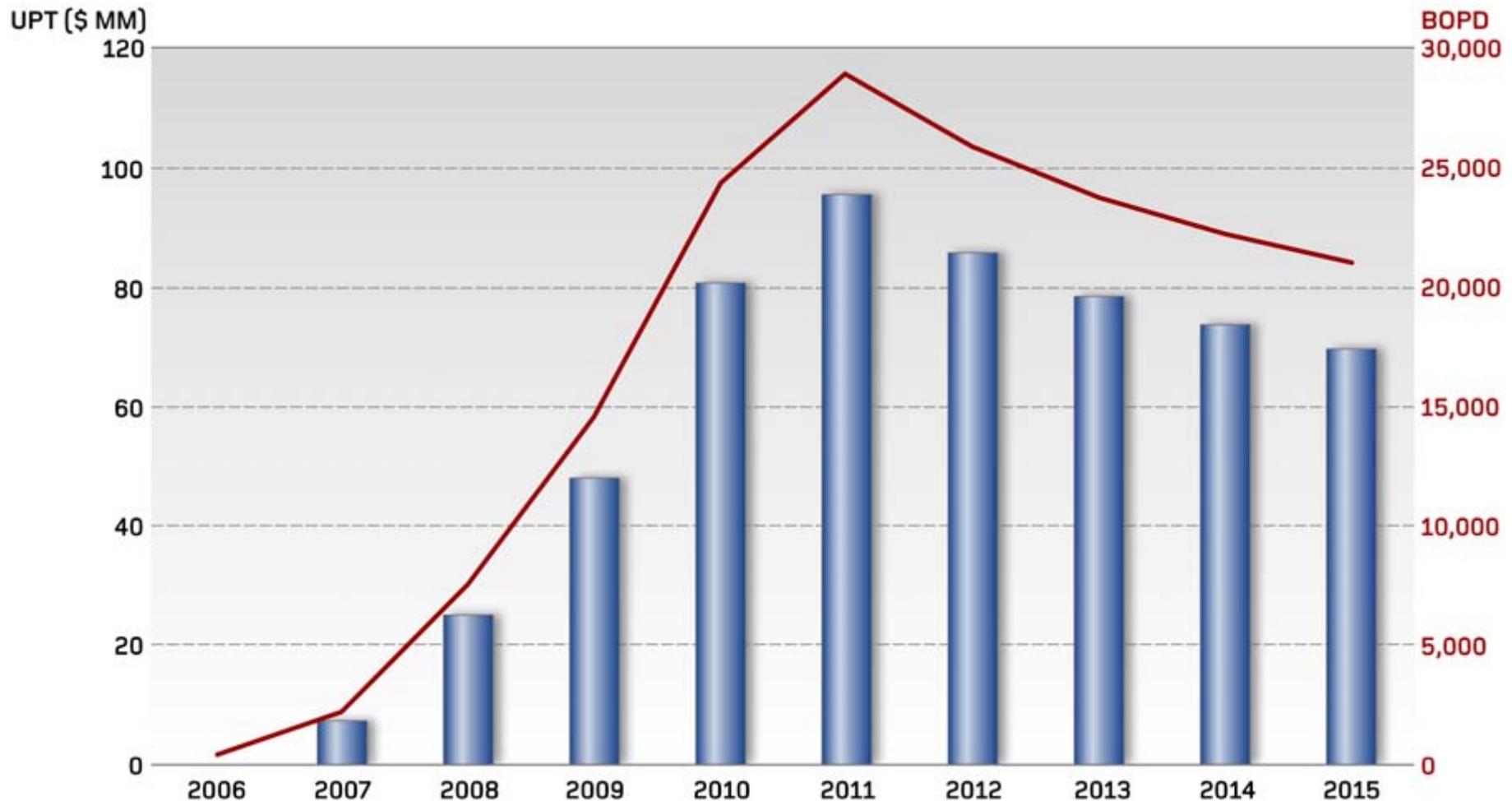
ESPO Daily Capacity

- Phase II capacity = 800,000 bopd
- Phase III capacity = 1,600,000 bopd

Notes

1. Includes 1.7 TCF of natural gas reserves according to 31/3/06 DeGolyer & MacNaughton reserves analysis

Dulisma Production Tax Savings



PV10 Value = \$330.5 Million

1. Assumed Brent price \$58.3/bbl, Urals Med Price \$54.3/bbl and Production Tax of \$9.09/bbl

Sakhalin

Gross Reserves Summary (mmbbl)				Unrisked Potential Resources (mmbbl) ⁽¹⁾
1P	2P	3P	2P PV10	
24.9	27.5	47.4	\$221 MM	852

Source D&M as at 31 December 2005

Operations

- Average production
 - Current: 3,263 BOPD
 - 2007 est. year end: 5,400 BOPD

Remaining 2006 Activity

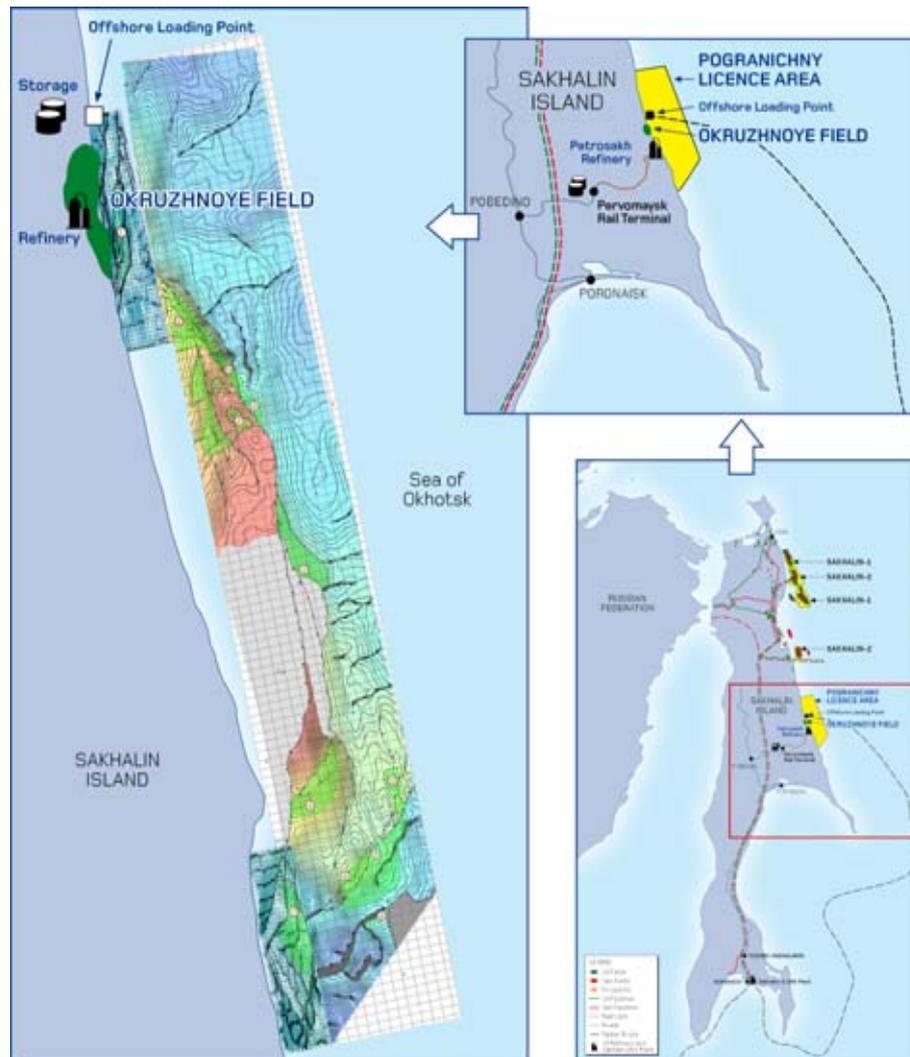
- Onshore:
 - 3 development wells
 - 3 re-entry wells
 - Frac 8 wells
 - 3D seismic reprocess & reinterpretation
 - 20,000 cm new crude storage tanks
- Offshore:
 - 3D seismic reprocess & reinterpretation
 - Considering jack-up to drill 3 vertical wells

2007 Activity

- 3 development wells
- Frac 1 well
- 3 oil new products storage tanks

Notes

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



Komi

Gross Reserves Summary (mmbbl)

1P	2P	3P	2P PV10%
13.1	29.9	51.0	\$188 MM

Source D&M as at 31 December 2005

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

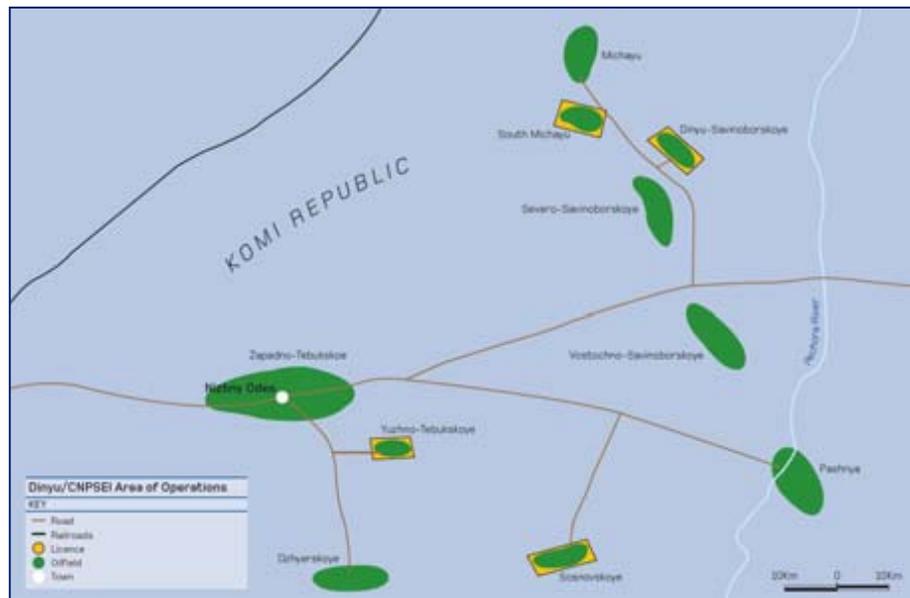
- Average production
 - Current: 3,920 BOPD
 - 2007 est. year end: 6,900 BOPD

Remaining 2006 Activity

- Dinyu
 - 3 development wells
 - 1 side-track well
 - 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 Activity

- Dinyu 12 development wells plus possible exploration well
- CNPSEI 2 development wells wells
- Nizhnyomrynskaya Neft work-over wells
- Komi-wide fracking program



Processing Facilities at Dinyu



Timan Pechora

Gross Reserves Summary (mmbbl)				Unrisked Potential Resources (mmbbl)
1P	2P	3P	2P PV10	
25.4	35.9	46.3	\$229 MM	94

Source D&M as at 31 December 2005

Operations (Arcticneft, Urals Nord)

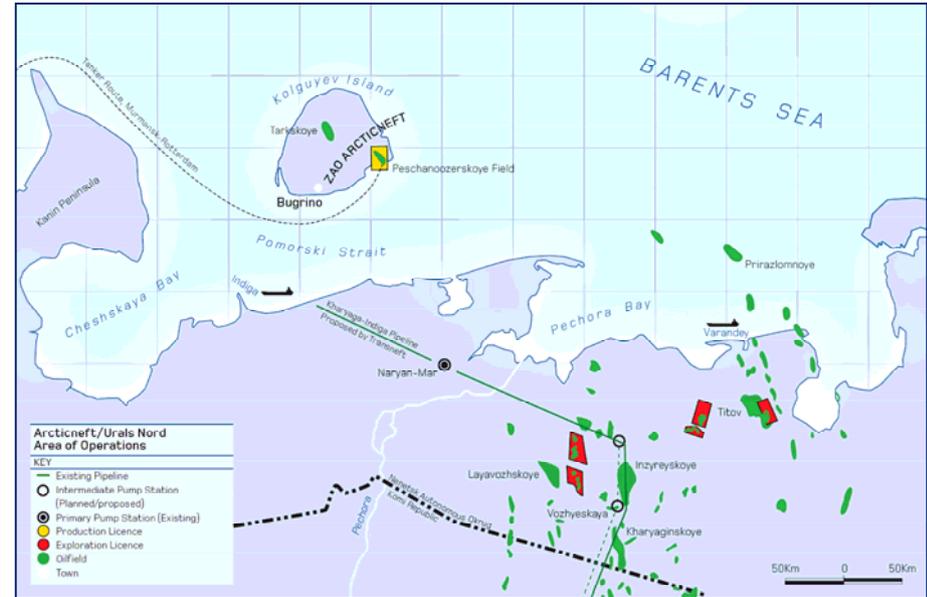
- Average production
 - Current: 1,013 BOPD
 - 2007 est. year end: 2,100 BOPD

Remaining 2006 Activity

- Arcticneft
 - Complete reservoir model
 - Drill 4 development wells
 - Drill 1 side-track well
 - Evaluate deeper Permian horizon
- Urals Nord
 - Drill first exploration well
 - Nadizhnsky prospect located 60 km south east of port of Varandey
 - 60 mmbbl target at 3,700 meters

2007 Activity

- Arcticneft 6 development wells, possible second rig deployment
- Arcticneft drill 2 side-track wells



Crew change at Arcticneft

Udmurtia

Gross Reserves Summary (mmbbl)

1P	2P	3P	2P PV10%
5.5	23.3	28.8	\$79 MM

Source D&M as at 31 December 2005

Operations (Chepetskoye NGDU)

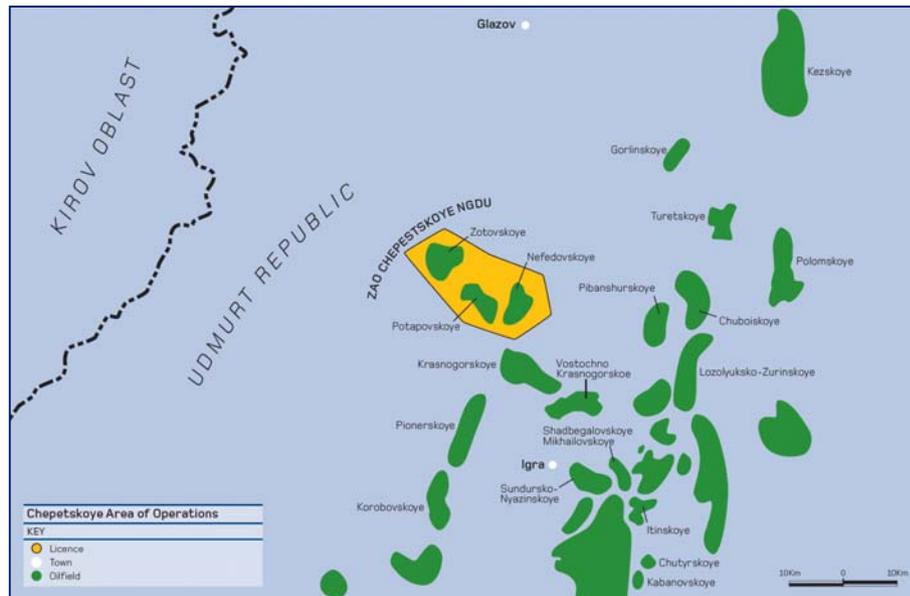
- Average production
 - Current: 1,095 BOPD
 - 2007 est. year end: 1,600 BOPD

Remaining 2006 Activity

- Drill 4 development wells

2007 Activity

- Drill 8 development wells



Chepetskoye Workover Operations

